



Annual Report 2023



CORPORATE OVERVIEW

Vision	02
Mission	02
Company Information	03
Notice of Annual General Meeting	04
Chairperson's Review	07
Directors' Report	08
Six Years Financial Summary	17
Pattern of Shareholding	18
Code of Conduct	20
Independent Auditor's Review Report	21
Statement of Compliance with the Code of Corporate Governance	22
Independent Auditors' Report	26

FINANCIAL STATEMENTS

Financial Statements	28
Circulation of Annual Audited Accounts	68
Proxy Form	69

VISION STATEMENT

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

The Leading Chemical Company. Commitment towards uncompromised Reliability,

Quality, Services and Safety.

Assure customer the most complete value package to become chosen partner in customer's view.

High return generation for sustainable growth.

View change as rule of life.

Together with the employees, to ensure success.



MISSION STATEMENT

Better bottom line results with well contained risks through continuing growth and diversification.

Create opportunities for success through trusted and reliable partnership.

COMPANY INFORMATION

Board of Directors

Mr. Yasir Ahmed Awan
Chairman

Mr. Imran Ghafoor
Chief Executive Officer

Mrs. Sharmeen Imran
Non-Executive Director

Mr. Haroon Ahmed Zuberi
Independent Director

Mr. Junaid Makda
Non-Executive Director

Mr. Saqib Anjum
Non-Executive Director

Mr. Saim Bin Saeed
Independent Director

Chief Financial Officer

Mr. Shahid Irshad

Company Secretary

Mr. Mazhar Ali Khan

Head of Internal Audit

Mr. Waqar Hafeez - FCA

Audit Committee

Mr. Saim Bin Saeed
Chairman

Mr. Yasir Ahmed Awan
Member

Mr. Haroon Ahmed Zuberi
Member

Share Registrar

THK Associates (Private) Limited
Plot No. 32-C, Jami Commercial Street 2,
DHA, Phase VII, Karachi - 75500,
Pakistan.

UAN: (92 21) 111-000-322

Ph: (92 21) 35310183-84

Fax: (92 21) 35310191

Board Human Resource & Remuneration Committee

Mrs. Sharmeen Imran
Chairperson

Mr. Imran Ghafoor
Member

Mr. Saqib Anjum
Member

External Auditors

M/s Yousuf Adil
Chartered Accountants

Legal Advisor

Sahibzada Waqar Arif

Registered Office

601-602, Business Centre, Mumtaz Hassan
Road, Off. I. I. Chundrigar Road, Karachi - 74000
Ph : (92 21) 32401373, 32413944

Company Website

www.sitaraperoxide.com

Bankers

Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited
JS Bank Limited
First Women Bank Limited
Bank Al Habib Limited
Habib Metropolitan Bank Limited

Head Office & Project Location

26 - KM Sheikhpura Road,
Faisalabad.
Ph : (92 41) 2400900-2, 2400904-5

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting ("AGM") of Sitara Peroxide Limited (the "Company") will be held on Thursday, November 21, 2024 at 3:00 pm at the Auditorium of Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Block-8 Clifton, Karachi in person and via video link, to transact the following business:

ORDINARY BUSINESS

- i. To confirm the minutes of the Annual General Meeting held on October 28, 2022.
- ii. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2023 together with the Reports of Directors and Auditors thereon.
- iii. To appoint Auditors and to fix their remuneration for the year ending June 30, 2024.
- iv. To transact any other ordinary business with the permission of the Chair.

By Order of the Board



Mazhar Ali Khan

Company Secretary

KARACHI

September 24, 2024

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Books of the Company will remain closed from November 14, 2024 to November 21, 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 before the close of business on October 02, 2024 will be treated in time for the purpose to attend the Annual General Meeting of the Company.

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.sitaraperoxide.com.pk

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 Peroxide Limited (the "Company"), being a listed company is also required to comply with aforesaid provision of Act.

The shareholders of Sitara Peroxide 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.

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.

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

Members who will be registered, after necessary verification as per the above requirement, will be provided a password protected video link by the Company via email. The said link will remain open from 2:30 p.m. on the date of AGM till the end of the meeting.

PLACEMENT OF FINANCIAL STATEMENTS:

The audited financial statements of the Company for the year ended June 30, 2023 have been placed at the Company's website: www.sitaraperoxide.com.pk

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

REVIEW REPORT BY THE CHAIRMAN

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

Dear Shareholders,

It is my great pleasure to present the review report as mandated u/s 192 of the Companies Act, 2017, that I address the performance of Sitara Peroxide Limited ("Company" / "SPL").

The Management needs to perform towards the company and its shareholders with diligence, care and foresight required for success.

Furthermore, running the operations in the profitable manner and with dividend's to the shareholders is of paramount importance. Yet, the Internal audit function that has become ineffective, leaves the Board without critical information necessary to make informed decisions.

Overall performance of the Board

For the financial year ended June 30, 2023, Board's overall performance and effectiveness has been assessed as satisfactory. I would like to highlight specially the audit committee's underperformance. This has led to a scenario where swift and decisive actions were not taken where they were most needed.

As we move to address these critical challenges, it is clear that a reconstitution of the management team is imperative. We must reinvigorate our processes to ensure transparency and timely communication of all significant operational developments to the Board.

Rest assured, best possible efforts are being made.

September 24, 2024
Faisalabad,



Yasir Ahmed Awan
Chairman

DIRECTORS' REPORT

We are pleased to present annual audited financial statements along with auditors' report thereon for the year ended June 30, 2023. The main financial highlights of the financial year under review are as follows:

Business and financial overview

Financial year 2023 had been very challenging for the Company in view of overall economic conditions of the country, mainly, higher prices of electricity, RLNG, imported inputs, too high finance cost, tight monetary policy, devaluation of PKR and political instability. These factors also adversely affected our Company business. The Company incurred continuous losses leading to shortage of working capital and in turn under-utilization of capacity. The financial highlights are summarized as under;

	2023	2022
	Rupees	Rupees
Sales	823,998,305	1,742,727,077
Cost of Sales	1,097,385,803	1,805,930,667
Gross profit/(loss)	(273,387,498)	(63,203,590)
Net loss before tax	(753,262,450)	(386,958,754)
Net loss after tax	(792,778,660)	(341,211,464)
Earning/(loss) per share – basic and diluted	(14.39)	(6.19)

The Company produced 4,495 tons of hydrogen peroxide during financial year in comparison with 18,247 tons during last financial year.

Accordingly, the sales reduced to Rs. 824 Mln during current financial year as against Rs. 1,743 Mln during last financial year. The decrease in volume of sales is due to lower capacity utilization and shortage of imported chemicals & palladium catalyst and working capital issues.

The gross loss increased to Rs. 273 Mln during financial year in comparison with gross loss of Rs 63 Mln during last financial year due to lower yield, under-utilization of capacity, plant shut downs, higher tariff of RLNG, increase in the prices of chemicals, packing materials.

Accordingly, net loss after tax increased to Rs. 792 Mln during current year due to gross loss coupled with operational expenses, finance cost aggregating Rs 481 Mln as compared with net loss after tax of Rs. 341 Mln during last financial year. Loss Per Share increased to Rs 14.39 during current financial year as against Loss Per Share Rs 6.19 during last financial year.

The plant was shut down from October 20, 2022 to March 02, 2023 and from June 12, 2023 to-date during the current financial year. The management decided to shut down plant to avoid further production losses for the reasons explained above and go for balancing, modernization and replacement to get rid of losses and long term viability of the company.

Marketing Overview

There is a great potential for the product of the company nationally and internationally. The company will be able to fetch back its share after completion of BMR of its plant & machinery. Sitara peroxide Limited had been the most trusted supplier of Hydrogen Peroxide as per its customers' specific needs. The Company has established a strong marketing and sale network to capture the maximum market share.

Board of Directors

During the year, six (6) Board meetings were held and attended as follows:

	Director	Meetings held	Meetings attended
(i)	Mr. Yasir Ahmed Awan (Chairman)	6	6
(ii)	Mr. Imran Ghafoor (CEO)	6	6
(iii)	Mr. Haroon Ahmad Zuberi	6	6
(iv)	Mr. Saim Bin Saeed *	6	3
(v)	Mrs. Sharmeen Imran *	6	5
(vi)	Mr. Saqib Anjum **	4	4
(vii)	Mr. Junaid Makda **	4	4
(viii)	Mr. Ejaz Hussain ***	2	2
(ix)	Mr. Zahid Aslam ** *	2	2

* Leave of absence has been granted by the Board.

** Mr. Saqib Anjum and Mr. Junaid Makda have been elected on Board on October 28, 2022.

*** Mr. Ejaz Hussain and Mr. Zahid Aslam retired after completing their term on October 28, 2022.

In 19th Annual General Meeting of the Company held on October 28, 2022, seven directors have been elected for a term of three years. "Consent to act as director" had been duly obtained from each candidate prior to his/her election.

The Board of the Company consists of seven (7) directors, effectively representing interest of shareholders including minority stockholders. There are five non-executive directors, one independent director and one executive director. The independent director has been representing the non-controlling/ minority interests, while non-executive directors are possessing relevant industry experience. The status of directorship (independent, executive, nonexecutive) is indicated in the Statement of Compliance with the Code of Corporate Governance, issued by the Company. To ensure effective, efficient and independent decision making, the Board comprises of qualified professionals having knowledge, experience and expertise to run the affairs of the Company. In order to effectively monitor the Company's performance and keep its management accountable, the Board met at least once every quarter.

The Board held six (6) meetings during the year, notices /agendas of which were timely circulated. The decisions made during the Board meetings were clearly stated in minutes of meetings maintained by Company Secretary and were duly circulated to all the directors for endorsement and were duly approved in the subsequent Board meetings. All the meetings of the Board held during the year fulfilled minimum quorum requirements of attendance as prescribed by the applicable regulations and were also attended by the Chief Financial Officer and the Company Secretary.

Audit Committee comprises of three non-executive directors with the Chairman being an independent non-executive director. The Internal Audit Department, being a key component of the Company's internal control and risk governance framework, provides independent and objective evaluations on effectiveness of governance, risk management and control processes reporting directly to the Audit Committee.

Human Resource and Remuneration Committee comprise of two non-executive directors and one executive director with the Chairperson being a non-executive director.

Compliance with Corporate Governance

The Board emphasizes on maintaining high governance standards across the Company. Being collectively responsible for the Company's vision and strategic direction and its values, the Board is accountable for business performance and long-term success of the Company.

Within a framework of internal controls, the Board provides leadership necessary for the Company to meet its performance objectives and achievement of core values. Generally accepted best practices have been implemented in addition to stipulated criteria and voluntary standards, with demonstration of highest levels of moral and ethical values, in addition to decision making based on honesty and responsibility in keeping with business sense, through a top-down approach, flowing downwards to all individuals either serving or closely associated with the Company.

Transparency in our operations and business decisions is prioritized with an equal importance to corporate accountability.

Corporate Governance exists at the very core of our policies for structuring, operating and controlling the Company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and the suppliers. Adherence to the best ethical practices and compliance with applicable legal and regulatory requirements is ensured in a manner that is environment and people friendly and supports the local community needs.

Understanding that good corporate governance is an essential prerequisite for the integrity and credibility of any company, building confidence and trust by ensuring fairness and accountability, we surpass the minimum legal requirements for good corporate governance. Our Board has laid down solid foundations, which are reviewed and updated periodically, of oversight and management of the Company, through establishing a clear division of responsibilities between the Chairperson and the Board, recognizing respective roles of the Board and Management and establishing an effective ethics and compliance framework.

As required under the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements of the Company, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and the changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures there from, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.

Pattern of Shareholding

The pattern of shareholding of the company is annexed. No trading was made in shares of the Company by its Directors, CEO, CFO, Company Secretary, their spouses and minor Children, except as disclosed in pattern of shareholding.

Employees Benefit Plan

The Company operates a non-funded defined benefit plan (gratuity scheme) for its permanent employees. The latest actuarial valuation was carried out on June 30, 2023.

Dividends

The Board of the Company has not announced any dividend during the current financial year.

Auditors

The existing external auditors M/S Yousuf Adil, Chartered Accountants, shall retire on the conclusion of the 20 th Annual General Meeting.

RSM Avais Hyder Liaquat Nauman, Chartered Accountants, have offered themselves for appointment as external auditors of the Company for financial year ending June 30, 2024. The audit committee has recommended appointment of aforesaid M/S RSM Avais Hyder Liaquat Nauman, Chartered Accountants as external auditors of the Company for the financial year ending June 30, 2024.

FUTURE OUTLOOK

The management has decided to make the company debt free within the ongoing year 2024-25 and complete balancing, modernization and replacement. Accordingly, subsequent to year end, the management of the Company signed a "Settlement Agreement" on 29.12.2023 with Trustee of the Musharaka Trust Deed, for settlement of outstanding liabilities towards the Sukuk Holders. As per the above Settlement Agreement, the Company has agreed to pay outstanding amount of principal ("Settlement Amount") of Rs. 162 Million in piece meal payments. Moreover, as per the above agreement, the Company will pay cost of funds with effect from October 01, 2023 till full payment of the principal and the accrued / deferred markup of Rs. 296.7 million will be waived off, subject to full payment of Settlement Amount at the timeline agreed. So far, the Company has repaid principal of Rs. 75 million to Sukuk holders as piece meal payments with the request to extend date of final settlement till 31.03.2025. The remaining principal of Rs. 87 million will be repaid through export proceeds of palladium catalyst.

Regarding another term finance facility of Rs. 147.2 million outstanding at year end (as disclosed in note 16.3 to these financial statements), the Company has paid principal amount of Rs. 131.7 million subsequent to year end through export proceeds of palladium catalyst and current principal liability of Rs 15.4 Mln is under negotiation for settlement within ongoing year along with cost of fund.

The sponsor director/chief executive officer injected funds as loan into the Company to the tune of Rs. 345 million till 30th June 2023 to continue operation and control finance cost. The sponsor director/chief executive officer also contributed additional funds for the aforesaid settlements with financial institutions, repair & maintenance of the plant & machinery and operational expenses.

The BMR will improve yield, efficiency and volume of production leading to reduction in the cost of production and competitiveness.

