



Annual Report 2024

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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

RSM-Avais Hyder

Liaquat Nauman
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.pk

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
Bank Makramah Limited (BML)
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) 2600108, 2600747

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 **Monday, September 01, 2025 at 3:30 pm** at **Auditorium of Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Block-B, 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 November 21, 2024.
- ii. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2024 together with the Reports of Directors and Auditors thereon.
- iii. To appoint Auditors and to fix their remuneration for the year ending June 30, 2025. The present auditors, M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, have retired and being eligible, have offered themselves for re-appointment. The Board of Directors recommends, based on the recommendation of Board Audit Committee, appointment of M/s. RSM Avais Hyder Liaquat Nauman, as auditors for the ensuing year.
- iv. To transact any other ordinary business with the permission of the Chair.

By Order of the Board



Mazhar Ali Khan

Company Secretary

KARACHI

July 30, 2025

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Books of the Company will remain closed from August 26, 2025 to September 01, 2025 (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 August 25, 2025 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.

NOTICE OF ANNUAL GENERAL MEETING

CDC ACCOUNT HOLDERS WILL HAVE TO FOLLOW FURTHER UNDER MENTIONED GUIDELINES AS LAID DOWN BY THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN.

a) For attending the meeting:

- i) In case of individuals, the account holders or sub-account holders and their registration details are uploaded as per the regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC), or Original Passport at the time of attending the meeting.
- ii) In case of Corporate Entities, the Board of Directors' resolution/power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For appointing proxies:

- i) In case of individuals, the account holders or sub account holders and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- ii) In case of corporate entities, the Board of Directors' resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the company's registrar.
- iii) Form of proxy is attached to the notice of meeting being sent to the members. Proxy Form may also be downloaded from the Company's website i.e. www.sitaraperoxide.com.

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.

NOTICE OF ANNUAL GENERAL MEETING

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) and send at the Company's address.

The Company has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. Those members who are willing to attend and participate in the AGM via video link are requested to register themselves by sending an email along with following particulars and valid copy of both sides of Computerized National Identity Card (CNIC) at reg.agm2024@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 3:15 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, 2024 have been placed at the Company's website: www.sitaraperoxide.com.

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 efficiently and effectively towards the company and its shareholders with diligence, care and in the best interest of its shareholders. For this foresight is required for success.

Furthermore, restarting and running the operations in the profitable manner and with dividend's to the shareholders is of paramount importance. This we aim to achieve collectively and I am optimistic.

Overall performance of the Board

For the financial year that ended June 30, 2024, Board's overall performance and effectiveness has been assessed as satisfactory. The effectiveness of Board's role is of utmost important, specially the audit committee. Timely and decisive actions needs to be taken promptly 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 our being made.

July 30, 2025

Lahore.



Yasir Ahmed Awan

Chairman

DIRECTORS' REPORT

The board of directors of the company is pleased to present annual audited financial statements along with auditors report thereon for the year ended 30th June 2024.

Business and financial review

Financial year 2024 has been challenging again for the company in view of economic condition of the country and overall restructuring of the company. The main financial highlights of financial year under review are as follows.

	2024	2023 (Restated)
	Rupees	Rupees
Sales	14,900,700	823,998,305
Cost of Sales	(215,355,697)	(1,114,384,387)
Gross profit/(loss)	(200,454,997)	(290,386,082)
Net loss before tax	(305,710,107)	(782,897,956)
Net loss after tax	(169,350,221)	(732,555,058)
Earnings/(loss) per share-Basic and diluted	(3.07)	(14.39)

The management of the company took austerity measures to reduce expenses, including finance cost, and paving the way for Balancing, Modernization and Replacement (BMR) of the plant & machinery for expansion and viable operation. During the transition phase of BMR, the management has been successful in reducing gross loss to Rs. 200.455 mln (including depreciation Rs 181.489 mln) as compared with last year Rs. 290.386 mln (including depreciation Rs 185.426 mln). Accordingly, the management succeeded in reducing net loss to Rs. 169.350 mln as compared with last year net loss of Rs 732.555 mln. Further, loss per share for current year reduced to Rs.3.07 in comparison with last year Rs.14.39.

Although the operation of plant remained shut down during the year, yet the necessary repair and maintenance of the plant and machinery was carried out.

Moreover, the management is moving forward to make the company debt free in the foreseeable future. A Settlement Agreement was signed on 29th December 2023 with UBL (Trustee of Sukuk Certificate Holders) with an agreed Settlement Amount Rs 167,160,603 along with future cost of fund with effect from October 1, 2023 till full and final payment of Settlement Amount on or before 30.06.2024 through export proceeds of Palladium catalyst from Askari Bank Limited. The management paid Rs 50,000,000 during the year ended 30.06.2024 and subsequently paid Rs 25,000,000 on 04.09.2024 through internal resources and got extension in settlement agreement on 10.10.2024 to make balance payment Rs 92,160,603 till 31.03.2025. Another extension in settlement agreement is being signed shortly to pay remaining balance Rs 92,160,603 on or before 31st October 2025 upon realization of export proceeds of another shipment of palladium catalyst. Accordingly, accrued rental component and deferred rental component amounting to Rs 296,696,690 will be waived off in terms of Settlement Agreement.

The management of the company also prepaid Rs 131.753 million out of Demand Finance Facility Rs 147.214 million during the year 30.06.2024 through earlier export proceeds of palladium catalyst and the management is under negotiation with the bank to pay remaining balance Rs 15.461 million along with cost of fund on or before 31.12.2025.

The company already made shipment of palladium catalyst valuing Euro 330,330 in December 2024 through UBL to ensure full and final adjustment of Settlement Amount upon realization of export proceeds in October 2025 and moving forward for complete BMR.

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. The Company has established a strong marketing and sale network to capture the maximum market share.

Board of Directors

During the year, three (3) Board meetings were held and attended as follows:

	Director	Meetings held	Meetings attended
(i)	Mr. Yasir Ahmed Awan (Chairman)	3	3
(ii)	Mr. Imran Ghafoor (CEO)	3	3
(iii)	Mr. Haroon Ahmed Zuberi	3	3
(iv)	Mr. Saim Bin Saeed	3	3
(v)	Mrs. Sharmeen Imran	3	3
(vi)	Mr. Saqib Anjum	3	3
(vii)	Mr. Junaaid Makda	3	3

In 20th Annual General Meeting of the Company held on November 21, 2024. The Board of the Company consists of seven (7) directors, effectively representing interest of shareholders including minority stockholders. There are (4) non-executive directors, (2) independent director and one executive director. The independent director has been representing 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 held three meetings.

The Board held three (3) 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. 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 Chief Financial Officer, the Company Secretary and Senior Financial Adviser (by invitation)

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 level 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 July 11, 2025.

Auditors:

The existing external auditors M/S RSM Avais Hyder Liaquat Nauman, Chartered Accountants, shall retire on the conclusion of 21st annual general meeting.

M/S RSM Avais Hyder Liaquat Nauman, Chartered Accountants have offered themselves for appointment as external auditors of the company for financial year ending June 30, 2025. 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, 2025.

Future Outlook:

The management is making arrangement of funds for Balancing, Modernization and Replacement' (BMR) of the existing plant & machinery which will be financed through equity and/or loans from the shareholders of the company, with due support from the sponsor directors, financial institutions. The aforesaid funding will be utilized to import state of the art plant & machinery to complete BMR to enhance production capacity, bring in efficiency and improving yield resulting into significant reduction in the cost of production and competitiveness in the market.

Chief Executive Officer (CEO) has already given a loan of Rs. 387.879 million to the Company for the repayment of banks' loan and payments of operating expenses and other liabilities.

In view of the aforesaid actions and strategies, the management of the company is confident for the completion of BMR and viable operation of the company during 2026.

Acknowledgements:

The management of the company is thankful to the financial institutions, the shareholders, the suppliers, the dealers, the customers, , the employees who supported the company during this difficult time.

For and on behalf of the
Board of Directors



HAROON AHMED ZUBERI
Director



IMRAN GHAFOR
Chief Executive Officer

July 30, 2025

موجودہ بیرونی آڈیٹرز میسرز آرایس ایم اولیس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس 21 ویں سالانہ جنرل میٹنگ کے اختتام پر ریٹائرڈ ہو جائیں گے۔ میسرز آرایس ایم اولیس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس نے 30 جون 2025 کو ختم ہونے والے مالی سال کے لئے کمپنی کے بیرونی آڈیٹر کے طور پر تقرری کے لئے خود کو پیش کیا ہے۔ آڈٹ کمیٹی نے مذکورہ آڈیٹرز میسرز آرایس ایم اولیس حیدر لیاقت نعمان چارٹرڈ اکاؤنٹنٹس کی سال 2025 کے لئے تقرری کی سفارش کی ہے۔

مستقبل کا آڈٹ لائحہ عمل

انتظامیہ موجودہ پلانٹ اور مشینری کی ہیلٹنگ ماڈرنائزیشن اور ریمپلیسمنٹ (BMR) کے لئے فنڈز کے انتظامات کر رہی ہے۔ جو کہ ایکویٹی اور / یا کمپنی کے شیئرز ہولڈرز سے قرضوں کے ذریعے مالی معاونت سے ممکن بنایا جائے گا۔ اسپانسر ڈیویڈنڈس، مالیاتی اداروں کے مناسب تعاون کے ساتھ مذکورہ فنڈنگ (BMR) کو مکمل کرنے کے لئے جدید ترین پلانٹ اور مشینری درآمد کرنے کے لئے استعمال کی جائے گی۔ تاکہ پیداواری صلاحیت کو بڑھایا جاسکے، کارکردگی میں اضافہ ہو اور پیداوار کو بہتر بنایا جاسکے جس کے نتیجے میں پیداواری لاگت اور مارکیٹ میں مسابقت میں نمایاں کمی واقع ہوگی۔