The management of the Company has decided to carry out 'Balancing, Modernization and Replacement' (BMR)/ technology change of plant. The sponsors' have planned to inject further funds in the Company in shape of directors' /sponsors' loan and private equity. These funds shall be utilized to open letter of credits to complete BMR which will enhance the production capacity of existing plant by 33% (from existing capacity of 30,000 tons per annum to 40,000 tons per annum) and will result in significant reduction in cost of production of the Company. The management believes that with injection of above mentioned funds and completion of BMR, the Company would be able to generate free cash flows, the Company will come out of losses and will earn profits.

The Company has already signed an agreement with Chematur Engineering AB (CEAB), world's best and renowned technology supplier of chemical industry. CEAB is a Sweden based company and based on its proprietary technologies, it has delivered hundreds of chemical plants worldwide. CEAB has already successfully completed a similar hydrogen peroxide BMR/ technology change project in Pakistan.

To generate funds for completion of above mentioned BMR, the sponsor directors of the Company have decided to inject funds obtained from disposal of assets of Sitara Spinning Mills Limited (SSML). SSML is a public limited company, wholly owned by the sponsor directors of the Company. In this regard, the

directors/sponsors of the Company have signed Settlement Agreements with banks / financial institutions of SSML to facilitate early disposal of its assets. The directors/sponsors have decided to inject the surplus of disposal proceed of Rs. 750 million approx. into the Company as equity / directors' loan according to the circumstances and the requisite approvals. The Company is also pursuing suppliers' credit / private equity / right issue for raising the remaining Rs. 750 million and the negotiations with financial consultants are at advanced stage. In view of the aforesaid financing arrangements and commitments by the sponsor directors, the management of the Company is confident to complete BMR as per aforesaid timelines and re-start operation within a period of one year.

In view of equity based funding with nominal borrowing, if any in future, will provide a competitive edge to the Company in comparison with its competitors, both nationally and internationally. The product of the Company is high in demand nationally and internationally which ensures its viability and profitability in long term.

The Company is also pursuing Faisalabad Electricity Supply Company (FESCO) for B-3 industrial electricity connection of 4.00 Mega Watt (MW) for cheaper and continued power supply to replace existing RLNG based captive power house with generation capacity of 3.00 MW.

Acknowledgments:

The management of the company is thankful to the financial institutions, the customers, the dealers, the professional team, the shareholders and the board of directors who supported the company during this difficult time.



HAROON AHMED ZUBERI
Director

September 24, 2024
Faisalabad

For and on behalf of the
Board of Directors



IMRAN GHAFUOR
Chief Executive Officer

سپانسر ڈائریکٹر / چیف ایگزیکٹو آفیسر نے کمپنی میں متعرض کے طور پر روپے کے فنڈز لگائے۔ آپریشن جاری رکھنے اور مالیاتی لاگت کو کنٹرول کرنے کے لیے 30 جون 2023 تک 345 ملین۔ سپانسر ڈائریکٹر / چیف ایگزیکٹو آفیسر نے مالیاتی اداروں کے ساتھ مذکورہ بالا تصفیے، پلانٹ اور مشینری کی مرمت اور دیکھ بھال اور آپریشنل اخراجات کے لیے انسانی فنڈز کا حصہ بھی دیا۔

BMR پیداوار، کارکردگی اور پیداوار کے حجم کو بہتر بنانے کا جس سے پیداواری لاگت اور مابقت میں کمی آئے گی۔

کمپنی کی اختتامیہ نے پلانٹ کی 'ہیلٹنگ، ماڈرنائزیشن اینڈ ریلیفمنٹ' (BMR) / ٹیکنالوجی کی تبدیلی کو انجام دینے کا فیصلہ کیا ہے۔ اسپانسر نے ڈائریکٹر / اسپانسرز کے متعرض اور نجی ایجوٹی کی شکل میں کمپنی میں مزید فنڈز لگانے کا منصوبہ بنایا ہے۔ یہ فنڈز بی ایم آر کو مکمل کرنے کے لیے اوپن لیشر آف کریڈٹ کے لیے استعمال کیے جائیں گے جس سے موجودہ پلانٹ کی پیداواری صلاحیت میں 33 فیصد اضافہ ہوگا (موجودہ صلاحیت 30,000 ٹن سالانہ سے 40,000 ٹن سالانہ) اور اس کے نتیجے میں پیداواری لاگت میں نمایاں کمی واقع ہوگی۔ کمپنی کے اختتامیہ کا خیال ہے کہ مذکورہ فنڈز کے انجیکشن اور BMR کی تکمیل کے ساتھ، کمپنی مفت کیش فلو پیدا کرنے کے قابل ہو جائے گی، کمپنی نقصان سے باہر آئے گی اور منافع کماے گی۔

کمپنی نے پہلے ہی Chematur Engineering AB (CEAB) کے ساتھ ایک معاہدے پر دستخط کیے ہیں، جو ٹیکنیکل انڈسٹری کی دنیا کی سب سے بہترین اور معروف ٹیکنالوجی فراہم کنندہ ہے۔ CEAB ایک سویڈن کی کمپنی ہے اور اپنی ملکی ٹیکنالوجی جیسی کی بنیاد پر اس نے دنیا بھر میں سینکڑوں ٹیکنیکل پلانٹس فراہم کیے ہیں۔ CEAB پاکستان میں پہلے ہی اسی طرح کا ہائیڈروجن پیرو آکسائیڈ BMR / ٹیکنالوجی کی تبدیلی کا منصوبہ کامیابی سے مکمل کر چکا ہے۔

مذکورہ بی ایم آر کی تکمیل کے لیے فنڈز پیدا کرنے کے لیے، کمپنی کے سپانسر ڈائریکٹر نے ستارہ اسپننگ ملز لمیٹڈ (SSML) کے اثاثوں کو منافع کرنے سے حاصل کیے گئے فنڈز کا استعمال کرنے کا فیصلہ کیا ہے۔ SSML ایک پبلک لمیٹڈ کمپنی ہے، جو مکمل طور پر کمپنی کے سپانسر ڈائریکٹر کی ملکیت ہے۔ اس سلسلے میں، کمپنی کے ڈائریکٹر / اسپانسر نے ایس ایس ایم ایل کے بینکوں / مالیاتی اداروں کے ساتھ سیٹلمنٹ ایگریمنٹس پر دستخط کیے ہیں تاکہ اس کے اثاثوں کو حبلہ منقطع کرنے میں آسانی ہو۔ ڈائریکٹر / اسپانسر نے تصروف کی اضافی رقم کو انجیکشن کرنے کا فیصلہ کیا ہے۔ تقریباً 750 ملین حالات اور مطلوبہ منظوریوں کے مطابق ایجوٹی / ڈائریکٹر کے متعرض کے طور پر کمپنی میں۔ کمپنی بقیہ روپے جمع کرنے کے لیے سپانسرز کے کریڈٹ / پرائیویٹ ایجوٹی / رائٹ ایجوٹی کی بھی پیروی کر رہی ہے۔ 750 ملین اور فنڈز نیشنل کنسلٹنٹس کے ساتھ مذاکرات اعلیٰ مرحلے میں ہیں۔ مذکورہ بالا مالیاتی اختتامیہ اور سپانسر ڈائریکٹر کے وعدوں کے پیش نظر، کمپنی کی اختتامیہ مذکورہ نام لائنز کے مطابق BMR کو مکمل کرنے اور ایک سال کی مدت کے اندر دوبارہ آپریشن شروع کرنے کے لیے پراعتماد ہے۔

برائے نام متعرض لینے کے ساتھ ایجوٹی پر مبنی فنڈنگ کے پیش نظر، اگر مستقبل میں کوئی ہے، تو کمپنی کو اپنے حریفوں کے مقابلے میں، قومی اور بین الاقوامی سطح پر ایک مسابقتی برتری فراہم کرے گی۔ کمپنی کی مصنوعات کی قومی اور بین الاقوامی سطح پر بہت زیادہ مانگ ہے جو طویل مدتی میں اس کے قابل عمل ہونے اور منافع کو یقینی بناتی ہے۔

کمپنی فیصل آباد الیکٹریٹیٹی سپلائی کمپنی (FESCO) سے 4.00 میگا واٹ (MW) کے B-3 صنعتی بجلی کے کنکشن کے لیے سستی اور مسلسل بجلی کی فراہمی کے لیے بھی پیروی کر رہی ہے تاکہ موجودہ RLNG پر مبنی کیمپو پاور ہاؤس کو 3.00 میگا واٹ کی پیداواری صلاحیت کے ساتھ تبدیل کیا جاسکے۔

اعترافات:

کمپنی کی اختتامیہ مالیاتی اداروں، صارفین، ڈیلرز، پیشہ ورانہ ٹیم، شریز ہولڈرز اور بورڈ آف ڈائریکٹر کی شکرگزار ہے جنہوں نے اس مشکل وقت میں کمپنی کا ساتھ دیا۔

کے لیے اور اس کی جانب سے

بورڈ آف ڈائریکٹر

دستخط



عمران غفور
چیف ایگزیکٹو آفیسر

دستخط



ہمد احمد
ڈائریکٹر

24 ستمبر 2024

فیصل آباد

حصص یافتگان، متراض دہندگان، ملازمین، صارفین اور سپلائرز کو مطمئن کرنے کے لیے طویل مدتی اسٹریجک اہداف کے حصول کے لیے کمپنی کی ساخت، آپریٹنگ اور کنٹرول کے لیے کارپوریٹ گورننس ہماری پالیسیوں کے بنیادی حصے میں موجود ہے۔ بہترین احتیاطی طریقوں کی پابندی اور قابل اطلاق قانونی اور ریگولیٹری تقاضوں کی تعمیل کو اس انداز میں یقینی بنایا جاتا ہے جو ماحول اور لوگوں کے لیے دوستانہ ہو اور معیشت کی کمیونٹی کی ضروریات کو پورا کرتا ہو۔

یہ سمجھتے ہوئے کہ اچھی کارپوریٹ گورننس کسی بھی کمپنی کی سالمیت اور سکھ کے لیے ایک لازمی شرط ہے، منصفانہ اور جوابدہی کو یقینی بنانا اعتماد اور بھروسہ پیدا کرنے کے لیے، ہم اچھی کارپوریٹ گورننس کے لیے کم از کم قانونی تقاضوں کو عبور کر لیتے ہیں۔ ہمارے بورڈ نے چیئر پرسن اور بورڈ کے درمیان ذمہ داریوں کی واضح تقسیم، بورڈ اور انتظامیہ کے متعلقہ کرداروں کو تسلیم کرتے ہوئے اور ایک مؤثر اخلاقیات و قائم کرنے کے ذریعے، کمپنی کی نگرانی اور نظم و نسق کا وقت فوقتاً جائزہ لینے اور اپ ڈیٹ کرنے والی ٹھوس بنیادیں رکھی ہیں۔ اور تعمیل کا سرچشمہ رکھ۔

جیسا کہ کارپوریٹ گورننس کے ضابطہ کے تحت ضروری ہے، ڈائریکٹرز مندرجہ ذیل بتاتے ہوئے خوش ہیں:

- انتظامیہ کے ذریعے تیار کردہ کمپنی کے مالی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
- کمپنی کی طرف سے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانه فیصلوں پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے رواں گئی، اگر کوئی ہے، مناسب طور پر ظاہر کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- ایک جاری توثیق کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

شیز ہولڈنگ کا نمونہ

کمپنی کے شیز ہولڈنگ کا نمونہ منسلک ہے۔ کمپنی کے حصص میں اس کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی شریک حیات اور نابالغ بچوں کی طرف سے کوئی ٹریڈنگ نہیں کی گئی، سوائے اس کے کہ شیز ہولڈنگ کے پیٹرن میں ظاہر کیا گیا ہو۔

ایسپلائز سینیٹ پلان

کمپنی اپنے مستقل ملازمین کے لیے ایک نان فنڈ ڈیفنسٹ سینیٹ پلان (گریجویٹ اسکیم) چلاتی ہے۔ تازہ ترین ایکچریبل ویلیویشن 30 جون 2023 کو کی گئی۔

منافع

کمپنی کے بورڈ نے رواں مالی سال کے دوران کسی ڈیویڈنڈ کا اعلان نہیں کیا ہے۔

آڈیٹرز

موجودہ بیرونی آڈیٹرز S/M/ سوسفٹ عدل، چارٹرڈ اکاؤنٹنٹس، 20 ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔

آرائس ایم او ایس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس نے خود کو 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے کمپنی کے بیرونی آڈیٹرز کے طور پر تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے مذکورہ ایم او ایس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے کمپنی کے بیرونی آڈیٹرز کے طور پر تعینات کرنے کی سفارش کی ہے۔

مستقبل کا آؤٹ لک

انتظامیہ نے رواں سال 2024-25 کے اندر کمپنی کو متراض سے پاک کرنے اور مکمل توازن، جدید کاری اور تبدیلی کا فیصلہ کیا ہے۔ اسی کے مطابق، سال کے آخر میں، کمپنی کی انتظامیہ نے 29.12.2023 کو مشارکہ ٹرسٹ ڈیٹ کے ٹرسٹی کے ساتھ، سکوک ہولڈرز کے لیے بقایا واجبات کے تصفیے کے لیے ایک "تصفیے کے معاہدے" پر دستخط کیے تھے۔ مذکورہ سیکلنٹ انگریڈینٹ کے مطابق، کمپنی نے بقایا رستم کی اصل رستم ("تصفیے کی رستم") روپے ادا کرنے پر اتفاق کیا ہے۔ 162 ملین پیس کھانے کی ادائیگی۔ مسزید برآں، مذکورہ معاہدے کے مطابق، کمپنی 01 اکتوبر 2023 سے پرنسپل کی مکمل ادائیگی تک فنڈز کی لاگت ادا کرے گی اور روپے کے جمع شدہ / موخر شدہ مارک اپ تک۔ 296.7 ملین معاف کر دیے جائیں گے، طے شدہ ٹائم لائن پر سیکلنٹ رستم کی مکمل ادائیگی سے مشروط۔ اب تک، کمپنی نے روپے کے پرنسپل کی ادائیگی کی ہے۔ 75 ملین سکوک ہولڈرز کو کھانے کی ادائیگی کے طور پر حتمی تصفیے کی تاریخ 31.03.2025 تک بڑھانے کی درخواست کے ساتھ۔ روپے کے بقیہ پرنسپل پیلیڈیم کینالرسٹ کی برآمدی رستم سے 87 ملین روپے واپس کیے جائیں گے۔