چیف ایگزیکٹو آفیسر (سی ای او) پہلے ہی بینکوں کے قرض کی ادائیگی، آپریٹنگ اخراجات اور دیگر واجبات کی ادائیگی کے لئے کمپنی کو 387.879 ملین روپے کا قرض دے چکے ہیں

مذکورہ بالا اقدامات اور حکمت عملیوں کے پیش نظر کمپنی کی انتظامیہ BMR کی تکمیل اور سال 2026 کے دوران کمپنی کے قابل عمل آپریشن کے لئے پراعتماد ہے۔

اعتراقات

کمپنی کی انتظامیہ مالیاتی اداروں، شیئرز ہولڈرز، سپلائرز، ڈیلرز، صارفین، ملازمین کا شکر گزار ہیں جنہوں نے اس مشکل وقت میں کمپنی کا ساتھ دیا۔

بورڈ آف ڈائریکٹرز



عمران غفور
چیف ایگزیکٹو آفیسر



ہارون احمد زیری
ڈائریکٹر

30 جولائی 2025

کارپوریٹ گورننس کے ساتھ تعمیل

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

اندرونی کنٹرولز کے ایک فریم ورک کے تحت بورڈ کمپنی کو اپنی کارکردگی کے مقاصد اور بنیادی اقدار کے حصول کے لئے ضروری قیادت فراہم کرتا ہے۔ عام طور پر تسلیم شدہ بہترین طریقہ کار کے علاوہ، لازمی معیارات اور رضا کارانہ اصول بھی نافذ کئے گئے ہیں جو اعلیٰ ترین اخلاقی اقدار کی عملی مثال ہیں۔ کاروباری احساس کو مد نظر رکھتے ہوئے ایمانداری اور ذمہ داری پر مبنی فیصلہ سازی کے علاوہ اوپر سے نیچے (Top-Down Approach) کے نقطہ نظر کے ذریعے کمپنی کے ساتھ خدمات انجام دینے والے یا اس سے قریبی تعلق رکھنے والے تمام افراد پر لاگو کیا گیا ہے۔

ہمارے کاموں اور کاروباری فیصلوں میں شفافیت کو کارپوریٹ احتساب کے برابر اہمیت کے ساتھ ترجیح دی جاتی ہے۔ حصص یافتگان، قرض دہندگان، ملازمین، صارفین، اور سپلائرز کو مطمئن کرنے کے لئے طویل مدتی اسٹریٹجک اہداف کے حصول کے لئے کمپنی کی ساخت آپریننگ اور کنٹرول کے لئے کارپوریٹ گورننس ہماری پالیسیوں کے بنیادی حصے میں موجود ہے۔ بہترین اخلاقی 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 لئے دوستانہ ہو اور مقامی کمیونٹی کی ضروریات کو پورا کرتا ہو۔

یہ سمجھتے ہوئے کہ اچھی کارپوریٹ گورننس کسی بھی کمپنی کی سلیبت اور ساکھ کے لئے ایک لازمی شرط ہے۔ منصفانہ اور جوابدہی کو یقینی بنا کر اعتماد اور بھروسہ پیدا کرنے کے لئے ہم اچھی کارپوریٹ گورننس کے لئے 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 منوثر اخلاقیات اور فریم ورک قائم کر کے کمپنی کی نگرانی اور انتظام کے بارے میں وقتاً فوقتاً نظر ثانی اور اپ ڈیٹ کی جانے والی ٹھوس بنیادیں رکھی ہیں۔

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

- * انتظامیہ کے ذریعہ تیار کردہ کمپنی کے مالی بیانات، اس کے کاموں کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو درست طور پر پیش کرتے ہیں۔
- * کمپنی کی طرف سے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- * مالیاتی گوشوروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینے، معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- * بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جو کہ پاکستان میں قابل اطلاق ہیں، کو مالیاتی گوشوروں کی تیاری میں اپنایا گیا ہے۔ اور اگر کوئی انحراف ہوا ہے تو اسے مناسب طور پر ظاہر کیا گیا ہے۔

* اندرونی کنٹرول کا نظام ڈیزائن میں درست اور مضبوط ہے اور اسے منوثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے

* کمپنی کے جاری رہنے کی صلاحیت پر کوئی شک نہیں ہے

* کارپوریٹ گورننس کے بہترین طریقوں سے کوئی اہم انحراف نہیں ہوا ہے۔ جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

شیر ہولڈنگ کا نمونہ

کمپنی کے شیر ہولڈنگ کا نمونہ منسلک ہے۔ کمپنی کے حصص میں کوئی تجارت نہیں کی گئی۔ اس کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، ان کی شریک حیات اور نابالغ بچوں کے ذریعے، سوائے اس کے کہ ظاہر کیا گیا ہو۔

ایمپلائز بینیفٹ پلان

کمپنی اپنے مستقل ملازمین کے لئے ایک نان فنڈڈ ڈیفائنڈ بینیفٹ پلان (گریجویٹ اسکیم) چلاتی ہے۔ تازہ ترین ایپکچر ریل ویو ایشن 11 جولائی 2025 کو کی گئی

مارکیٹنگ کا جائزہ

قومی اور بین الاقوامی سطح پر کمپنی کی مصنوعات کی بڑی مانگ ہے کمپنی اپنے پلانٹ اور مشینری کے BMR کی تکمیل کے بعد اپنا حصہ واپس حاصل کرے گی۔ کمپنی نے زیادہ سے زیادہ مارکیٹ شیئر حاصل کرنے کے لیے ایک مضبوط مارکیٹنگ اور سیل نیٹ ورک قائم کیا ہے۔

بورڈ آف ڈائریکٹرز

سال کے دوران بورڈ تین (3) اجلاس منعقد ہوئے اور ان میں مندرجہ ذیل ممبر نے شرکت کی۔

ڈائریکٹر	میٹنگز منعقد	میٹنگز میں شرکت
جناب یاسر احمد اعوان	3	3
جناب عمران غفور	3	3
جناب ہارون احمد زبیری	3	3
جناب صائم بن سعید	3	3
مسز شرمین عمران	3	3
جناب ثاقب انجم	3	3
جناب جنید مکدا	3	3

21 نومبر 2024 کو کمپنی کی 20 ویں سالانہ جنرل میٹنگ ہوئی۔ کمپنی کا بورڈ سات (7) ڈائریکٹرز پر مشتمل ہے۔ جو اقلیتی اسٹیک ہولڈرز سمیت حصص یافتگان کے مفاد کی نمائندگی کرتا ہے۔ ان میں چار (4) نان ایگزیکٹو ڈائریکٹر دو (2) آزاد ڈائریکٹر اور ایک ایگزیکٹو ڈائریکٹر شامل ہیں۔ آزاد ڈائریکٹران کنٹرولنگ / اقلیتی مفادات کی نمائندگی کر رہا ہے۔ جبکہ نان ایگزیکٹو ڈائریکٹر متعلقہ صنعت کا تجربہ رکھتے ہیں۔ ڈائریکٹرز کی حیثیت (آزاد، ایگزیکٹو، نان ایگزیکٹو) کمپنی کی طرف سے جاری کردہ کوڈ آف کارپوریٹ گورننس میں واضح طور پر بیان کی گئی ہے۔ موشر، کارآمد اور آزاد فیصلہ سازی کو یقینی بنانے کے لئے بورڈ کمپنی کے معاملات چلانے کے لئے علم تجربہ اور مہارت رکھنے والے اہل پیشہ در افراد شامل ہیں۔ کمپنی کی کارکردگی کو موشر طریقے سے مانیٹر کرنے اور اس کی انتظامیہ کو جوابدہ رکھنے کے لئے بورڈ نے تین میٹنگز کیں۔

بورڈ نے سال کے دوران تین (3) میٹنگز 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 اور ان کی توثیق کے لئے 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 اجلاسوں نے حاضری کی کم از کم کورم کی ضروریات کو پورا کیا۔ جو کہ قابل اطلاق ضوابط کے مطابق ہیں ان میں چیف فنانشل آفیسر، کمپنی سیکرٹری اور سینئر فنانشل ایڈوائزر (بذریعہ دعوت) بھی شریک تھے۔

آڈٹ کمیٹی تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے جس کا چیئر مین ایک خود مختار نان ایگزیکٹو ڈائریکٹر ہے۔ انٹرل آڈٹ ڈیپارٹمنٹ، کمپنی کے اندرونی کنٹرول اور رسک گورننس فریم ورک کا ایک کلیدی جزو ہونے کے ناطے گورننس کے اثرات، رسک مینجمنٹ اور کنٹرول کے عمل کے

بارے میں آزادانہ اور معرضی جائزے فراہم کرتا ہے جو براہ راست آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

ہیومن ریسورس اور ریمونیویشن کمیٹی دو نان ایگزیکٹو ڈائریکٹر اور ایک ایگزیکٹو ڈائریکٹر پر مشتمل ہے۔ جس کی چیئر پرسن ایک نان ایگزیکٹو ڈائریکٹر ہے۔

ڈائریکٹرز کی رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ آڈیٹرز کی رپورٹ پیش کرنے پر خوشی محسوس کر رہے ہیں۔

کاروباری اور مالیاتی جائزہ

ملک کی معاشی حالت اور کمپنی کی مجموعی تنظیم نو کے پیش نظر مالی سال 2024 کمپنی کے لیے ایک بار پھر چیلنجنگ رہا ہے۔ زیر نظر مالی سال کے مالیاتی نتائج حسب ذیل ہے۔