روپے کی ایک اور مدتی مالیاتی سہولت کے بارے میں۔ سال کے آخر میں 147.2 ملین بقایا (جیسا کہ ان مالیاتی بیانات کے نوٹ 16.3 میں ظاہر کیا گیا ہے) کمپنی نے روپے کی اصل رستم ادا کر دی ہے۔ 131.7 ملین اگلے سال کے آخر تک پیلیڈیم کینالرسٹ کی برآمدی آمدنی اور 15.4 ملین روپے کی موجودہ اصل ذمہ داری فنڈ کی لاگت کے ساتھ جاری سال کے اندر تصفیے کے لیے بات چیت کے تحت ہے۔

بورڈ آف ڈائریکٹرز

سال کے دوران، بورڈ کے چھ (6) اجلاس منعقد ہوئے اور ان میں حسب ذیل شرکت کی گئی۔

ڈائریکٹر	میٹنگز منعقدہ	میٹنگز میں شرکت کی۔
(i) جناب یاسر احمد اعوان (چیرمین)	6	6
(ii) جناب عمران غفور (CEO)	6	6
(iii) جناب ہارون احمد زبیری	6	6
(iv) جناب صائم بن سعید*	6	3
(v) مہر شرمین عمران*	6	5
(vi) جناب ثاقب انجم**	4	4
(vii) جناب جنید مالک***	4	4
(viii) جناب اعجاز حسین***	2	2
(ix) جناب زاہد اسلم***	2	2

* غیر حاضری کی تھپی بورڈ نے دی ہے۔

** جناب ثاقب انجم اور جناب جنید مالک 28 اکتوبر 2022 کو بورڈ میں منتخب ہوئے ہیں۔

*** جناب اعجاز حسین اور جناب زاہد اسلم 28 اکتوبر 2022 کو اپنی مدت ملازمت پوری کرنے کے بعد ریٹائر ہوئے۔

28 اکتوبر 2022 کو منعقدہ کمپنی کے 19 ویں سالانہ جنرل میٹنگ میں تین سال کی مدت کے لیے سات ڈائریکٹرز کا انتخاب کیا گیا ہے۔ "ڈائریکٹر کے طور پر کام کرنے کی رضامندی" ہر امیدوار سے اس کے انتخاب سے پہلے حاصل کی گئی تھی۔

کمپنی کا بورڈ سات (7) ڈائریکٹرز پر مشتمل ہے، جو اقلیتی اسٹاک ہولڈرز سمیت حصص یافتگان کے مفاد کی موثر نمائندگی کرتا ہے۔ پانچ نان ایگزیکٹو ڈائریکٹر، ایک آزاد ڈائریکٹر اور ایک ایگزیکٹو ڈائریکٹر ہیں۔ آزاد ڈائریکٹر نان کنشروولگ / اقلیتی مفادات کی نمائندگی کر رہا ہے، جبکہ نان ایگزیکٹو ڈائریکٹرز متعلقہ صنعت کا تجربہ رکھتے ہیں۔ کمپنی کی طرف سے جاری کردہ کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کے بیان میں ڈائریکٹر شپ کی حیثیت (آزاد، ایگزیکٹو، غیر ایگزیکٹو) کی نشاندہی کی گئی ہے۔ موثر، موثر اور آزاد فیصلہ سازی کو یقینی بنانے کے لیے، بورڈ کمپنی کے معاملات چلانے کے لیے علم، تجربہ اور مہارت رکھنے والے اہل پیشہ ور افراد پر مشتمل ہے۔ کمپنی کی کارکردگی کو موثر طریقے سے مانیٹر کرنے اور اس کی انتظامیہ کو جوابدہ رکھنے کے لیے، بورڈ کا اجلاس ہر سہ ماہی میں کم از کم ایک بار ہوتا ہے۔

بورڈ نے سال کے دوران چھ (6) میٹنگیں کیں، جن میں سے نوٹس / ایجنڈا بروقت جاری کیا گیا۔ بورڈ کے اجلاسوں کے دوران کئے گئے فیصلوں کو کمپنی سیکرٹری کی طرف سے رکھی گئی میٹنگوں کے منٹس میں واضح طور پر بیان کیا گیا تھا اور ان کی توثیق کے لیے تمام ڈائریکٹرز کو باضابطہ طور پر بھیجے گئے تھے اور بعد میں ہونے والی بورڈ میٹنگوں میں ان کی منظوری دی گئی تھی۔ سال کے دوران منعقد ہونے والے بورڈ کے تمام اجلاسوں نے حاضری کے کم از کم کورم کے تقاضوں کو پورا کیا جیسا کہ متعلقہ ضوابط کے مطابق مقرر کیا گیا تھا اور چیف فنانشل آفیسر اور کمپنی سیکرٹری نے بھی شرکت کی۔

آڈٹ کمیٹی تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہوتی ہے جس کا چیئرمین ایک خود مختار نان ایگزیکٹو ڈائریکٹر ہوتا ہے۔ انٹرئل آڈٹ ڈیپارٹمنٹ، کمپنی کے اندرونی کنٹرول اور رسک گورننس مندرجہ ذیل کلیدی حسزہ ہونے کے ناطے، گورننس کی تاثیر، رسک مینجمنٹ اور کنٹرول کے عمل کے بارے میں آزادانہ اور معروضی حقائق فراہم کرتا ہے جو براہ راست آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

بیومین ریسورس اینڈ ریمونڈیشن کمیٹی دو نان ایگزیکٹو ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر پر مشتمل ہے جس کی چیئر پرسن ایک نان ایگزیکٹو ڈائریکٹر ہے۔

کارپوریٹ گورننس کے ساتھ تعمیل

بورڈ پوری کمپنی میں اعلیٰ حکمرانی کے معیارات کو برقرار رکھنے پر زور دیتا ہے۔ کمپنی کے وٹن اور اسٹریٹجک سمت اور اس کی اقتدار کے لیے اجتماعی طور پر ذمہ دار ہونے کے ناطے، بورڈ کاروباری کارکردگی اور کمپنی کی طویل مدتی کامیابی کے لیے جوابدہ ہے۔

اندرونی کنٹرول کے ایک مندرجہ ذیل اندر، بورڈ کمپنی کو اپنی کارکردگی کے مقاصد اور بنیادی اقتدار کے حصول کے لیے ضروری قیادت فراہم کرتا ہے۔ عام طور پر مقبول کیے گئے بہترین طریقوں کو مقررہ معیارات اور رضاکارانہ معیارات کے علاوہ، اعلیٰ درجے کی اخلاقی اور اخلاقی اقتدار کے مظاہرے کے ساتھ لاگو کیا گیا ہے، کاروباری احساس کو مد نظر رکھتے ہوئے ایسا انداز اور ذمہ داری پر مبنی فیصلہ سازی کے علاوہ، اوپر سے نیچے کے نقطہ نظر کے ذریعے، کمپنی کے ساتھ یا تو خدمات انتخاب دینے والے یا ترمیم سے وابستہ تمام امور کے لیے نیچے کی طرف بہہ رہا ہے۔

ہمارے کاموں اور کاروباری فیصلوں میں شفافیت کو کارپوریٹ احتساب کے برابر اہمیت کے ساتھ ترجیح دی جاتی ہے۔

ڈائریکٹرز کی رپورٹ

ہمیں 30 جون 2023 کو ختم ہونے والے سال کے لیے آڈیٹرز کی رپورٹ کے ساتھ سالانہ آڈٹ شدہ مالیاتی بیانات پیش کرتے ہوئے خوشی ہو رہی ہے۔

کاروبار اور مالیاتی جائزہ

مالی سال 2023 ملک کے مجموعی معاشی حالات کے پیش نظر کمپنی کے لیے بہت مشکل رہا، خاص طور پر بجلی کی زیادہ قیمتیں، RLNG، درآمدی ان پٹ، بہت زیادہ مالیاتی لاگت، سخت مانیٹری پالیسی، PKR کی قدر میں کمی اور سیاسی عدم استحکام۔ ان عوامل نے ہماری کمپنی کے کاروبار کو بھی بری طرح متاثر کیا۔ کمپنی کو مسلسل خسارے کا سامن کرنا پڑا جس کے نتیجے میں ورکنگ کیپٹل کی کمی اور اس کے نتیجے میں صلاحیت کا کم استعمال ہوا۔ مالیاتی جھلکیوں کا خلاصہ ذیل میں دیا گیا ہے۔

2022	2023	
روپے	روپے	
1,742,727,077	823,998,305	منروخت
1,805,930,667	1,097,385,803	منروخت کی لاگت
(63,203,590)	(273,387,498)	مجموعی منافع/(نقصان)
(386,958,754)	(753,262,450)	ٹیکس سے پہلے حوالہ نقصان
(341,211,464)	(792,778,660)	ٹیکس کے بعد حوالہ نقصان
(6.19)	(14.39)	فی شیئر کمائی/(نقصان) - بنیادی اور کمزور

کمپنی نے مالی سال کے دوران 4,495 ٹن ہائیڈروجن پیرو آکسائیڈ کی پیداوار گزشتہ مالی سال کے دوران 18,247 ٹن کے مقابلے میں کی۔

اس کے مطابق منروخت کم ہو کر روپے گئی۔ موجودہ مالی سال کے دوران 824 ملین روپے کے مقابلے میں گزشتہ مالی سال کے دوران 1,743 ملین۔ منروخت کے حجم میں کمی صلاحیت کے کم استعمال اور درآمدی کیمیکلز اوپریٹنگ کیٹیلگ کی کمی اور ورکنگ کیٹیلگ کے مسائل کی وجہ سے ہے۔

مجموعی نقصان مالی سال کے دوران بڑھ کر 273 ملین روپے ہو گیا۔ کم پیداوار، صلاحیت کے کم استعمال، پلانٹ بند ہونے، آرائل این جی کے زیادہ ٹیئرف، کیمیکلز، پیکنگ میٹریل کی قیمتوں میں اضافے کی وجہ سے گزشتہ مالی سال کے دوران 63 ملین روپے کے مجموعی نقصان کے مقابلے میں۔

اس کے مطابق ٹیکس کے بعد حوالہ نقصان بڑھ کر روپے ہو گیا۔ موجودہ سال کے دوران مجموعی نقصان کے ساتھ آپریشنل اخراجات کی وجہ سے 792 ملین روپے، مالیاتی لاگت مجموعی طور پر 481 ملین روپے کے ٹیکس کے بعد حوالہ نقصان کے مقابلے میں۔ گزشتہ مالی سال کے دوران 341 ملین۔ فی حصص کا خسارہ موجودہ مالی سال کے دوران بڑھ کر 14.39 روپے ہو گیا جبکہ گزشتہ مالی سال کے دوران فی حصص کا نقصان 6.19 روپے تھا۔

پلانٹ 20 اکتوبر 2022 سے 02 مارچ 2023 تک اور رواں مالی سال کے دوران 12 جون 2023 سے آج تک بند رہا۔ انتظامیہ نے اوپر بتائی گئی وجوہات کی بنا پر مزید پیداواری نقصانات سے بچنے کے لیے پلانٹ کو بند کرنے کا فیصلہ کیا اور کمپنی کے نقصانات اور طویل مدتی قابل عمل ہونے سے چھٹکارا پانے کے لیے توازن، جدید کاری اور متبادل پر عمل کیا۔

مارکیٹنگ کا جائزہ

قومی اور بین الاقوامی سطح پر کمپنی کی مصنوعات کی بڑی صلاحیت ہے۔ کمپنی اپنے پلانٹ اور مشینری کے BMR کی تکمیل کے بعد اپنا حصہ واپس حاصل کر سکے گی۔ ستارہ پیرو آکسائیڈ لمیٹڈ اپنے صارفین کی مخصوص ضروریات کے مطابق ہائیڈروجن پیرو آکسائیڈ کا سب سے قابل اعتماد سپلائر رہا ہے۔ کمپنی نے زیادہ سے زیادہ مارکیٹ شیئر حاصل کرنے کے لیے ایک مضبوط مارکیٹنگ اور سیل نیٹ ورک قائم کیا ہے۔

SIX YEARS FINANCIAL SUMMARY

		2023	2022	2021	2020	2019	2018
Rupees in "000"							
STATEMENT OF PROFIT OR LOSS							
Sales - net		823,998	1,742,727	1,865,397	1,745,356	2,036,216	1,322,217
Gross (loss) / profit		(273,387)	(63,204)	191,219	323,221	530,168	151,835
Operating (loss) / profit		(686,044)	(341,992)	(66,152)	123,237	328,352	10,342
(Loss) / profit before tax		(753,262)	(386,959)	13,653	88,955	279,522	(32,802)
(Loss) / profit after tax		(792,779)	(341,211)	34,708	74,242	207,385	(65,403)
STATEMENT OF FINANCIAL POSITION							
Property, plant and equipment		2,557,848	2,789,163	3,015,780	2,525,753	2,580,126	2,730,109
Long term advances		109,626	109,626	-	-	-	-
Long term deposits		52,741	17,817	36,676	4,205	4,205	4,205
Current assets		716,508	1,090,852	1,040,285	1,074,487	1,225,187	1,011,370
Current liabilities		1,509,294	1,198,520	670,075	722,785	960,928	995,293
Non-current liabilities		606,646	563,418	948,897	852,197	895,801	999,533
Shareholders equity		1,320,784	2,135,893	2,473,769	2,029,463	1,952,788	1,750,859
Share capital		551,000	551,000	551,000	551,000	551,000	551,000
Financial Ratios							
Gross Profit Ratio	(%)	(33.18)	(3.63)	10.25	18.52	26.04	11.48
Net Profit to Sales	(%)	(96.21)	(19.58)	1.86	4.25	10.18	(4.95)
EBITDA Margin to Sales	(%)	(60.46)	(6.41)	6.32	17.55	25.15	14.42
Return on Equity	(%)	1,104.14	(49.33)	3.74	9.30	33.11	(19.96)
Return on Capital Employed	(%)	(41.13)	(12.64)	1.01	2.58	7.28	(2.38)
Current Ratio	times	0.47	0.91	1.55	1.49	1.28	1.02
Quick/Acid test ratio	times	0.33	0.68	1.08	0.85	0.73	0.53
Earnings per share - Basic	Rupees	(14.39)	(6.19)	0.63	1.35	3.76	(1.19)
Price Earning Ratio	times	(1.06)	(4.48)	44.05	18.14	6.49	(14.28)
Market Value per share (at year end)	Rupees	12.24	14.26	28.29	18.01	18.01	17.36
Market value per share (lowest)	Rupees	11.00	14.20	20.40	15.60	15.60	13.24
Market value per share (highest)	Rupees	21.75	28.61	35.49	41.68	41.68	31.23
Breakup value of share	Rupees	23.97	38.76	44.90	36.83	35.44	31.78