2023 (Restated)	2024	
روپے	روپے	
823,998,305	14,900,700	فروخت
(1,114,384,387)	(215,355,697)	فروخت کی لاگت
(290,386,082)	(200,454,997)	مجموعی منافع/(نقصان)
(782,897,956)	(305,710,107)	ٹیکس سے پہلے خالص نقصان
(732,555,058)	(169,350,221)	ٹیکس کے بعد خالص نقصان
(14.39)	(3.07)	فی شیئر کمائی/(نقصان) بنیادی اور کنزور

کمپنی کی انتظامیہ نے اخراجات بشمول مالیاتی اخراجات میں کمی لانے کے لئے کفایت شعاری کے اقدامات کیے، پلانٹ اور مشینری کی توسیع اور قابل عمل آپریشن کے لیے BMR (ہیلڈنگ، ماڈرنائزیشن اور رینووییشن) کی راہ ہموار کی۔ BMR کے عبوری کے مرحلے کے دوران، انتظامیہ نے مجموعی نقصان کو کم کر کے 200.455 ملین روپے کر دیا (جس میں 181.489 ملین روپے فرسودگی شامل ہے) جو کہ گزشتہ سال 290.386 ملین روپے (جس میں 185.426 ملین روپے کی فرسودگی شامل تھی) تھا۔ اسی طرح خالص نقصان کم ہو کر 169.350 ملین روپے رہ گیا جبکہ گزشتہ سال خالص نقصان 732.555 ملین روپے تھا۔ مزید برآں موجودہ سال کے لیے فی شیئر خسارہ 3.07 روپے تک کم ہو گیا۔ جو کہ پچھلے سال 14.39 روپے تھا۔ اگرچہ سال بھر پلانٹ کا آپریشن بند رہا لیکن پھر بھی پلانٹ اور مشینری کی ضروری مرمت اور دیکھ بھال کی گئی۔

مالیاتی معاملات

مزید یہ کہ انتظامیہ مستقبل قریب میں کمپنی کو قرض سے پاک بنانے کی کوشش کر رہی ہے۔ 29 دسمبر 2023 کو UBL (سکوک سٹریٹجکٹ ہولڈر کے ٹرسٹی) کے ساتھ ایک سیٹلمنٹ معاہدہ طے پایا جس کے تحت 167,160,603 روپے کی متفقہ رقم ادا کرنا طے پائی تھی۔ اس رقم کی ادائیگی یکم اکتوبر 2023 سے لے کر 30 جون 2024 تک پیلیڈیم کیٹالسٹ کی برآمدات کے ذریعے کی جانی تھی اس ضمن میں سال کے دوران 50,000,000 روپے ادا کئے گئے۔ اور بعد ازاں مورخہ 4 ستمبر 2024 کو مزید 25,000,000 روپے کی ادائیگی کی گئی۔ اس کے بعد ایک اور سیٹلمنٹ معاہدہ میں توسیع کے بعد 31 مارچ 2025 تک بقیہ رقم 92,160,603 روپے کی ادائیگی کی اجازت ملی۔ ایک اور توسیع کے معاہدے کے تحت اب یہ بقیہ رقم 31 اکتوبر 2025 تک ادا کی جائے گی۔ اس معاہدے کے تحت 296,696,690 روپے کا کرایہ کی رقم معاف کر دی جائے گی۔

کمپنی کی انتظامیہ نے سال 30.06.2024 کے دوران ڈیماڈ ٹرانس فیسٹیٹی جس کی کل رقم 147.214 ملین روپے تھی جس میں سے 131.753 ملین روپے کی رقم Paladium Catalyst کی برآمدی رقم سے ادا کر دی گئی اور انتظامیہ بقایا رقم 15.461 ملین روپے بشمول کاسٹ آف فنڈز 31.12.2025 سے پہلے ادا کرنے کے لئے بینک کے ساتھ بات چیت کر رہی ہے۔

کمپنی نے پہلے دسمبر 2024 میں Euro 330,330 کی قیمت والی Paladium Catalyst کی سپلائر UBL کے ذریعے کر دی ہے تاکہ اکتوبر 2025 میں برآمدی رقم کی وصولی سے مکمل BMR کے لیے آگے بڑھنے کے لیے سیٹلمنٹ ایگریمنٹ کی رقم کی مکمل اور حتمی ادائیگی کو یقینی بنایا جاسکے۔

SIX YEARS FINANCIAL SUMMARY

		2024	2023 Restated	2022	2021	2020	2019
Rupees in "000"							
STATEMENT OF PROFIT OR LOSS							
Sales - net		14,901	823,998	1,742,727	1,865,397	1,745,356	2,036,216
Gross (loss) / profit		(200,455)	(290,386)	(63,204)	191,219	323,221	530,168
Operating (loss) / profit		(370,118)	(703,042)	(341,992)	(66,152)	123,237	328,352
(Loss) / profit before tax		(305,512)	(770,261)	(386,959)	13,653	88,955	279,522
(Loss) / profit after tax		(169,350)	(732,555)	(341,211)	34,708	74,242	207,385
STATEMENT OF FINANCIAL POSITION							
Property, plant and equipment		2,368,897	2,557,848	2,789,163	3,015,780	2,525,753	2,580,126
Long term advances		109,626	109,626	109,626	-	-	-
Long term deposits		52,741	52,741	17,817	36,676	4,205	4,205
Current assets		532,890	716,508	1,090,852	1,040,285	1,074,487	1,225,187
Current liabilities		1,506,786	1,526,292	1,198,520	670,075	722,785	960,928
Non-current liabilities		345,794	529,424	563,418	948,897	852,197	895,801
Shareholders equity		1,211,575	1,381,007	2,135,893	2,473,769	2,029,463	1,952,788
Share capital		551,000	551,000	551,000	551,000	551,000	551,000
Financial Ratios							
Gross profit Ratio	(%)	(1,345.27)	(35.24)	(3.63)	10.25	18.52	26.04
Net Profit to Sales	(%)	(1,136.53)	(88.90)	(19.58)	1.86	4.25	10.18
EBITDA Margin to Sales	(%)	(649.27)	(62.38)	(6.41)	6.32	17.55	25.15
Return on Equity	(%)	(99.81)	(824.96)	(49.33)	3.74	9.30	33.11
Return on Capital Employed	(%)	(23.77)	(36.80)	(12.64)	1.01	2.58	7.28
Current Ratio	times	0.35	0.47	0.91	1.55	1.49	1.28
Quick/Acid test ratio	times	0.21	0.32	0.68	1.08	0.85	0.73
Earning per share - Basic	Rupees	(3.07)	(14.39)	(6.19)	0.63	1.35	3.76
Price Earning Ratio	times	(4.31)	(0.85)	(4.48)	44.05	18.14	6.49
Market value per share (at year end)	Rupees	13.25	12.24	14.26	28.29	18.01	18.01
Market value per share (lowest)	Rupees	10.40	11.00	14.20	20.40	15.60	15.60
Market value per share (highest)	Rupees	20.90	21.75	28.61	35.49	41.68	41.68
Breakup value of share	Rupees	21.99	25.06	38.76	44.90	36.83	35.44

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2024

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
651	1	100	11,132
4297	101	500	2,131,492
546	501	1,000	534,283
685	1,001	5,000	1,887,852
146	5,001	10,000	1,167,897
39	10,001	15,000	499,460
31	15,001	20,000	588,017
9	20,001	25,000	205,500
7	25,001	30,000	200,500
7	30,001	35,000	232,000
4	35,001	40,000	153,000
5	40,001	45,000	213,500
10	45,001	50,000	492,726
2	50,001	55,000	103,000
3	55,001	60,000	178,900
1	65,001	70,000	70,000
2	70,001	75,000	146,500
1	85,001	90,000	86,500
2	90,001	95,000	187,500
3	95,001	100,000	298,500
1	100,001	105,000	100,500
1	110,001	115,000	114,000
2	115,001	120,000	238,000
2	120,001	125,000	248,455
2	125,001	130,000	254,303
1	145,001	150,000	150,000
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
2	320,001	325,000	649,500
1	365,001	370,000	366,666
1	410,001	415,000	413,000
1	425,001	430,000	430,000
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	2,115,001	2,120,000	2,118,000
1	2,620,001	2,625,000	2,624,435
1	2,995,001	3,000,000	3,000,000
1	3,155,001	3,160,000	3,160,000
1	5,465,001	5,470,000	5,467,000
1	17,425,001	17,430,000	17,425,065
6,483			55,100,000

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2024

	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
Modarabas	1	123,455	0.22
Joint Stock Companies	19	3,826,870	6.95
General Public (Local)	6,347	24,940,429	45.26
General Public (Foreign)	100	1,106,141	2.01
Others	5	310,000	0.56
	6,483	55,100,000	100.00

NO trade in the shares of the company was carried out by its directors, CEO, CFO, Company Secretary and their spouses and minor children during the year 2023-2024.

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	3,160,000

SALIENT FEATRES 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, 2024 in accordance with the requirements of regulations 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 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 control or to form an opinion on 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 the recommendations of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Further, we highlight below instance of non-compliance with the requirement of Regulations, as reflected in the note 18 where these are stated in the statement of compliance:

Reference :	DESCRIPTION
28 (2)	As per the 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.
28 (3)	The Human Resource & Remuneration Committee to meet at least once during the financial year. However, no meeting was held during the year under review, resulting in non-compliance.
20	The Board shall appoint, determine remuneration, and renew contracts and terms of employment for the Head of Internal Audit. The Head of Internal Audit resigned in July 2023, and the position is still vacant.
31	There shall be an internal audit function in every company. This obligation has not been fulfilled.
27 (2)/34	The Code of Corporate Governance requires the Audit Committee to meet quarterly before the Board approves interim financial results. Financial statements along with director report during the period from July 2023 to June 2024, except for one quarter, were not filed on time resulting in non-compliance of filing of financial statement and conducting the board meeting and audit committee meeting.