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
659	1	100	11,394
4,401	101	500	2,184,861
598	501	1,000	587,422
808	1,001	5,000	2,217,777
177	5,001	10,000	1,436,363
53	10,001	15,000	690,981
43	15,001	20,000	802,735
19	20,001	25,000	444,781
10	25,001	30,000	277,300
10	30,001	35,000	322,000
4	35,001	40,000	150,500
4	40,001	45,000	172,000
11	45,001	50,000	538,000
4	50,001	55,000	212,500
4	55,001	60,000	238,900
1	60,001	65,000	65,000
3	65,001	70,000	208,000
3	70,001	75,000	218,500
1	80,001	85,000	81,500
1	85,001	90,000	86,500
2	90,001	95,000	183,000
5	95,001	100,000	498,500
1	105,001	110,000	108,000
1	110,001	115,000	113,500
2	115,001	120,000	238,500
3	120,001	125,000	373,003
1	145,001	150,000	150,000
1	175,001	180,000	177,500
1	195,001	200,000	200,000
1	200,001	205,000	201,000
1	205,001	210,000	210,000
1	215,001	220,000	220,000
1	220,001	225,000	223,717
2	225,001	230,000	459,000
1	320,001	325,000	324,500
3	365,001	370,000	1,104,166
1	410,001	415,000	413,000
1	705,001	710,000	709,500
1	1,450,001	1,455,000	1,453,500
1	1,470,001	1,475,000	1,474,500
1	1,800,001	1,805,000	1,801,600
1	1,995,001	2,000,000	2,000,000
1	2,620,001	2,625,000	2,624,435
2	2,995,001	3,000,000	6,000,000
1	5,465,001	5,470,000	5,467,000
1	17,425,001	17,430,000	17,425,065
6,852			55,100,000

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

	Number	Share Held	Percentage
Directors, CEO & their Spouse and Minor Children			
Mr. Imran Ghafoor	1	17,425,065	31.62
Mrs. Sharmeen Imran	2	2,634,435	4.78
Mr. Yasir Ahmed Awan	1	1,801,600	3.27
Mr.Saqib Anjum	1	1,453,500	2.64
Mr.Junaid Makda	1	1,474,500	2.68
Mr.Saim Bin Saeed	1	500	0.00
Mr. Haroon Ahmed Zuberi	1	5	0.00
Bank, Development Finance Institutions, Non Banking Finance Institutions.	3	3,500	0.01
Insurance Companies	1	25,500	0.05
Modarabas	2	153,000	0.28
Joint Stock Companies	23	3,969,870	7.20
General Public (Local)	6,684	24,552,049	44.56
General Public (Foreign)	126	1,289,865	2.34
Others	5	316,611	0.57
	6,852	55,100,000	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 2022-2023

Mr. Yasir Ahmed Awan (Director) Purchased=1,328,500=shares during the Year.

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

a	Mr. Imran Ghafoor, Chief Executive	17,425,065
b	Mr. Nadeem Nisar	5,467,000
c	Sitara Chemical Industries Limited	3,220,000
d	Syed Ali Jafar Abidi	3,000,000

SALIENT FEAUTRES OF CODE OF CONDUCT

It is a fundamental policy of Sitara Peroxide Limited to conduct its business with honesty, integrity and in accordance with the highest professional, ethical and legal standards. The Company has adopted comprehensive Code of Conduct for members of the Board of Directors and Employees. The Code defines acceptable and unacceptable behaviors, provides guidance to directors / employees in specific situations that may arise and foster a culture of honesty, accountability and high standards of personal and professional integrity.

- Directors should take steps to ensures that the Company promotes ethical behavior; encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; encourages employees to report violations of laws, rules, regulations, Company policies and procedures or the Company's Code of Conduct to appropriate personnel; and informs employees that the Company will not allow retaliation for reports made in good faith.
- Directors and employees must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company.
- Directors and employees must avoid any conflict of interest between them and the Company. Any situation that involves, or may reasonable be expected to involve, a conflict of interest with the Company, should be disclosed promptly.
- Directors and employees must act honestly and fairly and exhibit high ethical standards in dealing with all stakeholders of the Company.
- Directors and employees shall comply with laws, rules and regulations applicable to the Company including but not limited to the Companies Ordinance, 1984, Listing Regulations of the Stock Exchanges and insider trading laws.
- Certain restrictions / reporting / requirements apply to trading by the Directors and employees in Company shares. They shall make sure that they remain compliant with these statutory requirements.
- All funds, assets, receipts and disbursements must be properly recorded in the books of the Company.
- The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. The directors and employees will ensure that the Company deals in all fairness with its customers, suppliers and competitors.
- Company's relations and dealings with suppliers, consultants, agents, intermediaries and other third parties should at all times be such that Company's integrity and its reputation should not be damaged if details of the relationship or dealings were to become public knowledge.
- Agreements with agents, sales representatives or consultants should state clearly the services to be performed for the Company, the amount to be paid and all other relevant terms and conditions.
- Company will support and respect the protection of international human rights within its sphere of influence, in particular the effective elimination of all sorts of compulsory labour and child labour, and it will make this a criterion in the choice and management of its suppliers and sub contractors.
- Every employee at work must take reasonable care for the health and safety of himself and others including visitors who may be affected by his acts or omissions at work; and cooperate in Company's efforts to protect the environment.
- Rumour mongering, persuasive allegations, accusations and exaggerations with the main purpose of negatively influencing and manipulating the minds and emotions of the fellow employees are strictly prohibited.
- In order to enhance good governance and transparency, Company has introduced a Whistle Blowing Policy. The Policy provides an avenue to employees, vendors and customers to raise concerns and report illegal and unethical issues like fraud, corruption or any other unlawful conduct or dangers to the public or the environment.
- Every employee must adhere to Company's rules of service and make sure that he is familiar with all of them.
- Any violation of this Code shall be promptly reported to the Human Resources Department by any employee having knowledge thereof or having reasonable belief that such a violation has occurred.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF SITARA PEROXIDE 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 peroxide Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the note 18 where these are stated in the Statement of Compliance.

SR.NO.	DESCRIPTION
1	As per Code of Corporate Governance, Chairman of the "Human Resource & Remuneration Committee" shall be an Independent Director. However, the Board has appointed a Non-Executive Director to this position.

Chartered Accountants



Engagement Partner:

Muhammad Sufyan

Lahore

Date: October 28, 2024

UDIN: CR202310180rulaxQObh

STATEMENT OF COMPLIANCE

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

Name of Company: **SITARA PEROXIDE LIMITED**

Year Ended: **June 30, 2023**

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

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

Gender	Number
Male	6
Female	1

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

Category	Names
Independent Director	Mr. Saim Bin Saeed Mr. Haroon Ahmed Zuberi
Executive Directors	Mr. Imran Ghafoor
Non-Executive Directors	Mr. Yasir Ahmed Awan Mr. Saqib Anjum Mr. Junaid Makda
Female Director	Mrs. Sharmeen Imran

3. The elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. They fulfill the necessary requirements as per applicable laws and regulations.

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 Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board; and in total six (6) board meetings were held.
8. The board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Five (05) directors have already completed directors' training program in prior years. The remaining Two (02) director shall obtain certification under the DTP in due course of time;
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board;

12. The board has formed committees comprising of members given below:

a. Audit Committee

- | | | |
|---------------------------|------------------------|------------|
| • Mr. Saim Bin Saeed | Independent Director | (Chairman) |
| • Mr. Yasir Ahmad Awan | Non-Executive Director | (Member) |
| • Mr. Haroon Ahmed Zuberi | Non-Executive Director | (Member) |

b. Human Resource & Remuneration Committee

- | | | |
|-----------------------|-------------------------|---------------|
| • Mrs. Sharmeen Imran | Non-Executive Director | (Chairperson) |
| • Mr. Imran Ghafoor | Chief Executive Officer | (Member) |
| • Mr. Saqib Anjum | 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 was as per following:

a. **Audit Committee:** Four meetings during the financial year ended June 30, 2023

b. **HR and Remuneration Committee:** Two meetings during the financial year ended June 30, 2023

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company. Head of Internal Audit resigned in July 2023 and internal audit function is being run as stop gap arrangement till fill up of vacancy.

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 except for the following as mentioned below:


Sr. No	Mandatory Requirement	Explanation	Reg No
1	Chairman of Human Resource & Remuneration Committee: As per the Code of Corporate Governance, Chairman of the "Human Resource & Remuneration Committee" shall be an Independent Director.	Board of Sitara Peroxide Limited has appointed their Non-Executive Director Mrs. Sharmeen Imran as the Chairman of Human Resource & Remuneration Committee which is a non-compliance of the Code of Corporate Governance.	29(5)

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	Reg No
1	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the management itself.	29(1)
2.	Risk Management Committee The Board may constitute the Risk Management Committee of such number and class of directors, as it may deem appropriate in its circumstances to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and the Company's Internal Auditor, performs the requisite functions and apprises the board accordingly.	30 (1)
3.	Certification under Directors Training Program It is encouraged that by June 30, 2023 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Presently, five out of seven directors on Board have been certified under directors training program. Remaining two director of the Company shall get certification under Directors Training Program as soon as possible.	19 (1)
4	Significant Policies On Website: The company may post the key elements of its significant policies on its website.	Presently, the significant policies of the Company are not on the website of the company due to a technical error on the website of the Company and it will be added as soon as possible.	35(1)

Faisalabad

Dated: September 24, 2024


Mr. Yasir Ahmed Awan
Chairman

Financial Statements 2023



INDEPENDENT AUDITOR'S REPORT

To the members of Sitara Peroxide Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of Sitara Peroxide Limited (the Company) which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

- (a) As disclosed in Note 1.3 to the financial statements, the Company has incurred a gross loss and net loss for the year of Rs. 273.387 million and Rs. 792.779 million respectively and the Company's current liabilities exceeds current assets by Rs. 792.786 million as at June 30, 2023. The Company was unable to pay installments of long term financing and rental payments of sukuks during the year. Further, the plant of the Company has remained shut down from October 20, 2022 to March 02, 2023 and then again from June 12, 2023 to date. These factors indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as going concern. However, the Company's management believes that going concern basis of preparation of the financial statement is appropriate, based on plans for the Balancing, Modernization and Rehabilitation (BMR) of the plant to increase the production capacity and plant efficiency, which also requires significant amount of funding.

The ability of the Company to continue as going concern depends on the ability of the Company and its sponsors to sell the assets of an associated company and generate sufficient funds so that the same can be injected in the Company to carry out BMR activities. Further, after selling the assets of the associated company, the capital injection from sponsors would still not be enough to meet the requirements of BMR activities and necessary working capital to run the plant after BMR. To meet this shortfall in funding, the Company plans to obtain long term supplier credit or approach private equity firms for additional funding. The ability of the Company to remain as going concern is therefore dependent on the above assumptions, which are premised on future events and market conditions, the outcome of which is inherently uncertain.

The financial statements have been prepared on the assumption that the Company will continue as going concern. In view of the material uncertainty in respect of the Company's ability to continue as going concern and the lack of sufficient appropriate audit evidence in confirming whether the Company and its sponsors would be able to provide required funding for the Company's BMR activities and working capital requirements, we were unable to conclude whether the use of the going concern assumption in the preparation of these financial statements is appropriate. If the Company is unable to continue in operational existence for the foreseeable future, and the Company may not be to discharge its liabilities in the normal course of business, adjustments may have to be made to reflect the situation that assets may need to be realized other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

- (b) The Company's property, plant and equipment is carried in statement of financial position at Rs. 2,558 million. The management has not performed an impairment assessment of the plant as required under International Accounting Standard 36 "Impairment of Assets, despite the plant of the Company has remained shut down from October 20, 2022 to March 2, 2023 and then again, in June 12, 2023 to date, moreover, the existing plant requires BMR to operate efficiently. We were unable to confirm or verify by alternative means whether any adjustments might have been found necessary in respect of property, plant and equipment, and the elements making up the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows.

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 responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide an audit opinion on these financial statements.

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.