RSM AVAIS HYDER LIAQUAT NAUMAN

**RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS**

Place: Faisalabad.

Date: 30-07-2025

UDIN: CR202410194kvAhtR1CM

STATEMENT OF COMPLIANCE

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

Name of Company: **SITARA PEROXIDE LIMITED**

Year Ended: **June 30, 2024**

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

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

Gender	Number
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

The company did not round up independent director's fraction, as the Company is confident that two independent directors are sufficiently qualified and have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. They fulfill the necessary requirements as per applicable laws and regulations.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to recording and circulating minutes of meeting of board and in total three (3) board meetings were held due to discontinuance of operations;
8. The board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Six (06) directors have already completed directors' training program. The remaining One (01) director shall obtain certification under the DTP in due course of time;
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board;
12. The board has formed committees comprising of members given below:

a. Audit Committee

- Mr. Saim Bin Saeed Independent Director (Chairman)
- Mr. Yasir Ahmad Awan Non-Executive Director (Member)
- Mr. Haroon Ahmed Zuberi Independent 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: Two meetings during the financial year ended June 30, 2024
- b. HR and Remuneration Committee: No meetings during the financial year ended June 30, 2024.
15. The Company has no Internal Audit function during the year due to non-continuation of operation. Head of the internal audit resigned in July, 2023.
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, 33 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.	The 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.	28 (2)
2	Meetings of Human Resource and Remuneration Committee: The committee shall meet at least once in a financial year and may meet more often if requested by a member of the Board, or committee itself or the chief executive officer.	Due to the discontinued operations of the company, no Human Resource Committee meeting was held during the financial year.	28(3)
3	Head of Internal Audit of company: The Board shall appoint, determine remuneration, renew contracts and terms and conditions of employment of head of internal audit 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 due to closure of operations.	20
4	Composition of internal audit function: There shall be an internal audit function in every company.	The internal audit function is being carried out as an interim arrangement until the position is filled, following the closure of operations.	31
5	Meetings of the audit committee/Board of directors: The audit committee of a company shall meet at least once every quarter of the financial year. These meetings shall be held prior to the approval of interim results of the company by its Board and after completion of external audit.	Due to the discontinuation of the company's operations, financial statements were not filed on time during the period from July 2023 to June 2024. As a result, the Audit Committee / Board of directors was unable to fulfill the requirement to conduct timely meetings.	27(2)/10

6	Directors' Report: The quarterly financial statements of companies shall be published and circulated along with directors' report on the affairs of the company.	The company did not prepare its quarterly financial statements in a timely manner, as a result of which the Directors' Reports on quarterly basis were not timely published.	34
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19. Explanation for non-compliance with requirement, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr. No	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 functions are being performed by the management itself.	30 (1)
3	Certification under Directors Training Program: It is encouraged that by June 30, 2024 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, six out of seven directors on Board have been certified under directors training program. The remaining one 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 on its website key elements of its significant policies including DE&I and protection against harassment at workplace as advised by SECP vide its SRO 920(1)/2024 dated 12 June 2024.	As per the regulations, the company has disclosed key elements of its significant policies and intends to add the list of its policy on DE&I and protection against harassment of the workplace in course of time.	35(1)
5	Sustainability Reporting: Role of the board and its members to address sustainability risk and opportunities. The board is responsible for setting the Company sustainability strategies, priorities and targets to create long term corporate values. The board may establish a dedicated sustainability committee.	At present the board provides governance and oversight in relations to company's initiatives on Environmental, Social and Governance (ESG) matters. Nevertheless, the requirements introduced recently by SECP through notification dated June 12, 2024 will be complied with in due course.	10 (A)



Mr. Yasir Ahmed Awan
Chairman

Lahore

Dated: July 30, 2025

Financial Statements 2024



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, 2024, 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 material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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 described in Note 1.3 to the financial statements, the financial statements have been prepared on going concern basis. The Company has incurred a gross loss and net loss for the year of Rs.200.4 million and Rs. 169.35 million respectively (June 30, 2023: Rs.290.38 million and Rs.732.55 million respectively), and as at June 30, 2024, current liabilities exceed current assets by Rs. 973.89 million (June 30, 2023: Rs.844.83 million). The Company was unable to pay installments of long term financing of Rs. 126.73million (June 30, 2023: Rs. 308.49 million). The plant of the company has remained shut down from June 12, 2023 to date. The Company is facing operational and financial problems. These factors indicate the existence of a material uncertainty, which may significant doubt about the company's ability to continue as going concern. However, the company's management is of the opinion that preparation of financial statements going concern basis is appropriate in view of Balancing, Modernization and Rehabilitation (BMR) plans which require significant injection of funds. The sponsors' plan to inject further funds for BMR by exploring different funding options. The company has applied for rescheduling of its loans. The financial statements have been prepared on going concern basis on the assumptions that company will be able to implement its BMR plan and sponsors will be able to generate and provide required funds to the company.

We were unable to obtain sufficient and appropriate audit evidence in support of management's contention that the company and its sponsors would be able to provide required funding for BMR plans and working capital requirements of the company, therefore, we were unable to conclude whether the use of going concern assumption in preparation of financial statements is appropriate. If the plant operations of the company remained suspended for foreseeable future, the company may not be able to realize its assets and discharge its liabilities in the normal course of business.

- (b) The Company's property, plant and equipment is carried in statement of financial position at Rs. 2,368 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 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.
- (c) Long term advances of Rs. 109.6 million, Trade debts of Rs. 54 million and Advances to employees of Rs.8 million are long outstanding balances. These outstanding balances, in opinion are impaired against which no provision has been made. Had the provision been made, the loss for the year would have been increased by Rs. 163.6 million and accumulated loss by Rs. 163.6 million.
- (d) Physical existence and valuation of inventories as of June 30, 2024 Rs. 283.5 million could not be verified by us in the absence of appropriate record and inherent limitation. Owing to the nature of company's record, we were unable to satisfy ourselves as to inventory quantities and valuation by other audit procedures.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 is 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

Based on our engagement, 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).

Other Matter

The financial statements of the Company for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who expressed a disclaimer of opinion in their report dated October 28, 2024. The disclaimer was issued as the going concern depends on the ability of the company to generate sufficient funds to carry out BMR activities and the auditors were unable to conclude whether the use of the going concern assumption in preparation of financial statements were appropriate and the inability to obtain sufficient appropriate audit evidence to

perform impairment testing on non-current assets.

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



RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Place: Faisalabad

Date: 30-07-2025

UDIN: AR2024 10194frpEI9iLd

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,368,897,098	2,557,848,157
Long term advances	5	109,626,266	109,626,266
Long term deposits	6	52,741,143	52,741,143
		2,531,264,507	2,720,215,566
Current assets			
Stores, spare parts and loose tools	7	119,701,124	117,697,729
Stock in trade	8	218,776,704	224,714,591
Trade debts	9	64,783,733	127,394,884
Loans and advances	10	23,295,911	53,825,342
Taxes refundable due from government	11	94,951,315	131,692,180
Cash and bank balances	12	11,381,255	9,138,135
		532,890,042	664,462,861
Non-current asset held for sale	13	-	52,045,318
Total assets		3,064,154,549	3,436,723,745

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees (Restated)
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	14	551,000,000	551,000,000
Revenue reserve (Accumulated loss)		(720,670,410)	(639,799,006)
Capital reserve			
Surplus on revaluation of property, plant and equipment	15	1,381,245,086	1,469,806,234
		1,211,574,676	1,381,007,229
Non-current liabilities			
Long term financing	16	-	-
Deferred liabilities	17	345,794,351	529,424,192
		345,794,351	529,424,192
Current liabilities			
Trade and other payables	18	595,746,576	482,297,870
Contract liabilities	19	114,686,028	120,072,352
Loan from chief executive officer	20	387,878,976	345,472,000
Accrued markup	21	281,535,983	257,320,472
Current portion of long term financing	16	126,739,606	308,492,709
Levies payable	30	198,353	12,636,922
Provision for taxation	31	-	-
		1,506,785,522	1,526,292,325
Total equity and liabilities		3,064,154,549	3,436,723,745
Contingencies and commitments	22	-	-

The annexed notes from 1 to 40 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, 2024

	Note	2024 Rupees	2023 Rupees (Restated)
Revenue from contract with customers	23	14,900,700	823,998,305
Cost of sales	24	(215,355,697)	(1,114,384,387)
Gross (loss)		(200,454,997)	(290,386,082)
Distribution cost	25	1,946,190	28,411,808
Impairment loss on financial assets	26	78,982,480	154,424,936
Administrative expenses	27	88,734,034	229,819,232
Finance cost	28	24,947,359	68,448,051
		(194,610,063)	(481,104,027)
Other income	29	89,553,306	1,229,075
(Loss) for the year before levies and income tax		(305,511,754)	(770,261,033)
Levies	30	(198,353)	(12,636,922)
(Loss) for the year before income tax		(305,710,107)	(782,897,956)
Provision for taxation	31	136,359,886	50,342,898
(Loss) for the year		(169,350,221)	(732,555,058)
Earning per share - basic and diluted	32	(3.07)	(14.39)

The annexed notes from 1 to 40 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, 2024

	2024 Rupees	2023 Rupees
(Loss) for the year	(169,350,221)	(732,555,058)
Other comprehensive income / (loss):		
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of staff retirement benefits	(115,959)	(235,915)
Related tax impact	33,628	68,415
Impact of change in tax rate on revaluation surplus	-	(22,162,867)
	(82,331)	(22,330,367)
Total comprehensive (loss) for the year	(169,432,552)	(754,885,425)

The annexed notes from 1 to 40 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, 2024

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

Balance as at July 01, 2022

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

Total comprehensive (loss) for the year (Restated)