Report on Other Legal and Regulatory Requirements

We further report that because of matter described in the Basis for Disclaimer of Opinion section of our report, we are unable to form an opinion whether:

- 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, the 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



Chartered Accountants

Lahore

Date: October 28, 2024

UDIN: AR20231018029mvlpEbC

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,557,848,157	2,789,162,656
Long term advances		109,626,266	109,626,266
Long term deposits	5	52,741,143	17,817,143
		2,720,215,566	2,916,606,065
Current assets			
Stores, spare parts and loose tools	6	117,697,729	116,585,945
Stock in trade	7	224,714,591	272,468,996
Trade debts	8	127,394,884	215,238,160
Loans and advances	9	20,632,482	129,102,245
Deposits and short term prepayments	10	-	36,837,367
Taxes refundable due from government	11	131,692,180	182,317,697
Advance income tax		33,192,860	35,073,952
Cash and bank balances	13	9,138,135	1,816,178
		664,462,861	989,440,540
Non-current asset held for sale	12	52,045,318	-
Total assets		3,436,723,745	3,906,046,605

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	14	551,000,000	551,000,000
(Accumulated loss)/ unappropriated profit		(622,800,423)	140,654,535
Surplus on revaluation of property, plant and equipment	15	1,392,584,049	1,444,238,118
		1,320,783,626	2,135,892,653
Non-current liabilities			
Long term financing	16	-	17,437,818
Deferred liabilities	17	49,625,297	37,128,898
Deferred taxation	18	557,021,081	508,851,680
Deferred markup	19	-	-
		606,646,378	563,418,396
Current liabilities			
Trade and other payables	20	465,299,286	380,738,235
Contract liabilities	21	120,072,352	178,838,380
Loan from chief executive officer	22	345,472,000	25,000,000
Accrued markup	23	257,320,472	233,263,515
Short term borrowings	24	-	129,184,738
Current portion of long term financing	16	308,492,709	236,705,593
Provision for taxation		12,636,922	23,005,095
		1,509,293,741	1,206,735,556
Total equity and liabilities		3,436,723,745	3,906,046,605
Contingencies and commitments	25	-	-

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Revenue from contract with customers	26	823,998,305	1,742,727,077
Cost of sales	27	(1,097,385,803)	(1,805,930,667)
Gross loss		(273,387,498)	(63,203,590)
Distribution cost	28	28,411,808	84,110,166
Impairment loss on financial assets	8.2	154,424,936	34,007,084
Administrative expenses	29	229,819,232	160,671,428
Finance cost	30	68,448,051	51,991,841
		(481,104,027)	(330,780,519)
		(754,491,525)	(393,984,109)
Other income	31	1,229,075	7,025,355
Loss before taxation		(753,262,450)	(386,958,754)
Provision for taxation	32	(39,516,210)	45,747,289
Loss for the year		(792,778,660)	(341,211,465)
Earning per share - basic and diluted	33	(14.39)	(6.19)

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Loss for the year	(792,778,660)	(341,211,465)
Items that may be reclassified subsequently to profit or loss:	-	-
Items that will not be subsequently		
Remeasurement of staff retirement benefits	(235,915)	4,696,749
Related tax impact	68,415	(1,362,057)
Surplus on revaluation of property, plant and equipment	-	-
Impact of change in tax rate on revaluation surplus	(22,162,867)	-
	(22,330,367)	3,334,692
Total comprehensive income for the year	(815,109,027)	(337,876,773)

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

Share capital	(Accumulated loss)/ Unappropriated profit	Revaluation surplus	Total
---------------	--	---------------------	-------

----- Rupees -----

Balance as at July 01, 2021

551,000,000 377,944,872 1,544,824,554 2,473,769,426

Total comprehensive income for the year

Loss for the year	-	(341,211,465)	-	(341,211,465)
Other comprehensive income	-	3,334,692	-	3,334,692
Total comprehensive income	-	(337,876,773)	-	(337,876,773)

Transfer to unappropriated profit on account of incremental depreciation-net of tax	-	100,586,436	(100,586,436)	-
--	---	-------------	---------------	---

Balance as at June 30, 2022

551,000,000 140,654,535 1,444,238,118 2,135,892,653

Total comprehensive income for the year

Loss for the year	-	(792,778,660)	-	(792,778,660)
Other comprehensive income	-	(167,500)	(22,162,867)	(22,330,367)
Total comprehensive income	-	(792,946,160)	(22,162,867)	(815,109,027)

Transfer to unappropriated profit on account of incremental depreciation-net of tax	-	29,491,202	(29,491,202)	-
--	---	------------	--------------	---

Balance as at June 30, 2023

551,000,000 (622,800,423) 1,392,584,049 1,320,783,626

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(753,262,450)	(386,958,754)
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	4.1	187,824,271	230,065,866
Impairment loss on financial assets	8.2	154,424,936	34,007,084
Provision for staff retirement benefits - gratuity	17.1	12,299,351	13,136,803
Finance cost	30	68,448,051	51,991,841
Deposits written off	29	12,120,471	18,859,059
Gain on sale of fixed asset	31	-	(5,690,000)
Advance written off		73,109,152	-
Sales tax refundable write off	11.1	15,341,946	-
		(229,694,272)	(44,588,101)
Working capital changes			
Stores, spare parts and loose tools		(1,111,784)	173,933
Stock in trade		47,754,405	46,874,590
Trade debts		(66,581,660)	(66,903,660)
Loans and advances		35,360,611	(111,906,984)
Deposits and short term prepayments		24,716,896	27,851,751
Sales tax refundable		46,510,359	(11,538,247)
Trade and other payables		78,205,339	91,831,626
Contract liabilities		(58,766,028)	136,997,329
		106,088,138	113,380,338
Cash generated from operations		(123,606,134)	68,792,237
Finance cost paid		(44,391,094)	(32,973,152)
Staff retirement benefits - gratuity paid		(38,867)	(7,836,454)
Income taxes paid		(26,799,420)	(20,653,422)
		(71,229,381)	(61,463,028)
Net cash generated from operating activities		(194,835,515)	7,329,209
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(8,555,090)	(3,580,856)
Proceeds from disposal of property, plant and equipment		-	5,700,000
Payment against long term deposits		(34,924,000)	-
Net cash generated from / (used in) investing activities		(43,479,090)	2,119,144
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained	38	147,213,605	34,916,508
Long term financing repaid	38	(92,864,303)	(62,255,968)
Short term borrowings	38	(129,184,738)	148,856,160
Short term borrowings repaid	38	-	(184,468,980)
Loan from chief executive officer	38	320,472,000	25,000,000
Net cash used in financing activities		245,636,564	(37,952,280)
Net decrease in cash and cash equivalents (A+B+C)		7,321,959	(28,503,927)
Cash and cash equivalents at beginning of the year		1,816,178	30,320,105
Cash and cash equivalents at end of the year	13	9,138,135	1,816,178

The annexed notes from 1 to 44 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. GENERAL INFORMATION

- 1.1** Sitara Peroxide Limited ("the Company") is a public listed company, limited by shares, incorporated in Pakistan on March 08, 2004 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hassan Road, Karachi in the province of Sindh and the manufacturing facilities are located at 26 - km Sheikhpura Road, Faisalabad in the province of Punjab. The principal activity of the Company is manufacturing and sale of hydrogen peroxide (H₂O₂) and Sitara Safe (disinfectant).
- 1.2** The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.
- 1.3** The Company incurred a gross loss of Rs. 273.387 million and net loss of Rs. 792.779 million during the year. The current liabilities exceed the current assets by Rs. 792.786 million. The Company was unable to pay installments of long term financing and rental payments of sukuks of Rs. 410.3 million. Moreover, the plant of the Company has remained shut down from October 20, 2022 through March 02, 2023 and then again from June 12, 2023 to date. These events and conditions may cast significant doubt over the Company's ability to continue as a going concern and company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management has prepared a business plan for 'Balancing, Modernization and Replacement' (BMR) of the existing plant sponsored through equity / loans from sponsors of the Company. The funds injected by sponsors of the Company shall be utilized to open letter of credits to complete BMR which will enhance the production capacity of existing plant and will result in significant reduction in per unit cost of production. Moreover, as per the business plan, the management has decided to make the Company debt free.

Subsequent to year end, on December 29, 2023, the management has signed a "Settlement Agreement" with United Bank Limited, the Trustee of the Musharaka Trust Deed for settlement of outstanding liabilities towards the Sukuk Holders. As per the Settlement Agreement, the Company has agreed to pay the outstanding amount of principal in installments in next year. Moreover, as per the said agreement, the Company will pay cost of funds, instead of normal markup, with effect from October 01, 2023 till full payment of the principal ("Settlement Amount") and the accrued / deferred markup of Rs. 296.7 million will be waived off subject to full payment of Settlement Amount at the timeline agreed. Subsequent to year end, the Company has paid Rs. 75 million to the Trustee to date as pre payment.

Furthermore, in case of another facility of Rs. 147.2 million outstanding as at year end (as disclosed in note 16.3 to these financial statements), the Company has paid Rs. 131.7 million subsequent to year end through export of palladium catalyst.

Furthermore, the sponsors of the Company have signed Settlement Agreements with the banks / financial institutions of Sitara Spinning Mills Limited (SSML) leading earlier disposal of its assets. SSML is a family owned company of the sponsor directors of the Company. The sponsor directors have given commitment to inject the surplus of disposal proceed of Rs 750 million into the Company as equity / directors loan according to the circumstances and the requisite approvals by December 31, 2024.

As a result of above disposal, the sponsor directors of the Company have adequate resources for the requisite balancing, modernization and replacement (BMR). The following milestones have been achieved towards fund raising through disposal of SSML and are summarized as under.

- i. "Agreement to Sell" for plant and machinery for Rs. 410 million signed on March 01, 2024;
- ii. Settlement Agreement signed with United Bank Limited on April 05, 2024;
- iii. Saudi Pak Industrial and Agricultural Company Ltd accorded approval on April 30, 2024 and Settlement Agreement has been signed on May 29, 2024;
- iv. Facility of National Bank of Pakistan will be adjusted on priority per their letter dated March 25, 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The Company is also pursuing suppliers' credit / private equity / right issue for raising Rs 750 million and the negotiations with financial consultants are at advanced stage of signing. The sponsor directors have adequate financial resources to manage any additional funding requirements, including contingencies. In view of the aforesaid financing arrangements and commitments by the sponsor directors, the management of the Company is hopeful to complete BMR as per aforesaid timelines and re-start operation on or before September 30, 2025.

After the aforesaid BMR, efficient technology, higher yield and higher production will enhance the viability and profitability of the Company. Further, equity based funding and very nominal borrowing in future will provide a competitive edge to the Company in comparison with its competitors nationally and internationally. The product of the Company is high in demand nationally and internationally which ensure its viability and profitability on long term basis.

Based on these factors, management has a reasonable expectation that the Company has and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis, which assumes that the Company will be able to discharge its liabilities.

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; and
- Provisions of and directives issued under the Companies Act, 2017.

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

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

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

2.2.1 Standards or interpretations with no significant impact

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

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

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – cost of fulfilling a contract

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

2.2.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Effective from Accounting period beginning on or after:

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform – Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 9 'Financial instruments' - Supplier Finance Arrangements	January 01, 2024
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely
Certain annual improvements have also been made to a number of IFRSs.	
Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
- IFRS 1 – First Time Adoption of International Financial Reporting Standards	
- IFRS 17 – Insurance Contracts	

2.3 Accounting convention

These financial statements have been prepared under historical cost convention modified by:

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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.

2.4 Significant estimates, assumptions 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, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- Useful life of depreciable assets;
- Revaluation of certain assets under property, plant and equipment;
- Expected credit losses; and
- Measurement of defined benefit obligations.

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.”

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below:

3.1 Property, plant and equipment

Property, plant and equipment except laboratory equipment, office equipment, furniture and fittings, vehicles and capital work-in-progress are stated at revalued amounts less accumulated depreciation and impairment in value, if any. Items not carried at revalued amounts are stated at cost less accumulated depreciation and impairment in value, if any. Capital work-in-progress is stated at cost less impairment in value, if any.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate at each statement of financial position date. When significant parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment.

Subsequent costs are recognized as part of the asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Depreciation is charged to statement of profit or loss applying the straight line method over its estimated useful life at the rates specified in note 4.1 to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is available for use while no depreciation is charged for the month in which property, plant and equipment is disposed off.

Surplus arising on revaluation of property, plant and equipment is recognized, net of tax, in statement of comprehensive income and accumulated reserves are 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 / revalued amount 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.

All expenditures 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.

3.2 Stores, spare parts and loose tools

Stores and spares are valued principally at weighted average cost. Impairment provision is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3.3 Stock in trade

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

Raw material	- weighted average cost.
Work in process	- weighted average cost.
Finished goods	- weighted average cost.
Stock in transit	- Invoice price plus other charges paid thereon upto the reporting date

Average manufacturing cost in relation to work-in-process and finished goods include raw materials and appropriate production overheads including catalyst utilized, based on normal production capacity.

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

Work in process includes working solution and catalyst issued to the production chambers.

3.4 Impairment

3.4.1 Non Financial Assets

The Company assesses at each statement of financial position date whether there is any indication that assets except deferred tax assets and stock in trade may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in 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 recognised immediately in statement of profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.4.2 Financial Assets

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3.4.3 Classification of financial assets

a) Debt instruments measured at amortized cost

Debt instruments that meet the following conditions are measured subsequently at amortized cost.

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

b) Debt instruments measured at Fair Value:

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income.

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets measured at fair value through profit or loss (FVTPL):

By default, all other financial assets are measured subsequently FVTPL.

(i) Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 180 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets:

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off financial assets when there is information indicating that the amount is not recoverable due to the conflict in invoices with customer. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognized in statement of profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in statement of profit or loss.

The Company recognises 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 recognises 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 recognises 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.

3.5 Trade debts

Trade debts are recognized initially at fair value and subsequently measured at amortized cost less provision for expected credit losses. A provision for expected credit losses is 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.

3.6 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3.7 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.

3.8 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

3.9 Staff retirement benefits - gratuity

The Company operates an unfunded gratuity scheme (defined benefit plan) for its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to statement of profit or loss. The calculation requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and discount rate used to derive present value of defined benefit obligation. The assumptions are determined by independent actuaries.

3.10 Provisions

Provisions are recognized in the statement of financial position when the Company has a present, legal or constructive obligation as a result of past events, 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 of obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

3.11 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities are added or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities at fair value through profit or loss are recognized immediately in the statement of profit or loss.

Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

3.12 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled to in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue from local sales is recognized when control of goods is transferred.

Revenue from export sales is recognized on shipment of goods to customers.

Profit on bank deposits is accrued on a time proportionate basis taking into account principal outstanding and effective rate of return, 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.

3.13 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 twelve months after the statement of financial position date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3.14 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 for the year.

3.15 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, minimum taxation as per Income Tax Ordinance 2001, or alternative corporate tax whichever is higher. The charge for tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessment made during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

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

Deferred tax liabilities are generally recognized for taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences, unused tax credits and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

3.16 Foreign currencies transaction and translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the statement of financial position 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 the statement of profit or loss for the year.

3.17 Earning / loss per share

The Company presents profit per share for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

3.18 Off-setting of financial assets and financial

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4. PROPERTY, PLANT AND EQUIPMENT	Note	2023 Rupees	2022 Rupees
Operating fixed assets	4.1	<u>2,557,848,157</u>	<u>2,789,162,656</u>

4.1 Operating fixed assets as at June 30, 2023

Description	Cost / revalued amount		Accumulated depreciation			Book value at June 30, 2023	Rate (%)
	At July 01, 2022	Additions / (disposals)	At June 30, 2023	At July 01, 2022	Charge for the year / disposals)		
Rupees							
Land - freehold	308,281,250	-	308,281,250	-	-	308,281,250	-
Building on freehold land	253,334,999	-	253,334,999	31,666,875	31,666,875	63,333,750	12.5
Plant and machinery	2,213,940,008	-	2,213,940,008	138,371,250	138,371,252	276,742,502	6.25
Plant and machinery - catalyst	249,593,594	(77,147,111)	172,446,483	75,629,643	12,617,421	88,247,064	units produced
Electric installations	172,989,626	-	172,989,626	172,989,626	-	172,989,626	10
Laboratory equipment	6,731,832	-	6,731,832	4,375,903	673,183	5,049,086	10
Factory equipment	12,404,398	-	12,404,398	12,404,398	-	12,404,398	10
Office equipment	6,974,076	-	6,974,076	5,655,366	697,409	6,352,775	10
Furniture and fittings	5,143,391	-	5,143,391	4,389,860	514,339	4,904,199	10
Vehicles	15,631,062	8,555,090	24,186,152	10,378,659	3,283,792	13,662,451	20
	3,245,024,236	8,555,090	3,176,432,215	455,861,580	187,824,271	643,685,851	2,557,848,157
		(77,147,111)			(25,101,793)		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4.1 Operating fixed assets as at June 30, 2022

Description	Cost / revalued amount		At June 30, 2022	Accumulated depreciation		Book value at June 30, 2022	Rate (%)
	At July 01, 2021	Additions / (disposals)		At July 01, 2021	Charge for the year / disposals		
Land - freehold	308,281,250	-	308,281,250	-	-	308,281,250	-
Building on freehold land	253,334,999	-	253,334,999	-	31,666,875	221,668,124	12.5
Plant and machinery	2,213,940,008	-	2,213,940,008	-	138,371,250	2,075,568,758	6.25
Plant and machinery - catalyst	249,593,594	-	249,593,594	25,278,922	50,350,721	173,963,951	units produced
Electric installations	172,989,626	-	172,989,626	166,812,947	6,176,679	-	10
Laboratory equipment	6,731,832	-	6,731,832	3,702,720	673,183	2,355,929	10
Factory equipment	12,404,398	-	12,404,398	12,404,398	-	-	10
Office equipment	6,974,076	-	6,974,076	4,957,958	697,408	1,318,710	10
Furniture and fittings	5,143,391	-	5,143,391	3,875,521	514,339	753,531	10
Vehicles	16,497,743	4,275,000	15,631,062	13,078,017	1,615,411	5,252,403	20
	-	(5,141,681)	-	-	(4,314,769)	-	-
	3,245,890,917	4,275,000	3,245,024,236	230,110,483	230,065,866	2,789,162,656	
		(5,141,681)			(4,314,769)		

4.2 Depreciation charge for the year has been allocated as follows:

Note	2023 Rupees	2022 Rupees
27	185,426,779	229,058,325
28	484,699	484,699
29	1,912,793	522,842
	<u>187,824,271</u>	<u>230,065,866</u>

Cost of sales

Distribution cost

Administrative expenses

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- 4.3 Company revalued its land, building and plant and machinery at June 30, 2021. The valuation was carried out by an independent valuer Materials and Designs Services Private Limited, an independent valuer not related to the Company and which is on the panel of Pakistan Banks Association as approved asset valuer. It possesses appropriate qualification and recent experience in fair value measurements. Basis of revaluation are as follows:

a) Land

Revalued amount of land has been determined by reference to local market values of land. Revalued amount of land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighborhood and adjoining areas (level 2).

b) Building

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company (level 2).

c) Plant and machinery

Revalued amount of plant and machinery and electric installation has been determined by reference to present depreciated replacement values after taking into consideration present physical condition, remaining useful economic lives, technological obsolescence and level of preventive maintenance carried out by the Company (level 2).

The different levels have been defined in IFRS 13 as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (level 3).

- 4.4 The forced sale value for land, plant and machinery and building based on fair value measurement as at June 30, 2021 was Rs. 262.04 million, Rs. 1,771.15 million and Rs. 215.33 million respectively.

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

Location	Usage of Immovable property	Total Area (In Sq. ft.)	Covered Area (In Sq. ft.)
26 - KM, Sheikhpura Road, Faisalabad	Manufacturing facility	115,551	93,168

- 4.6 The revaluation surplus, net of deferred tax, has been credited to surplus on revaluation of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

	Cost	Accumulated depreciation	Book Value
	Rupees	Rupees	Rupees
Freehold land	41,997,852	-	41,997,852
Buildings on freehold land	182,914,010	140,798,961	42,115,049
Plant and machinery	1,523,532,126	1,123,134,794	400,397,332
2023	1,748,443,988	1,263,933,755	484,510,233
2022	1,748,443,988	1,145,848,746	602,595,242

5 LONG TERM DEPOSITS

These are interest free deposits paid to various organizations.

6 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2023 Rupees	2022 Rupees
Stores		110,665,436	108,937,146
Spare parts and loose tools		7,032,293	7,648,799
		117,697,729	116,585,945

7 STOCK IN TRADE

Raw material		14,841,673	17,795,355
Packing material		1,803,900	3,324,693
Working solution	7.1	195,270,130	247,337,600
Finished goods		12,798,888	4,011,348
		224,714,591	272,468,996

- 7.1 Working solutions are used in the reaction and holding chambers mainly comprising various chemicals, oils and peroxide solutions of varying concentrations.

8 TRADE DEBTS

	Note	2023 Rupees	2022 Rupees
Unsecured-considered good:			
Direct customers		86,950,182	221,949,172
Via traders - net of advances	8.1	203,750,390	67,453,612
		290,700,572	289,402,784
Allowance for expected credit losses	8.2	(163,305,688)	(74,164,624)
		127,394,884	215,238,160

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

8.1 This includes debtors to whom sales are made through traders. These are secured against advances received from traders in respect of sales. The amount is presented net of advances received from these traders. The advances received from traders as at June 30, 2023 amounted to Rs. 95.1 million (2022: Rs. 251 million).

8.2 Allowance for expected credit losses

	2023 Rupees	2022 Rupees
At beginning of the year	74,164,624	40,157,540
Charge for the year	154,424,936	34,007,084
Write off	(65,283,872)	-
At end of the year	163,305,688	74,164,624

8.3 The aging of trade debts is as follows:

	2023		2022	
	Receivables	Expected Credit Loss	Receivables	Expected Credit Loss
	-----Rupees-----			
Past due 1 to 90 days	102,197,181	(12,871,394)	98,885,842	-
Past due 91 to 180 days	29,567,119	(1,840,924)	67,133,944	(3,580,112)
Past due 181 to 270 days	6,728,059	(1,811,929)	22,862,081	(5,551,563)
Past due 271 to 360 days	2,596,131	(1,322,716)	57,663,220	(25,412,829)
Past due 361 to 450 days	2,093,247	(1,493,397)	540,540	(333,895)
Past due 450 days	147,518,835	(143,965,328)	42,317,157	(39,286,225)
	290,700,572	(163,305,688)	289,402,784	(74,164,624)

9 LOANS AND ADVANCES

	Note	2023 Rupees	2022 Rupees
Considered good			
Secured			
Advance to employees against salary		9,108,218	7,903,577
Unsecured			
Advance to employees for expenses		3,211,027	2,015,385
Advance to suppliers-net of allowances	9.3	8,313,237	119,183,283
		20,632,482	129,102,245
9.1 Advance to Suppliers-net of allowances			
Advance to suppliers		52,959,389	119,183,283
Allowance for doubtful advances	9.2	(44,646,152)	-
		8,313,237	119,183,283
9.2 Allowance for doubtful advances			
At beginning of the year		-	-
Charge for the year		73,109,152	-
Write off		(28,463,000)	-
At end of the year		44,646,152	-

9.3 It includes an advance paid to Sitara Spinning Mills Limited Nil (2022: Rs. 7.8 million), a related party of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

10	DEPOSITS AND SHORT TERM PREPAYMENTS		2023	2022
		Note	Rupees	Rupees
	Letter of credit		-	36,507,696
	Prepaid insurance		-	329,671
			-	36,837,367
11	TAXES REFUNDABLE DUE FROM GOVERNMENT			
	Income tax refundable		109,765,831	98,539,043
	Sales tax adjustable		37,268,295	83,778,654
	Less: Provision for sales tax refundable	11.1	(15,341,946)	-
			131,692,180	182,317,697
	11.1 This amount consists of sales tax that is not expected to be recovered. Hence, this has been recognised provision for doubtful recovery.			
12	NON-CURRENT ASSET HELD FOR SALE			
	The company has disposed off its palladium catalyst carried at Rs. 249 million in property, plant and equipment to a contractor named Umicore N.V. (company which refine precious metals). As the metal is not extracted yet so palladium catalyst is reclassified from property, plant and equipment to non current assets held for sale (at lower of written off value or realizable value).			
13	CASH AND BANK BALANCES		2023	2022
			Rupees	Rupees
	Cash in hand		84,127	7,131
	Cash at banks - current accounts		7,826,092	1,809,047
	Cash at banks - saving accounts		1,227,916	-
			9,138,135	1,816,178
14	SHARE CAPITAL		2023	2022
	Number of shares			
	Authorized		60,000,000	60,000,000
	Issued, subscribed and paid-up		55,100,000	55,100,000
			2023	2022
			Rupees	Rupees
	Authorized			
	Ordinary shares of Rs. 10 each		600,000,000	600,000,000
	Issued, subscribed and paid-up			
	Ordinary shares of Rs. 10 each		551,000,000	551,000,000
14.1	The holder of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to vote at meetings of the Company. All shares rank equally with regard to Company's residual assets.			
14.2	The Company has no reserved shares for issue under option and sales contracts.			
14.3	No shares are held by any associated company or related party.			
14.4	Rights and privileges of Board of Directors			
	The Board of Directors of the Company act 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.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

15 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT

	Note	2023 Rupees	2022 Rupees
Balance at beginning of the year		2,002,922,890	2,144,593,926
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(74,115,984)	(141,671,036)
		1,928,806,906	2,002,922,890
Related deferred tax liability at the beginning of the year		558,684,772	599,769,372
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(22,461,915)	(41,084,600)
		536,222,857	558,684,772
		1,392,584,049	1,444,238,118

16 LONG TERM FINANCING

From banking companies and other financial institutions - secured

Sukuk arrangement - syndicated	16.1	161,279,104	166,279,104
Term finance I	16.2	-	87,864,307
Term finance II	16.3	147,213,605	-
		308,492,709	254,143,411
Less: Current portion of long term financing		(308,492,709)	(236,705,593)
		-	17,437,818

16.1 Sukuk arrangement - syndicated

During 2008, the Company had issued privately placed diminishing Musharaka based Sukuk certificates arranged by consortium of financial institutions including Bank Alfalah Limited, Saudi Pak Agriculture and Investment Company Limited, Meezan Bank Limited, Habib Metro Bank Limited, Askari Bank Limited, Faysal Bank Limited, Pak Iran Joint investment Company Limited and United Bank Limited (the trustee) of Rs. 1,400 million. Due to financial difficulties and unscheduled plant shutdowns continued in subsequent periods the Company was not able to comply with relevant covenants in respect of scheduled repayments. As a result, the Company entered into Seventh Supplemental Trust Deed, applicable from date March 15, 2021, to modify the repayment arrangements. According to the amended terms, repayments shall be utilized to settle accumulated accrued interest of the current month and then be utilized for payment of principal and deferred rental payments in proportion of 50:50. Musharaka end date shall be June 15, 2023.

Effective rate of profit for the year ranges from 15.40% to 21.58% (2022: 8.52 to 15.40%) per annum.

This facility is secured by first joint pari passu charge on the fixed assets of the Company through equitable mortgage of land and buildings, hypothecation charge on plant and machinery with a margin of 25%, first exclusive charge over fixed assets of the Company for Rs. 1,866 million, pledge over 10 million shares of the Company in the name of sponsors and personal guarantees of chief executive officer and three directors of the Company.

The Company has a call option, in accordance with terms and conditions, of the entire amount or partial amount in the event it has free cash flows available. The Company shall use at least 70% of its free cash flows, if available, in exercising the call option. The Company is required not to declare any dividend during the entire tenure of the Sukuk issue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

16.2 This facility was secured against equitable mortgage of personal property, exclusive charge of Rs. 150 million on first floor of sitara tower. The interest rate is three months KIBOR plus 2% and one month Kibor plus 4% the amount will be repaid in 18 and 12 equal monthly installments. This facility has been fully paid during the year.

16.3 This facility has been converted from short term borrowing to long term during the year. This facility carries mark-up and one month Kibor plus 2% per annum. The facility is repayable in 16 equal quarterly installments. After one year grace period mark-up is to be paid on quarterly basis. However subsequent to year end after serving a notice of default on account of non - payment of mark-up for the quarters ended June 30, 2023 and September 30, 2023, the bank has adjusted Rs. 119.895 million for the proceeds realized on export of catalyst. Accordingly, this facility has been classified as current as at the reporting date.

	Note	2023 Rupees	2022 Rupees
17 DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	17.1	49,625,297	37,128,898
Gas Infrastructure Development Cess liability	17.2	-	-
		<u>49,625,297</u>	<u>37,128,898</u>

17.1 Staff retirement benefits

The calculation requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration and discount rate used to derive present value of defined benefit obligations. The assumptions are determined by independent actuaries. The results of the actuarial valuation carried out using "Projected Unit Credit Method" as at June 30, 2023 are as follows:

	2023 Rupees	2022 Rupees
Present value of defined benefit obligation	49,625,297	37,128,898
Staff retirement benefits - gratuity		
Movement in liability		
Balance at beginning of the year	37,128,898	36,525,300
Charge for the year	12,299,351	12,201,469
Employees transferred from other group Companies	-	935,334
Benefits paid during the year	(38,867)	(7,836,455)
Remeasurement gain/(loss) recognized in other comprehensive income	235,915	(4,696,750)
Balance at end of the year	<u>49,625,297</u>	<u>37,128,898</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

17.1.1 Movement in the present value of defined benefit obligation is as follows:

	2023 Rupees	2022 Rupees
Present value of defined benefit obligation at beginning of the year	37,128,898	36,525,300
Current service cost	8,110,109	8,940,507
Interest cost	4,189,242	3,260,962
Benefits paid	(38,867)	(7,836,455)
Employees transferred from the Group Companies	-	935,334
Remeasurement gain/(loss) from changes in financial assumptions	235,915	(4,696,750)
Present value of defined benefit obligation at the end of the year	49,625,297	37,128,898

Expense recognized in profit and loss as follows:

Current service cost	8,110,109	8,940,507
Interest cost	4,189,242	3,260,962
Expense recognized in the statement of profit or loss	12,299,351	12,201,469

Actuarial remeasurement

Actuarial gain/(loss) recognized on remeasurement	235,915	(4,696,750)
---	---------	-------------

Principal actuarial assumptions:

	%	%
Discount rate - per annum	16.25%	13.25%
Expected rate of growth per annum in future salaries	15.25%	12.50%
Average service (years)	4.61	8.86
Mortality rate	SLIC 2001-2005	SLIC 2001-2005

Sensitivity analysis:

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	8,560,364	5,290,868
Salary growth	1%	8,064,111	5,012,401

	2023 Rupees	2022 Rupees
Maturity Profile		
Particulars		
Year 1	18,521,559	3,589,998
Year 2	6,839,928	3,167,509
Year 3	6,131,345	3,495,831
Year 4	6,133,761	3,903,272
Year 5	4,959,282	5,196,770
Year 6 to Year 10	31,510,075	14,470,280
Year 11 and above	69,002,490	182,692,848

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Risk associated with defined benefit plan:

a) Longevity risk

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

b) Salary increase risk

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

c) Withdrawal risk

This risk arises from withdrawals varying with the actuarial assumptions can impose a risk to defined benefit obligation.