Loss for the year	-	(732,555,058)	-	(732,555,058)
Other comprehensive income / (loss)				
Items that will not be subsequently reclassified to profit or loss:				
Remeasurement of staff retirement gratuity	-	(235,915)	-	(235,915)
Related deferred tax	-	68,415	-	68,415
Impact of deferred tax recognised on surplus of land	(77,222,185)	77,222,185	-	-
Impact of change in tax rate on revaluation surplus	-	-	(22,162,867)	(22,162,867)
	-	(809,944,743)	55,059,318	(754,885,425)
Transferred to unappropriated profit on account of incremental depreciation - net of deferred tax	-	29,491,202	(29,491,202)	-

Balance as at June 30, 2023 (Restated)

551,000,000 (639,799,006) 1,469,806,234 1,381,007,228

Total comprehensive (loss) for the year

(Loss) for the year	-	(169,350,221)	-	(169,350,221)
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss:				
Remeasurement of staff retirement gratuity	-	(115,959)	-	(115,959)
Related deferred tax	-	33,628	-	33,628
	-	(169,432,552)	-	(169,432,552)
Transferred to unappropriated profit on account of incremental depreciation - net of deferred tax	-	88,561,148	(88,561,148)	-
Balance as at June 30, 2024	551,000,000	(720,670,410)	1,381,245,086	1,211,574,676

The annexed notes from 1 to 40 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, 2024

	Note	2024 Rupees	2023 Rupees
(a) CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) for the year before levies and income tax		(305,511,754)	(770,261,033)
Adjustments for:			
Depreciation of property, plant and equipment	4.1.1	183,818,472	187,824,271
Impairment loss on financial assets	26	78,982,480	154,424,936
Provision for staff retirement gratuity	17.1	2,853,933	12,299,351
Deposits written off	27	-	12,120,471
(Gain) on disposal of operating assets	29	(7,345,059)	-
Advance written off		-	73,109,152
Sales tax refundable write off	27	-	15,341,946
(Gain) on disposal of non-current asset held for sale		(82,173,425)	-
Finance cost	28	24,947,359	68,448,051
Operating cash flows before working capital changes		(104,427,994)	(246,692,856)
Changes in working capital			
(Increase) / Decrease in current assets			
Stores, spares and loose tools		(2,003,395)	(1,111,784)
Stock in trade		5,937,887	47,754,405
Trade debts		(16,371,329)	(66,581,660)
Deposits and short term prepayments		-	24,716,896
Advances, deposits and prepayments		6,878,065	35,360,611
Tax refunds due from Government		(2,564,441)	46,510,359
Increase / (decrease) in current liabilities			
Trade and other payables		60,853,516	95,203,923
Contract liabilities		(5,386,324)	(58,766,028)
		47,343,979	123,086,722
Cash (used in) operating activities		(57,084,015)	(123,606,134)
Income tax paid		-	(26,799,420)
Income tax refund received		52,708,722	-
Finance cost paid		(731,848)	(44,391,094)
Staff retirement gratuity paid	17.1	-	(38,867)
Net cash (used in) operating activities		(5,107,141)	(194,835,515)
(b) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		-	(8,555,090)
Proceeds from disposal of operating assets	4.2	12,477,645	-
Proceeds from disposal of non-current asset held for sale		134,218,743	-
Long term deposits		-	(34,924,000)
Net cash generated from / (used in) investing activities		146,696,388	(43,479,090)
(c) CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received from chief executive officer		42,406,976	320,472,000
Long term financing obtained		-	147,213,605
Long term financing repaid		(181,753,103)	(92,864,303)
Decrease in short term borrowings - net		-	(129,184,738)
Net cash (used in) / generated from financing activities		(139,346,127)	245,636,564
Net increase in cash and cash equivalents (a+b+c)		2,243,120	7,321,959
Cash and cash equivalents at the beginning of the year		9,138,135	1,816,178
Cash and cash equivalents at the end of the year		11,381,255	9,138,135

The annexed notes from 1 to 40 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, 2024

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 These 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. 200.4 million (2023: Rs. 290.3 million) and net loss for the year of Rs. 169.35 million (2023: Rs 732.55 million) during the year. The current liabilities exceed the current assets by Rs. 973.89 million. The company was unable to pay installements of long term financing and rental payments of sukuk of Rs. 111.2 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 the company may be unable to realise its assets and pay 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 to be financed through equity and/or loans from the shareholders of the company, with due support from the sponsor directors, financial institutions. The aforesaid funding will be utilized to import state of the art plant & machinery to complete BMR which will enhance the production capacity, efficiency and yield resulting into significant reduction in the cost of production and competitiveness in the market.

Moreover, the management is making the company debt free in the foreseeable future. The company has signed a Settlement Agreement on December 2023 with UBL (Trustee of Sukuk Certificate Holders) and Settlement Amount was agreed at Rs 167,160,603 payable before 30 June 2024. As per terms of Settlement Agreement, the company shall pay cost of fund with effect from October 1, 2023 till full and final payment of principal amount (Settlement Amount). Accordingly, accrued rental component and deferred rental component amounting to Rs 296,696,690 to be waived off at the end, after full payment of Settlement Amount. Although the due date for payment of settlement amount is already expired, however, the company has paid Rs 50,000,000 during the year ended 30.06.2024 and Rs 25,000,000 in the subsequent period through internal resources. UBL (Trustee of Sukuk Certificate Holders) is accepting payments and the management of the company is negotiating the extension of Settlement Agreement till 31 October 2025 to fully adjust Settlement Amount from proceeds of disposal of palladium catalyst and avail waiver of accrued rental component and deferred rental component amounting to Rs 296,696,690.

The company has made shipment of palladium catalyst valuing Euro 330,330 in December 2024 through UBL to ensure full and final adjustment of Settlement Amount upon realization of export proceeds in October 2025.

The management of the company also prepaid Rs 131 million out of Demand Finance Facility Rs 147 million during the year through earlier export proceeds of palladium catalyst (as disclosed in note 13.2 to the financial statements) and an amount of Rs 15 million is still outstanding. The management is negotiating with the bank the application of cost of fund on the entire facility and this credit facility will also be fully adjusted on or before 31.12.2025.

Chief Executive Officer (CEO) has already given a loan to the Company of Rs. 359.155 million (refer note 20 to the financial statements) to repay liabilities, and to meet operating expenses of the company.

In view of the forehead actions and strategies the management of the company it's very confident to implement the BMR proposal and successful operation of the company in the foreseeable future.

Based on these factors, management has a reasonable expectation that the Company has and will have adequate resources to continue its 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 in the normal course of business.

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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- International Financial Reporting Standards (IFRS's) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS's, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.2.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2023 and therefore, have been applied in preparing these financial statements.

- Amendments to IAS 1 - Disclosure of Accounting Policies

IAS 1 is amended to change the requirements with regard to disclosure of accounting policies. The amendments replace the term 'significant' accounting policies with 'material' accounting policies.

Accounting information is material, if when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The IAASB has also developed guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments require to disclose policy information relating to material transactions.

- Amendments to IAS 8 - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

The amendments has no material impact on company's financial statements.

- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments has no material impact on company's financial statements.

- IAS 12 Application Guidance on Accounting for Minimum taxes and final tax

The Institute of Chartered Accountants of Pakistan has developed application guidance on accounting for Minimum taxes and final taxes. The guidance is made in the context of provisions of Income Tax Ordinance, 2001 to be applied by entities obligated to use accounting and reporting standards as applicable in Pakistan other than those entities which apply AFRS for SSEs.

The purpose of the guidance is to provide guidelines on accounting of minimum tax and final taxes under the requirements of relevant IFRS Accounting Standards and provide appropriate approaches to account for minimum taxes and final taxes in compliance with the requirements of IFRS Accounting Standards.

The subject matter of TR-27 is adequately covered in the guidance, the Council of the Institute, accordingly has withdrawn TR-27.

The impact of these amendments on accounting of minimum taxes, final tax and normal tax under the tax laws is disclosed in note 3.22 in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2.2.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.2.3 Standards, amendments to standards and interpretations becoming effective in future periods

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- Amendments to IAS 1 - Classification of Liabilities as Current or Noncurrent

Amendments to IAS 1 are made to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer settlement must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

The amendments are effective for the annual periods beginning on or after January 01, 2024.

The amendments are not expected to have any material impact on the company's financial statements.

- IFRS 16 Lease Clarification on how seller-lessee subsequently measures sale and lease back transactions

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for the annual periods beginning on or after January 01, 2024.

The amendments are not expected to have any material impact on the company's financial statements.

- Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

The amendments are effective for the annual periods beginning on or after January 01, 2024.

The amendments are not expected to have any material impact on the company's financial statements.

- Accounting Standard – Non-Going Concern Basis of Accounting

The Institute of Chartered Accountants of Pakistan (ICAP) has issued accounting standards to specify the basis of accounting for a non-going concern entity.

The basis of accounting establishes principles and requirements for how the non-going concern entity shall account for and present effects of transactions, other events and conditions in its financial statements. This will enable users of the financial statements in evaluating the nature and financial effects of non-going concern position, financial performance and cash flows.

The Standard establishes principles and requirements for how a reporting entity when preparing financial statements on an assumption other than going concern:

- Recognizes and measures in its financial statements, assets, liabilities, income and expense; and
- Discloses information

The amendments are effective for the annual periods beginning on or after January 01, 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IAS 21 - Lack of exchangeability**

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date.

The amendments are effective for the annual periods beginning on or after January 01, 2025.

The amendments are not expected to have any material impact on the company's financial statements.

- **Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments**

The amendments clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments clarifies how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features.

The amendments clarifies the treatment of non-recourse assets and contractually linked instruments.

The amendments requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

The amendments are effective for the annual periods beginning on or after January 01, 2026.

The amendments are not expected to have any material impact on the company's financial statements.