17.2 Gas Infrastructure Development Cess Liability

	2023 Rupees	2022 Rupees
Balance at the beginning of the year	79,945,041	86,789,099
Charged for the year	-	-
Discounting gain of gas Infrastructure development cess	-	-
Unwinding of interest	-	2,218,972
Payment made during the year	(5,344,323)	(9,063,030)
	74,600,718	79,945,041
Less: Payable within one year	(74,600,718)	(79,945,041)
	-	-

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.

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.

As per the guidance of IFRS 9 "Financial Instruments", the liability for GIDC was recognized at present value of future cash out flows discounted at market rate of interest. The Company has recorded nil finance cost due to order of SCP that no fine or penalty will be collectable on late payment of GIDC. All of the liability now has been transferred to current liabilities as the time given by SCP has passed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

18 DEFERRED TAXATION

	2023 Rupees	2022 Rupees
Deferred taxation	557,021,081	508,851,680
This comprises the following:		
Deferred tax liability on taxable temporary differences arising in respect of:		
Deferred tax liability on account of surplus on revaluation of property, plant and equipment	565,781,234	566,080,282
Accelerated depreciation allowance	151,969,080	131,789,258
	717,750,314	697,869,540
Deferred tax asset on deductible temporary differences arising in respect of:		
Provision for employee benefits - unfunded	(14,391,335)	(10,767,380)
Allowance for expected credit losses	(45,312,745)	(21,044,766)
Unused tax losses	(101,025,153)	(157,205,714)
	(160,729,233)	(189,017,860)
	557,021,081	508,851,680

18.1 Movement in temporary differences for the year

	Balance as at July 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2023
	Rupees			
Taxable temporary difference				
Revaluation surplus on property, plant and equipment	566,080,282	(22,461,915)	22,162,867	565,781,234
Accelerated depreciation allowance	131,789,258	20,179,822	-	151,969,080
Deductible temporary difference				
Provision for employee benefits	(10,767,380)	(3,555,540)	(68,415)	(14,391,335)
Allowance for expected credit loss	(21,044,766)	(24,267,979)	-	(45,312,745)
Unused tax losses (Dep.)	(157,205,714)	56,180,561	-	(101,025,153)
	508,851,680	26,074,949	22,094,452	557,021,081
	Balance as at July 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2022
	Rupees			
Taxable temporary difference				
Revaluation surplus on property, plant and equipment	-	(37,576,322)	-	566,080,282
Accelerated depreciation allowance	603,656,604	5,391,810	-	131,789,258
Deductible temporary difference				
Provision for employee benefits	(10,562,679)	(1,566,758)	1,362,057	(10,767,380)
Allowance for expected credit loss	(11,613,078)	(9,431,688)	-	(21,044,766)
Unused tax losses	(127,242,467)	(29,963,247)	-	(157,205,714)
	580,635,828	(73,146,205)	1,362,057	508,851,680

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- 18.2 Deferred tax asset arising from tax credits has not been recognized on prudence basis as it is not probable that sufficient taxable profits or taxable temporary differences will be available against which the deductible temporary differences can be utilized. The total tax credits are Rs.40.07 million as at June 30, 2023 (2022:10.82 million)

	2023	
	Expiry	Unused Tax Credits
Turnover tax - 2021	30th June 2024	13,990,050
Turnover tax - 2022	30th June 2025	26,077,087

19 DEFERRED MARKUP

	Note	2023 Rupees	2022 Rupees
Balance at the beginning of the year		-	197,230,608
Expense for the year		-	18,405,979
Payment made during the year		-	(2,162,400)
Balance at end of the year	19.1	-	213,474,187
Less: current portion of deferred markup	23	-	(213,474,187)
		-	-

- 19.1 This represents deferred mark-up payable on Sukuk arrangement.

20 TRADE AND OTHER PAYABLES

	Note	2023 Rupees	2022 Rupees
Creditors	20.1	289,973,697	233,836,483
Accrued liabilities		57,041,062	29,792,843
Workers' profit participation fund	20.2	-	-
Workers' welfare fund	20.3	12,608,988	12,608,988
Retention money		378,292	378,292
Withholding tax		30,517,602	24,161,890
Gas infrastructure development cess liability	17.2	74,600,718	79,945,041
Others		178,927	14,698
		465,299,286	380,738,235

- 20.1 This includes Rs. 42.4 million (2022: Rs. 35.05 million) payable to Sitara Spinning Mills Limited (associated undertaking) in ordinary course of business. The maximum aggregated amount outstanding during the year was Rs. 42 million.

20.2 Movement in workers' profit participation fund

	2023 Rupees	2022 Rupees
At beginning of the year	-	649,328
Amount paid to workers on behalf of the fund	-	(649,328)
	-	-
Allocation for the year	-	-
At end of the year	-	-

20.3 Movement in workers' welfare fund

	2023 Rupees	2022 Rupees
At beginning of the year	12,608,988	12,608,988
Amount paid to workers on behalf of the fund	-	-
	12,608,988	12,608,988
Allocation for the year	-	-
At end of the year	12,608,988	12,608,988

21 CONTRACT LIABILITIES

This represents advance received from customers for future sale of goods. During the year, the Company has recognized revenue of Rs. 83.7 million, out of the contract liabilities as at June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

22	LOAN FROM CHIEF EXECUTIVE OFFICER		2023	2022
		Note	Rupees	Rupees
	Loan from chief executive officer	22.1	345,472,000	25,000,000
22.1	This is an interest free loan provided by the chief executive officer of the Company for working capital requirements.			
23	ACCRUED MARKUP		2023	2022
		Note	Rupees	Rupees
	Deferred markup - current portion		-	213,474,187
	Long term financing		248,973,277	4,425,304
	Short term borrowings	23.1	8,347,195	15,364,024
			257,320,472	233,263,515
23.1	This includes markup payable of Rs. 8.02 million (2022: Rs. 8.02 million) to Sitara Spinning Mills Limited, a related party of the Company. The maximum aggregated amount during the year was Rs. 8.02 million.			
24	SHORT TERM BORROWINGS		2023	2022
		Note	Rupees	Rupees
	From banking companies - secured	24.1	-	129,184,738
24.1	These fund based facilities had been obtained from various banks for working capital requirements, under mark-up arrangements against aggregate sanctioned limits. These facilities carry mark-up ranging from 15.16% to 21.98% (2022: 9.20% to 13.70%) per annum on daily product payable quarterly. During the year, this facility has been converted to term finance as described in note 16.3. The aggregate short term borrowings facilities are secured against: a) First pari passu charge of Rs. 300 million (2022: Rs. 300 million) over present and future assets of the Company. b) Ranking charge of Rs. 567 million (2022: Rs. 567 million) over present and future current assets of the Company. c) Personal guarantees from Chief Executive Officer and a director of the Company. The facility was converted from short term borrowings to long term borrowings, hence the facility was reclassified to long term borrowings. The remaining balance of Rs. 140,890 was classified to short term deposits and prepayments.			
25	CONTINGENCIES AND COMMITMENTS		2023	2022
			Rupees	Rupees
25.1	Contingencies			
25.1.1	There were no contingencies as at period end.			
25.2	Commitments			
	Guarantees issued by banks on behalf of the Company		53,538,000	99,270,865

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

26	REVENUE FROM CONTRACT WITH CUSTOMERS	Note	2023 Rupees	2022 Rupees
	Local Sales		970,453,599	2,041,922,978
	Export Sales		-	4,254,629
	Less:			
	Commission and discount		(7,822,590)	(8,754,525)
	Sales tax		(138,632,704)	(294,696,005)
			823,998,305	1,742,727,077
27	COST OF SALES			
	Raw material consumed	27.1	73,522,736	116,355,347
	Feed stock		313,176,848	654,119,947
	Fuel and power		298,463,133	403,430,683
	Packing material consumed		57,778,649	168,142,502
	Stores, spare parts and loose tools consumed		12,718,471	21,980,603
	Salaries, wages and benefits	27.2	86,029,774	119,057,734
	Repairs and maintenance		15,407,425	37,202,294
	Insurance		4,357,540	4,360,232
	Depreciation	4.2	185,426,779	229,058,325
	Travelling and conveyance		796,623	608,811
	Vehicle running and maintenance		278,680	1,097,977
	Other expenses		6,149,215	4,364,922
			1,054,105,873	1,759,779,377
	Working solution			
	Balance at beginning of the year		247,337,600	293,651,571
	Balance at end of the year	7	195,270,130	247,337,600
			52,067,470	46,313,971
	Cost of goods manufactured		1,106,173,343	1,806,093,348
	Finished goods			
	Balance at beginning of the year		4,011,348	3,848,667
	Balance at end of the year	7	12,798,888	4,011,348
			(8,787,540)	(162,681)
	Cost of goods sold - own manufactured products		1,097,385,803	1,805,930,667
27.1	Raw material consumed			
	Opening stock		17,795,355	18,170,193
	Purchases- net		70,569,054	115,980,509
			88,364,409	134,150,702
	Closing stock	7	(14,841,673)	(17,795,355)
			73,522,736	116,355,347

27.2 Salaries, wages and benefits include Rs. 9.84 million (2022: Rs. 9.7 million) in respect of post employment benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

28 DISTRIBUTION COST

	Note	2023 Rupees	2022 Rupees
Commission to distributors		17,598,384	46,090,789
Salaries, wages and benefits		2,421,041	5,458,154
Printing and stationery		28,704	105,941
Travelling and conveyance		180,246	96,364
Vehicle running and maintenance		21,500	44,580
Freight and octroi		7,348,867	29,835,771
Depreciation	4.2	484,699	484,699
Others		328,367	1,993,868
		28,411,808	84,110,166

29 ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	29.1	69,096,196	73,548,658
Directors' remuneration	34	19,925,090	25,063,128
Printing and stationery		2,913,405	2,391,465
Insurance		562,304	1,358,604
Repairs and maintenance		5,690,240	6,853,392
Travelling and conveyance		15,321,663	16,792,206
Rent, rates and taxes		1,534,876	575,044
Vehicle running and maintenance		3,687,842	3,372,316
Telephone and postage		1,659,530	1,693,889
Advertisement		-	157,819
Fees, subscription and periodicals		2,934,360	3,028,168
Legal and professional charges		108,884	662,653
Auditors' remuneration	29.2	1,385,175	1,410,475
Depreciation	4.2	1,912,793	522,842
Charity and donation	29.3	30,000	330,000
Deposits written off		12,120,471	18,859,059
Impairment loss on Advances		73,109,152	-
Provision for sales tax refundable	11.1	15,341,946	-
Others		2,485,305	4,051,710
		229,819,232	160,671,428

29.1 Salariwages and benefits include Rs. 2.46 million (2022: Rs. 2.4 million) in respect of post employment benefits.

29.2 Auditors' remuneration

	2023 Rupees	2022 Rupees
Annual statutory audit	885,500	885,500
Half yearly review	253,000	253,000
Compliance report on Code of Corporate Governance	158,125	158,125
Out of pocket expenses	88,550	113,850
	1,385,175	1,410,475

29.3 Safia Ghafoor Trust are related parties of the Company based on common directorship of Mr. Imran Ghafoor. During the year, Rs. 0.03 million (2022: Rs. 0.33 million) were paid to Safia Ghafoor Trust.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

30	FINANCE COST		2023 Rupees	2022 Rupees
	Mark-up on:			
	Long term financing		18,048,650	29,518,433
	Short term borrowings		13,613,795	17,016,285
	Interest on SUKUK		30,516,635	-
	Markup on running finance		1,414,927	-
	Faisal bank guarantee commission		2,294,255	-
	Bank charges and commission		2,559,789	3,238,151
	Unwinding of gas infrastructure development cess liability		-	2,218,972
			68,448,051	51,991,841
31	OTHER INCOME			
	Profit on bank deposits		79,075	284,624
	Scrap sales		1,150,000	1,015,769
	Gain on sale on fixed assets		-	5,690,000
	Exchange gain		-	34,962
	Unwinding gain on gas infrastructure development cess provision		-	-
			1,229,075	7,025,355
32	PROVISION FOR TAXATION			
	Income tax:			
	Current		12,636,922	23,005,095
	Prior		804,339	4,393,821
	Deferred		26,074,949	(73,146,205)
			39,516,210	(45,747,289)
32.1	Numerical reconciliation between applicable and effective tax rate		2023 %	2022 %
	Applicable tax rate		29%	29%
	Effect of income subject to minimum tax rate		-17.05%	-17.05%
	Tax credit donation		-0.06%	-0.09%
	Effective tax rate		12%	12%
33	EARNING PER SHARE - BASIC AND DILUTED		2023	2022
	The calculation of basic earnings per share is based on the following data:			
	Loss for the year	Rupees	(792,778,660)	(341,211,465)
	Weighted average number of ordinary shares outstanding during the year	Number	55,100,000	55,100,000
	Loss per share - basic	Rupees	(14.39)	(6.19)

No figure for diluted earnings per share has been presented as the Company has not issued any instrument carrying options which would have an impact on earnings per share when exercised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in accounts for remuneration including all benefits to chief executive officer, directors and executives of the Company are as follows:

	2023		
	Chief Executive Officer	Directors	Executives
	-----Rupees-----		
Remuneration	12,683,613	519,427	15,989,681
House rent	3,805,078	155,828	4,796,899
Utilities allowance	1,268,332	51,942	1,598,931
Medical allowance	1,268,377	51,943	1,598,984
Special allowance	163,841	6,711	206,541
	19,189,241	785,851	24,191,036
Number of persons	1	1	10
	-----Rupees-----		
	2022		
	Chief Executive Officer	Directors	Executives
	-----Rupees-----		
Remuneration	15,220,335	1,246,626	17,245,904
House rent	4,566,094	373,987	5,173,765
Utilities allowance	1,521,998	124,660	1,724,550
Medical allowance	1,522,052	124,664	1,724,608
Special allowance	196,609	16,104	222,768
	23,027,088	1,886,041	26,091,595
Number of persons	1	1	10

34.1 Chief Executive Officer and three executives are also provided with Company maintained cars.

34.2 Meeting fee of Rs. 150,000 was paid to the director and no meeting fee was paid to the Chief Executive Officer of the Company.

34.3 No remuneration is paid to non executive directors.

35 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of chief executive officer, directors and executives is disclosed in note 34 to these financial statements. Other significant transactions with related parties are as follows:

Description	Nature of transaction	2023 Rupees	2022 Rupees
Associated undertaking	Organizational expenses	-	6,925,145
	Charity and donations	30,000	330,000
Key management personnel	Remuneration and other benefits	44,166,128	51,004,724

Key management personnel's are those parties having authority and responsibility for planning, directing and controlling the activities of the company, the salaries and other benefits of the directors who are key management personnel's are disclosed in Note 34 to these financial statements, other transactions with key management personnel's are disclosed in respective note in these financial statements, the company consider all members of their management team, including chief executive officer and directors to be its key management personnel's and these are disclosed below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Name	Relationship	%age of shareholding
Mr. Shahid Irshad	Chief financial officer	N/A
Mr. Asghar Abbas Bokhari	Key management personnel	N/A
Mr. Irshad Ali Sindhu	Key management personnel	N/A
Mr. Tariq Mahmood	Key management personnel	N/A
Mr. Arshad Majeed	Key management personnel	N/A
Mr. Zeeshan Anwar	Key management personnel	N/A
Mr. Abdul Rahman	Key management personnel	N/A
Mr. Azhar Ali	Key management personnel	N/A
Mr. Muhammad Tariq	Key management personnel	N/A

Employee benefit plan	Paid during the year	38,867	7,587,455
-----------------------	----------------------	--------	-----------

36 PLANT CAPACITY AND ACTUAL PRODUCTION

	Note	2023 Tons	2022 Tons
Production capacity		30,000	30,000
Actual production	36.1	4,427	18,247

36.1 The shortage of raw material (gas) impacted the production.

37 NUMBER OF EMPLOYEES

The total average number of employees during years ended June 30, 2023 and 2022 are as follows:

	Number of Employees	
	2023	2022
Average number of employees during the year	277	309
Total number of employees as at June 30	262	292

38 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Balance as at June 30, 2022	Availed during the period	Repaid during the period	Balance as at June 30, 2023
Rupees.....			
Long term financing	254,163,847	147,213,605	92,864,303	308,492,709
Loan from chief executive officer	25,000,000	320,472,000	-	345,472,000
Short term borrowings	129,184,740	(129,184,738)	-	-
	408,348,587	338,500,867	92,864,303	653,964,709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Balance as at June 30, 2022	Availed during the period	Repaid during the period	Balance as at June 30, 2023
Rupees.....			
Long term financing	281,503,307	34,916,508	(62,255,968)	254,163,847
Loan from chief executive officer	-	25,000,000	-	25,000,000
Short term borrowings	164,797,557	148,856,163	(184,468,980)	129,184,740
	446,300,864	208,772,671	(246,724,948)	408,348,587

39 FINANCIAL INSTRUMENTS BY CATERGORY

	2023 Rupees	2022 Rupees
Financial Assets		
At amortised cost		
Long term deposits	52,741,143	17,817,143
Trade debts	127,394,884	215,238,160
Deposits and short term prepayments	-	146,133,962
Cash and bank balances	9,138,135	1,816,178
Financial Liabilities		
At amortised cost		
Long term financing	308,492,709	254,143,411
Deferred markup	-	-
Accrued markup	257,320,472	233,263,515
Loan from Chief Executive officer	345,472,000	25,000,000
Trade and other payables	347,571,978	264,022,316
Short term borrowings	-	129,184,738

40 FINANCIAL RISK MANAGEMENT

The Company has exposures 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

40.1 Credit risk and concentration of credit risk

40.1.1 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 trade debts, loans and advances and other receivables.

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

40.1.2 Counterparties

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

Trade debts

Trade debts are essentially due from local and foreign customers against sale of hydrogen peroxide and the Company does not expect these counterparties to fail to meet their obligations. Sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and shipments to the foreign customers are generally covered by letters of credit or other form of credit insurance.

Banks

The Company limits its exposure to credit risk by conducting transactions only with reputable banking entities that have minimum "A" credit rating. The table below shows bank balance held with counterparties at reporting date:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Bank	Rating		Rating agency	2023	2022
	Short term	Long term		Rupees	
Meezan Bank Limited	A-1+	AAA	JCR-VIS	354,865	77,087
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,893,324	-
Faysal Bank Limited	A-1+	AA	JCR-VIS	79,964	1,250,000
Bank Al Habib Limited	AAA	A-1+	PACRA	234,681	349,017
United Bank Limited	A-1+	AAA	JCR-VIS	-	8,187
Askari Bank Limited	A-1+	AA+	PACRA	3,535	1,000
JS Bank Limited	A-1+	AA-	PACRA	54,765	54,764
First Women Bank Limited	A-2	A-	PACRA	60,880	68,955
Summit Bank Limited	A-3	BBB-	JCR-VIS	4,371,994	-
				9,054,008	1,809,010

40.1.3 Exposure to credit risk

The carrying amounts of financial assets represent the maximum associated credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial assets	2023 Rupees	2022 Rupees
Long term deposits	52,741,143	17,817,143
Long term advances	109,626,266	109,626,266
Trade debts	127,394,884	215,238,160
Deposits and short term prepayments	-	36,837,367
Cash at banks - current accounts	7,826,091	1,809,046
	297,588,384	381,327,982

40.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

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.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay. For effective mark up rate please see relevant notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Financial liabilities in accordance with their contractual maturities are presented below:

	2023				
	Carrying amount	Contractual cash flows	Less than 1 years	Between 1 to 5 years	Above 5 year
----- Rupees -----					
Long term financing	308,492,709	308,492,709	308,492,709	-	-
Trade and other payables	465,299,286	465,299,286	465,299,286	-	-
Contractual liabilities	120,072,352	120,072,352	120,072,352	-	-
Accrued mark-up	257,320,472	257,320,472	257,320,472	-	-
Short term borrowings	-	-	-	-	-
	1,151,184,819	1,151,184,819	1,151,184,819	-	-

	2022				
	Carrying amount	Contractual cash flows	Less than 1 years	Between 1 to 5 years	Above 5 year
----- Rupees -----					
Long term financing	254,143,411	254,143,411	236,705,593	17,437,818	-
Trade and other payables	380,738,235	380,738,235	380,738,235	-	-
Contractual liabilities	178,838,380	178,838,380	178,838,380	-	-
Accrued mark-up	233,263,515	233,263,515	233,263,515	-	-
Short term borrowings	129,184,738	129,184,738	129,184,738	-	-
	1,176,168,279	1,176,168,279	1,158,730,461	17,437,818	-

40.3 Market risk

Market risk is the risk that changes with 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.

40.4 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 comprises;

- 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 on next page:

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure are 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. The Company does not enter into forward exchange contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Exposure to currency risk

The Company is exposed to currency risk on import of raw materials, stores and spares and export of goods mainly denominated in US Dollar. The Company has advance against letter of credit therefore, the Company is not exposed to any risk.

40.5 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.

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

Fixed rate financial instruments

At the reporting date, the Company has a loan on fixed rate of 5% under Temporary Economic Refinance Facility.

	2023 Percentage	2022 Percentage	2023 Rupees	2022 Rupees
Fixed rate financial instruments				
Financial liabilities				
Long term financing	5%	5%	-	17,437,818
Variable rate financial instruments				
Financial liabilities				
Long term financing	15.40 - 21.58%	8.52 - 15.4%	308,492,709	254,143,411
Short term borrowing	0%	9.20% - 13.70%	-	129,184,738
			308,492,709	383,328,149

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the year 2022.

	Increase Rupees	Decrease Rupees
At June 30, 2023		
Cash flow sensitivity - variable rate financial liabilities	3,084,927	(3,084,927)
At June 30, 2022		
Cash flow sensitivity - variable rate financial liabilities	3,833,281	(3,833,281)

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and liabilities of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

40.6 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 reserves or/and issue new shares. Gearing ratio of the Company is as follows:

	2023 Rupees	2022 Rupees
Total borrowings	653,964,709	408,328,149
Less: Cash and bank balance	(9,138,135)	(1,816,178)
Net debt	644,826,574	406,511,971
Total equity	1,320,783,626	2,135,892,653
Total capital	1,965,610,200	2,542,404,624
Gearing ratio	33%	16%

For the purpose of calculating the gearing ratio, the amount of total borrowings has been determined by including the effect of running finance under mark-up arrangement.

41 FAIR VALUE HIERARCHY

The fair value of property plant and equipment is based on revalued amount carried out by professional valuers.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

41.1 The following table presents the Company's assets which are carried at fair value:

		2023			Total
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	
Assets measured at fair value :					
Property, plant and equipment	2,435,480,005	-	2,435,480,005	-	2,435,480,005

		2022			Total
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	
Assets measured at fair value :					
Property, plant and equipment	2,605,518,132	-	2,605,518,132	-	2,605,518,132

The carrying value of all other assets and liabilities reflected in the financial statements approximate their fair values.

42 CORRESPONDING FIGURES

Corresponding figures have been rearranged for better presentation where necessary. However, no major reclassification has been made during the year except below:

Reclassification has been made to the corresponding figures to enhance comparability with the current year's financial statements. As a result, following line items have been amended in the statement of financial position, statement of profit or loss and related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

Reclassified from	Reclassified to	Rupees
Deposits and short term prepayments	Long term deposits	109,626,266

43 GENERAL

Figures have been rounded off to the nearest Rupee.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 24, 2024.

Chief Executive Officer

Chief Financial Officer

Director

SITARA PEROXIDE LIMITED

CIRCULATION OF ANNUAL AUDITED ACCOUNTS

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

Subject : Circulation of Annual Audited Accounts via Email or any other Media

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO No. 470(I)/2016 dated 31ST May, 2016, that have allowed companies to circulate their Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Directors' Report etc ("Annual Report") along with the Notice of Annual General Meeting ("Notice") to its shareholders through Email or any other Electronic Media at the registered addresses.

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

I/We hereby consent Option 1 or Option 2 to the above SROs for Audited Financial Statements and Notice of General Meeting(s) delivered to me hard from instead Email or any other Electronic Media.

☐ Option 1 – Via Email

Name of the Members/Shareholders

CNIC NO.

Folio / CDC Account Number

Valid Email Address

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

☐ Option 2 – Via Hard copy

Name of the Members/Shareholders

CNIC NO.

Folio / CDC Account Number

Mailing Address

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

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

**FORM OF PROXY
ANNUAL GENERAL MEETING**

I/We _____ S/o/D/o/W/o _____
of _____ being a member of
SITARA PEROXIDE 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 the Annual General
Meeting of the Company to be held on Thursday, November 21, 2024 at 03:00 pm at ICAP Auditorium, Institute
of Chartered Accountants 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

Five 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.

ستاره پرائکسائیڈ لمیٹڈ

پرائکسی فارم

اجلاس عام

میں / ہم

ستاره پرائکسائیڈ لمیٹڈ کے ممبران رجسٹرڈ فلیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کے مطابق عمومی شیئرز

رکھتے ہیں بذریعہ ہذا کو تقرر کرتے ہیں۔ رجسٹرڈ فلیو نمبر / شرکاء کی

آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر یا اس کے شرکت نہ کرنے کی صورت میں

رجسٹرڈ فلیو نمبر / شرکاء کی آئی ڈی / سی ڈی سی سب اکاؤنٹ نمبر کو بطور پرائکسی 21 نومبر 2024 بروز جمعرات بوقت 03:00 بجے دوپہر

ہم مقام انسٹیٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان چارٹرڈ اکاؤنٹنٹس ایونیو بلفٹن، کراچی کمپنی کے منعقد ہونے والے اجلاس عام اور اس کے کسی التواء تک میری / ہماری جانب

سے ووٹ دینا اور اجلاس میں شرکت کے کاحق دیتا ہوں۔

ریونیو اسٹامپ

کی قیمت

دستخط پرائکسی

دستخط شیئر ہولڈر

2024

تاریخ

گواہان

گواہان

دستخط

دستخط

نام

نام

ایڈریس

ایڈریس

شناختی کارڈ

شناختی کارڈ

پاسپورٹ

پاسپورٹ

نوٹس:

(1) 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 پرائکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کے لئے مقرر کرے۔

(2) اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مکمل اور تصدیق شدہ کمپنی کے شیئر رجسٹرار میسرز THK ایسوسی اٹس، پبلی منزل، C-40 بلاک 6، پی۔ای۔سی۔ ایچ۔ ایس کراچی کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائے۔

(3) CDC اکاؤنٹ سولڈز / کارپوریٹ انٹیکس مندرجہ بالا کے علاوہ مذکورہ شقوق پر عمل کریں۔

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

(b) رکن اور پرائکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول کی فراہمی۔

(c) پرائکسی کے لئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کے لئے فراہم کرے۔ Corporate Entity کی صورت میں بورڈ آف ڈائریکٹرز کی تصدیق شدہ قرارداد کی نقول بشمول Power of Attorney دستخط کے ساتھ (جو اگر پہلے ہی جمع کروادی گئی ہے) پرائکسی فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔



601-602 Business Centre, Mumtaz Hassan Road,
Off. I.I. Chundrigar Road, Karachi-74000.
Ph: 021 32401373, 32413944