- **IFRS 18 – Presentation and Disclosure in Financial Statements**

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation in Financial Statements. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations.

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM.

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes.

IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics.

The amendments are effective for the annual periods beginning on or after January 01, 2027.

The amendments may have a material impact on the company's financial statements in future periods.

- **IFRS 19 - Subsidiaries without Public Accountability: Disclosures**

IFRS 19, allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

The amendments are effective for the annual periods beginning on or after January 01, 2027.

The amendments are not expected to have any material impact on the company's financial statements.

2.2.4 Standards, amendments to standards and interpretations becoming effective in current year but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

2.3 Accounting convention

These financial statements have been prepared under historical cost convention except:

- 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.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

Material accounting policies information is given below:

3.1 Property, plant and equipment

Property, plant and equipment except capital work-in-progress are stated at cost / valuation less accumulated depreciation and impairment in value, if any. Capital work-in-progress is stated at cost less accumulated impairment in value, if any.

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 except plant and machinery-catalyst on which depreciation is charged by applying unit of production method subject to minimum charge of 6.25% to cover obsolescence.

Depreciation on additions during the year is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of property, plant and equipment are included in current income.

All costs / expenditure connected with specific assets are collected under capital work in progress. These are transferred to specific assets as and when assets are available for intended use.

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged is transferred to unappropriated profit.

3.2 Stores, spare and loose tools

These are valued at weighted average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

3.3 Stock-in-trade

Basis of valuation are as follows:

Stock in trade except wastes is valued at lower of cost and net realisable value. Cost is determined as follows:

- in hand	Weighted average method
- in-transit	Invoice price plus other charges paid thereon upto the reporting date
Work-in-process	Weighted average method
Finished goods and trading stock:	Weighted average method

Wastes are valued at net realizable value.

Average manufacturing cost consists of direct materials, labour and proportion of manufacturing overheads. Net realizable value represents the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost to make the sale.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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 Through Other Comprehensive Income (FVTOCI):**

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:**

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:**

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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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 and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified. Other receivables are carried at nominal amount which is the fair value of the consideration to be received in future.

3.6 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash in hand, balances with banks and include short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried in the balance sheet at cost except for foreign currency deposits, which are carried at fair value.

3.7 Trade and other payables

Liabilities relating to trade and other payables are carried at cost which is the fair value of 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

The Company operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. All actuarial gains and losses are recognised in 'other comprehensive income' as they occur.

3.10 Provision for taxation

Tax Liability is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates and charge / credit for prior years or minimum tax payable under the Income Tax Ordinance, 2001, whichever is higher.

Current

The charge for current taxation is calculated on taxable income using the notified rate of taxation after taking into account tax credits and rebates available, if any is recognized as "current income tax expense".

Levies

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income and based on revenue or other basis other than taxable income is classified as levy. Minimum taxes in excess over the amount designated as income tax is recognized as levy falling under the scope of IFRIC 12/IAS 37.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Deferred

Deferred tax is provided, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of recognised or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the date of statement of financial position.

3.11 Financial instruments

3.11.1 Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

- Financial assets at amortised cost

Financial assets at amortised cost are 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. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

- Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is both collecting contractual cash flows and selling 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.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Equity instrument financial assets are measured at fair value at initial recognition and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

3.11.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

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.

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss account in the period in which these are incurred.

3.15 Provisions

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

3.16 Foreign currency translations

All monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the date of statement of financial position, except those covered under forward exchange contracts which are translated at the contracted rate and the foreign currency account maintained for payments in foreign currency which are translated at the rates in effect at the date of transactions. Transactions in foreign currencies are translated into Pak Rupee at exchange rates prevailing at the date of transactions.

Exchange differences are included in current income. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the date of transactions.

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 instruments

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 offset the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

3.19 Leases – (as a lessee)

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the assets on the same basis as owned assets.

The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the initial present value of lease payments, the Company uses the rate of implicit in the lease. If these rate cannot be readily determined the company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Interest-bearing loans.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.20 Correction of prior period error

In prior year's financial statements, deferred tax was erroneously recognized on the revaluation surplus of land, contrary to IAS 12 para 51C, which prohibits the deferred tax recognition on non depreciable assets . Furthermore, purchases and trade payable for the financial year 2023 were understated by an amount of Rs. 16,998,583/- As a result, the financial statements for the prior year have been restated to rectify these errors. The impact of the restatement on the statement of financial position includes an increase in revaluation surplus by Rs. 77,222,185, a decrease in deferred tax liability by Rs. 77,222,185 and net effect on equity of Rs.60,226,602/-.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

3.21 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.22 Critical accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Significant areas requiring the use of management estimates in these financial statements relate to the revaluation of property plant and equipment, staff retirement benefits, taxation, fair value of loan under refinance scheme, useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. 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.

3.23 Change in accounting policy of Taxation

During the year the Institute of Chartered Accountant of Pakistan (ICAP) has withdrawn the Technical Release 27 regarding treatment of final taxes and issued guidance - "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires certain amounts of minimum tax and final tax to be classified separately as a levy instead of current tax expense.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the statement of changes in equity, the statement of cash flows and earning per share as a result of this change.

The effect of the change in accounting policy is summarised below:

For the year ended June 30, 2024			For the year ended June 30, 2023		
Had there been no changes in accounting policy	Impact of changes in accounting policy	After incorporating effect of change in accounting policy	Had there been no changes in accounting policy	Impact of change in accounting policy	After incorporating effect of change in accounting policy

Effect on statement of financial position

Levies payable	-	(198,353)	(198,353)	-	(12,636,922)	(12,636,922)
Provision for taxation	(198,353)	198,353	-	(12,636,922)	12,636,922	-

Effect on statement of profit or loss

(loss) before income tax	(305,908,460)	198,353	(305,710,107)	(770,261,033)	12,636,922	(782,897,956)
Levies	-	198,353	(198,353)	-	12,636,922	12,636,922
Provision for taxation	136,161,533	(198,353)	135,963,180	(37,705,976)	50,342,898	12,636,922

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4. Property, plant and equipment

Operating fixed assets

2024	2023
Rupees	Rupees
4.1	2,368,897,098
	2,557,848,157

4.1 Operating assets

	Company owned										Grand Total
	Freehold Land	Building on freehold land	Plant and machinery	Plant and machinery - Catalyst	Electric installations	Laboratory equipment	Factory equipment	Office equipment	Furniture and fixtures	Vehicles	
R u p e e s											
At July 01, 2022											
Cost / valuation	308,281,250	253,334,999	2,213,940,008	249,593,594	172,989,626	6,731,832	12,404,398	6,974,076	5,143,391	15,631,062	3,245,024,236
Accumulated depreciation	-	31,666,875	138,371,250	75,629,643	172,989,626	4,375,903	12,404,398	5,655,366	4,389,860	10,378,659	455,861,580
Written down value	308,281,250	221,668,124	2,075,568,758	173,963,951	-	2,355,929	-	1,318,710	753,531	5,252,403	2,789,162,656
Reconciliation of written down value at June 30, 2023											
Written down value as at July 01, 2022	308,281,250	221,668,124	2,075,568,758	173,963,951	-	2,355,929	-	1,318,710	753,531	5,252,403	2,789,162,656
Additions	-	-	-	-	-	-	-	-	-	-	8,555,090
Transfer from operating assets to assets held for sale - Note 13.2	-	-	-	-	-	-	-	-	-	-	8,555,090
Cost	-	-	-	77,147,111	-	-	-	-	-	-	77,147,111
Accumulated depreciation	-	-	-	(25,101,793)	-	-	-	-	-	-	(25,101,793)
	-	-	-	52,045,318	-	-	-	-	-	-	52,045,318
Less: Depreciation	-	31,666,875	138,371,252	12,617,421	-	673,183	-	697,409	514,339	3,283,792	187,824,271
Written down value as at June 30, 2023	308,281,250	190,001,249	1,937,197,506	109,301,212	-	1,682,746	-	621,301	239,192	10,523,701	2,557,848,157
At July 01, 2023											
Cost / valuation	308,281,250	253,334,999	2,213,940,008	172,446,483	172,989,626	6,731,832	12,404,398	6,974,076	5,143,391	24,186,152	3,176,432,215
Accumulated depreciation	-	(63,333,750)	(276,742,502)	(63,145,271)	(172,989,626)	(5,049,086)	(12,404,398)	(6,352,775)	(4,904,199)	(13,662,451)	(618,584,058)
Written down value	308,281,250	190,001,249	1,937,197,506	109,301,212	-	1,682,746	-	621,301	239,192	10,523,701	2,557,848,157
Reconciliation of written down value at June 30, 2024											
Written down value as at July 01, 2023	308,281,250	190,001,249	1,937,197,506	109,301,212	-	1,682,746	-	621,301	239,192	10,523,701	2,557,848,157
Less: Disposals	-	-	-	-	-	-	-	-	-	-	(9,498,494)
Cost	-	-	-	-	-	-	-	-	-	-	4,365,908
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	(5,132,586)
Less: Depreciation	-	31,666,875	138,371,250	10,777,905	-	673,183	-	621,301	239,192	1,468,766	183,818,472
Written down value as at June 30, 2024	308,281,250	158,334,374	1,798,826,255	98,523,307	-	1,009,563	-	-	-	3,922,349	2,368,897,098
At June 30, 2024											
Cost / valuation	308,281,250	253,334,999	2,213,940,007	172,446,483	172,989,626	6,731,832	12,404,398	6,974,076	5,143,391	14,687,658	3,166,933,720
Accumulated depreciation	-	(95,000,625)	(415,113,752)	(73,923,176)	(172,989,626)	(5,722,269)	(12,404,398)	(6,974,076)	(5,143,391)	(10,765,309)	(798,036,622)
Written down value	308,281,250	158,334,374	1,798,826,255	98,523,307	-	1,009,563	-	-	-	3,922,349	2,368,897,098

4.1.1 Depreciation for the year has been allocated as under:

Note	2024	2023
	Rupees	Rupees
27	181,489,214	185,426,779
30	484,699	484,699
	1,844,559	1,912,793
	183,818,472	187,824,271

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.1.2 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 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 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 neighbourhood and adjoining areas (level 3).

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 3).

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 3).

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).

4.1.3 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.

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

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

4.1.5 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, 2024

4.1.6 Had there been no revaluation, related figures of Free hold land. building on freehold land and plant and machinery at June 30, 2024 and 2023 would have been as follows:

2024			
Description	Property, plant and equipment		
	Cost	Accumulated depreciation	Book Value
Rupees			
Freehold land	41,997,852	-	41,997,852
Buildings on freehold land	182,914,010	146,063,342	36,850,668
Plant and machinery	1,523,532,126	1,163,174,527	360,357,599
	1,748,443,988	1,309,237,869	439,206,119

2023			
Description	Property, plant and equipment		
	Cost	Accumulated depreciation	Book Value
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
	1,748,443,988	1,263,933,755	484,510,233

4.2 Detail of disposal of operating assets

2024							
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Loss) / gain	Particulars of buyers	Relationship with party
Rupees							
Vehicle (sold by negotiation)	1,030,940	997,690	33,250	2,766,145	2,732,895	Zahid Sarwar , House No 84B ,Iqbal Street, bilal street, Wapda town, Lahore	None
	3,340,900	2,024,350	1,316,550	3,000,000	1,683,450	Nasir Khan House No 6,Azam town, bilal street, Bani Gala, Islamabad	None
	4,524,090	791,716	3,732,374	5,800,000	2,067,626	Abdul Razzaq, Dakhana Silanwali, Chak no 137 SB, Sargodha	None
	602,564	552,152	50,412	911,500	861,088	Sadaat Security company D-block, 3-D jallal street, Al faisal town, Lahore	None
	9,498,494	4,365,908	5,132,586	12,477,645	7,345,059		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

2023							
Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Loss) / gain	Particulars of buyers	Relationship with party
----- Rupees -----							

There is no disposal in this year

	Note	2024 Rupees	2023 Rupees
5. Long term advances	5.1	109,626,266	109,626,266
5.1 This represents advance for revamping of existing Hydrogen Peroxide facility of the company.			
6. Long term deposits	Note	2024 Rupees	2023 Rupees
Against utilities		52,645,173	52,645,173
Others		95,970	95,970
	6.1	52,741,143	52,741,143
6.1 These are interest free deposits			
7. Stores, spares parts and loose tools			
Stores		112,668,832	110,665,436
Spares parts and loose tools	7.1	7,032,292	7,032,293
		119,701,124	117,697,729
7.1 Spares include items that may result in fixed capital expenditure but are not distinguishable.			
	Note	2024 Rupees	2023 Rupees (Restated)
8. Stock in trade			
Raw materials		21,702,674	14,841,673
Packing material		1,803,900	1,803,900
Working solution	8.1	195,270,130	195,270,130
Finished goods		-	12,798,888
		218,776,704	224,714,591
8.1 Working solutions are used in the reaction and holding chambers mainly comprising various chemicals, oils and peroxide solutions of varying concentrations.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

9.	Trade debts		2024 Rupees	2023 Rupees
	Considered good			
	Unsecured			
	Direct customers		89,668,351	86,950,182
	Via traders - net of advances	9.1	215,063,557	203,750,390
			304,731,908	290,700,572
	Allowance for expected credit losses	9.2	(239,948,175)	(163,305,688)
			<u>64,783,733</u>	<u>127,394,884</u>

9.1 These are debtors to whom sales are made through traders. Last year out of Rs. 298.85 million debtors Rs. 95.1 million were secured against advance from traders.

	Note	2024 Rupees	2023 Rupees
9.2	Allowance for expected credit losses		
	At beginning of the year	163,305,688	74,164,624
	Charge for the year	78,982,480	154,424,936
	Write off	(2,339,993)	(65,283,872)
	At end of the year	<u>239,948,175</u>	<u>163,305,688</u>

9.3 The aging of trade debts is as follows:

	2024		2023	
	Receivables	Expected Credit Loss	Receivables	Expected Credit Loss
	-----Rupees-----			
Past due 1 to 90 days	-	-	102,197,181	(12,871,394)
Past due 91 to 180 days	-	-	29,567,119	(1,840,924)
Past due 181 to 270 days	-	-	6,728,059	(1,811,929)
Past due 271 to 360 days	14,900,700	(3,605,794)	2,596,131	(1,322,716)
Past due 361 to 450 days	57,112,720	(28,890,487)	2,093,247	(1,493,397)
Past due 450 days	232,718,488	(207,451,895)	147,518,835	(143,965,328)
	<u>304,731,908</u>	<u>(239,948,175)</u>	<u>290,700,572</u>	<u>(163,305,688)</u>

10.	Loan and advances	Note	2024 Rupees	2023 Rupees
	Considered good			
	Advances			
	Employees against expenses		12,652,073	12,319,246
	Suppliers-net of allowances	10.1	1,102,345	8,313,237
	Income tax		9,541,493	33,192,860
			<u>23,295,911</u>	<u>53,825,343</u>
10.1	Advance to Suppliers-net of allowances			
	Advance to suppliers		45,748,497	52,959,389
	Allowance for doubtful advances	10.1.1	(44,646,152)	(44,646,152)
			<u>1,102,345</u>	<u>8,313,237</u>
10.1.1	Allowance for doubtful advances			
	At the beginning of the year		44,646,152	-
	Charge for the year		-	73,109,152
	Write off		-	(28,463,000)
	At the end of the year		<u>44,646,152</u>	<u>44,646,152</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

11. Tax refunds due from Government

	Note	2024 Rupees	2023 Rupees
Income tax		70,460,525	109,765,831
Sales tax		24,490,790	37,268,295
Less: Provision for sales tax refundable	11.1	-	(15,341,946)
		<u>94,951,315</u>	<u>131,692,180</u>

11.1 Provision for this year Nill (2023: 15.34 million) represents sales tax that is not expected to be recovered. Hence this has been recognised as provision for doubtful recovery.

12. Cash and bank balances

	2024 Rupees	2023 Rupees
Cash in hand	3,630	84,127
Cash at banks:		
In current accounts	11,356,423	7,826,092
In saving accounts	21,202	1,227,916
	<u>11,381,255</u>	<u>9,138,135</u>

12.1 Effective profit rate in respect of saving accounts is 9% to 15.50% per annum (2023: 13% to 19.50% per annum).

13. Non-current asset held for sale

	Note	2024 Rupees	2023 Rupees
Plant and machinery - Catalyst	13.1	-	52,045,318

13.1 Palladium catalyst was reclassified from property, plant and equipment to non current assets held for sale (at lower of written off value or realizable value) last year. This has been disposed off during the year.

13.2 Detail of disposal of Non-current asset held for sale

Description	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Particulars of buyers	Relationship with party
Plant and machinery - Catalyst	77,147,111	(25,101,793)	52,045,318	134,218,743	82,173,425	Umicore N.V.	None

14. Share capital

2024	2023		2024 Rupees	2023 Rupees
Number of shares				
Authorized				
<u>60,000,000</u>	60,000,000	Ordinary shares of Rs. 10/- each fully paid in cash.	<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid up				
<u>55,100,000</u>	55,100,000	Ordinary shares of Rs. 10/- each fully paid in cash.	<u>551,000,000</u>	<u>551,000,000</u>

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, 2024

15. Surplus on revaluation of property, plant and equipment

	Note	2024 Rupees	2023 Rupees
Balance at beginning of the year		1,928,806,906	2,002,922,890
Transferred to unappropriated profit in respect of of incrementa depreciation charged during the year		(124,734,011)	(74,115,984)
		1,804,072,895	1,928,806,906
Related deferred tax liability at the beginning of the year		459,000,672	558,684,772
Transferred to unappropriated profit in respect of Impact of deferred tax recognised on surplus of land incremental depreciation charged during the year		- (36,172,863)	(77,222,185) (22,461,915)
		422,827,809	459,000,672
		1,381,245,086	1,469,806,234

16. Long term financing

Secured			
Under mark-up arrangements			
From banking companies			
Sukuk arrangement - syndicated	16.2	111,279,103	161,279,104
Term finances	16.2	15,460,503	147,213,605
		126,739,606	308,492,709
Less : Current portion			
Payable within one year		126,739,606	(308,492,709)
		-	-

- 16.1** 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, Faysal Bank, 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.

This loan has been rescheduled on December 29, 2023. According to the revised terms, Rs 30M has been paid as down payment. Rs 20M shall be paid on or before Jan 15, 2024 and remaining amount on or before June 30, 2024. Accrued and deferred rental amounting to Rs. 296,696,690/- will be waived off at tail end after full payment of the settlement amount, provided payments are made in a timely manner. Although the due date for payment of settlement amount is already expired, however, the company has paid Rs 50,000,000 during the year ended 30.06.2024 and Rs 25,000,000 in the subsequent period through internal resources. UBL (Trustee of Sukuk Certificate Holders) is accepting payments and the management of the company is negotiating the extension of Settlement Agreement till 31 October 2025.

Effective mark-up rate charged during the year ranges from 6 % to 24.77% per annum (2023: 15.40% to 21.58% per annum).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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.

- 16.2** This facility has been converted from short term borrowing to long term. This facility carries mark-up at one month Kibor plus 2% per annum. The facility was repayable in 16 equal quarterly installments commenced from May, 2023 after one year grace period. Mark-up was to be paid on quarterly basis.

However, during the year, the bank has adjusted Rs. 119.895 million from the proceeds realized on export of catalyst. Payment of remaining principal amount is under negotiation.

	Note	2024 Rupees	2023 Rupees
17. Deferred liabilities			
Staff retirement benefits - gratuity	17.1	-	49,625,297
Gas infrastructure development cess liability	17.2	-	-
Deferred taxation	17.3	345,794,351	479,798,895
		345,794,351	529,424,192

17.1 Staff retirement benefits

General description

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, 2024 are as follows:

		2024 Rupees	2023 Rupees
17.1.1 The amount recognised in the statement of financial position is as follows :			
Present value of defined benefit obligation	17.1.2	-	49,625,297
17.1.2 Movement in net liability recognised			
Opening balance		49,625,297	37,128,898
Expenses recognised in statement of profit or loss	17.1.3	2,853,933	12,299,351
Paid during the year		-	(38,867)
Remeasurement gain/loss on obligation		115,959	235,915
Benefits due but not paid		(52,595,189)	-
		-	49,625,297

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

17.1.3 Expenses recognised in statement of profit or loss

	2024 Rupees	2023 Rupees
Current service cost	1,051,322	8,110,109
Interest cost	1,802,611	4,189,242
	2,853,933	12,299,351

17.2 Gas infrastructure development cess liability

Balance at the beginning of the year	74,600,718	79,945,041
Payment made during the year	-	(5,344,323)
	74,600,718	74,600,718
Less: Payable within one year	(74,600,718)	(74,600,718)
	-	-

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 Honourable 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. The Company has challenged the levy before the Honourable Lahore High Court Lahore on the ground that GIDC cannot be recovered on the basis of section 8 of GIDC Act, 2015. The company has also obtained stay order against payment of installment from the Honourable Lahore High Court Lahore.

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, 2024

	2024 Rupees	2023 Rupees
17.3 Deferred taxation	345,794,351	479,798,895
17.3.1 This comprises of 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	452,386,185	488,559,048
Accelerated depreciation allowance	111,596,940	151,969,080
	563,983,125	640,528,128
temporary differences arising in respect of:		
temporary differences arising in respect of:		
Provision for employee benefits - unfunded	-	(14,391,335)
Allowance for expected credit losses	(69,584,970)	(45,312,745)
Unused tax losses	(148,603,804)	(101,025,153)
	(218,188,774)	(160,729,233)
	345,794,351	479,798,895

17.3.2 Movement in temporary differences for the year

	Balance as at July 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2024
	----- Rupees -----			
Taxable temporary difference				
Revaluation surplus on property, plant and equipment	488,559,048	(36,172,863)	-	452,386,185
Accelerated depreciation allowance	151,969,080	(40,372,140)	-	111,596,940
Deductible temporary difference				
Provision for employee benefits	(14,391,335)	14,424,963	-	-
Allowance for expec. credit loss	(45,312,745)	(24,272,225)	-	(69,584,970)
Unused tax losses	(101,025,153)	(47,578,651)	-	(148,603,804)
	479,798,895	(133,970,916)	-	345,794,351
	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	-	(37,576,322)	-	566,080,282
Revaluation surplus on property, plant and equipment	566,080,282	(99,684,101)	22,162,867	488,559,048
Accelerated depreciation allowance	131,786,258	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 expec. credit loss	(21,044,766)	(24,267,979)	-	(45,312,745)
Unused tax losses (Dep.)	(157,205,714)	56,180,561	-	(101,025,153)
	508,848,680	(51,147,237)	22,094,452	479,798,895

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

17.3.3 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 36.57 as at June 30, 2024 (2023:40.07 million)

18.	Trade and other payables	Note	2024 Rupees	2023 Rupees
	Creditors	18.1	370,875,383	306,972,281
	Accrued liabilities		106,738,259	57,041,062
	Workers' welfare fund		12,608,988	12,608,988
	Retention money		378,292	378,292
	Withholding tax		30,534,814	30,517,602
	Gas infrastructure development cess liability	17.2	74,600,718	74,600,718
	Others		10,122	178,927
			<u>595,746,576</u>	<u>482,297,870</u>

18.1 This includes Rs. 30.34 million (2023: Rs. 42.4 million) payable to Sitara Spinning Mills Limited (associated undertaking) in ordinary course of business. The maximum aggregated amount outstanding during the year was Rs. 30 million.

19.	Contract liabilities	2024 Rupees	2023 Rupees
	Contract liabilities	<u>114,686,028</u>	<u>120,072,352</u>

19.1 This represents advance received from customers for future sale of goods. During the year, the Company has recognized revenue of Nil (2023: Rs. 83.7 million), out of the contract liabilities as at June 30, 2024.

	Note	2024 Rupees	2023 Rupees
20.	Loan from chief executive officer	<u>387,878,976</u>	<u>345,472,000</u>

20.1 This is an interest free loan provided by the chief executive officer of the Company for working capital requirements.

21.	Accrued markup	2024 Rupees	2023 Rupees
	Interest / mark-up payable on:		
	Long term financing	269,818,882	248,973,277
	Short term borrowings	11,717,101	8,347,195
		<u>281,535,983</u>	<u>257,320,472</u>

21.1 This includes markup payable of Rs. 8.015 million (2023: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

22.	Contingencies And Commitment	2024 Rupees	2023 Rupees
22.1	Contingencies		
22.1.1	Bank guarantees issued in favour of : Sui Northern Gas Pipelines Limited for supply of gas.22.1.2	53,538,000	53,538,000
22.1.2	Bank guarantee issued in favour of SNGPL has been expired during the year. Renewal of this guarantee is still in process.		
22.1.3	According to the revised terms of Sukuk arrangement markup of Rs. 296 million will be waived off, provided company makes no default in making the payments as agreed under revised terms of agreement. The company has not made provisions of accrued markup Rs. 27 million in view of waiver clause and negotiation for extension in payment of settled amount.		
22.1.4	The assessing officer of Inland Revenue passed orders under section 11(2) of the Sales Tax Act, 1990 order in respect of tax periods from July-2019 to June-2020 and created demand of Rs. 7,753,680/- vide dated 19-09-2023. Being aggrieved by the orders the company filed appeals before the Commissioner Inland Revenue Appeal. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of the matter, no provision has been made in these financial statements.		
22.1.5	The assessing officer of Inland Revenue passed order u/s 122(5A) of Income Tax Ordinance, 2001 in respect of tax year of 2018 and created demand of Rs. 99,727,610/- vide dated 29-01-2024. Being aggrieved by the order, the company filed appeal before the Appellate Tribunal Inland Revenue, Karachi which is pending for adjudication. The management, based on opinion of its legal advisor believes that there is reasonable probability that the matter will be decided in favour of the Company. Pending the outcome of this matter, no provision has been made in these financial statements.		
22.1.6	Claims of dues / damages of ex-employee of Rs. 561,131/- who were dismissed during the year 2024 is pending before the Labour Court. Pending the outcome of the matter, no provision has been made in these financial statements.		
22.2	Commitments		
	There were no commitment at year end.		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

23.	Sales	Note	2024 Rupees	2023 Rupees (Restated)
	Local			
	Peroxide / Disinfectant	23.1	14,900,700	831,820,895
	Less: Commission and discount		-	(7,822,590)
			14,900,700	823,998,305
23.1	Gross local sales			
	Peroxide / Disinfectant		17,756,976	962,631,009
	Less			
	Sales Tax		(2,856,276)	(138,632,704)
			14,900,700	823,998,305
24.	Cost of sales			
	Raw material consumed	24.1	-	90,521,320
	Feed stock		-	313,176,848
	Fuel and power		3,719,030	298,463,133
	Packing material consumed		-	57,778,649
	Stores, spare parts and loose tools consumed		-	12,718,471
	Salaries, wages and benefits	24.2	10,985,116	86,029,774
	Repairs and maintenance		1,024,108	15,407,425
	Insurance		4,794,193	4,357,540
	Depreciation	4.1.1	181,489,214	185,426,779
	Travelling and conveyance		-	796,623
	Vehicle running and maintenance		-	278,680
	Other expenses		545,148	6,149,215
			202,556,809	1,071,104,457
	Working solution			
	Opening		(195,270,130)	247,337,600
	Closing		195,270,130	195,270,130
			-	52,067,470
	Cost of goods manufactured		202,556,809	1,123,171,927
	Finished goods			
	Opening		12,798,888	4,011,348
	Closing		-	12,798,888
			12,798,888	(8,787,540)
			215,355,697	1,114,384,387
24.1	Raw materials			
	Opening stock		14,841,673	17,795,355
	Purchases including purchase expenses		6,861,001	87,567,638
			21,702,674	105,362,993
	Less: Closing stock		(21,702,674)	(14,841,673)
			-	90,521,320
24.2	Salaries, wages and benefits include Rs. 2.28 million (2023: Rs. 9.84 million) in respect of post employment benefits.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

25.	Distribution cost	Note	2024 Rupees	2023 Rupees
	Commission to distributors		-	17,598,384
	Salaries, wages and benefits		1,407,780	2,421,041
	Printing and stationery		-	28,704
	Travelling and conveyance		3,711	180,246
	Freight and octroi		-	7,348,867
	Vehicle running and maintenance		-	21,500
	Depreciation		484,699	484,699
	Others		50,000	328,367
			1,946,190	28,411,808
26.	Impairment loss on financial assets			
	Allowance for expected credit losses charge for the year	9.2	78,982,480	154,424,936
27.	Administrative expenses			
	Salaries, wages and benefits	27.1	42,371,644	69,096,196
	Directors' remuneration		24,913,128	19,925,090
	Printing and stationery		5,650	2,913,405
	Insurance		117,415	562,304
	Repairs and maintenance		2,204,417	5,690,240
	Travelling and conveyance		7,414,676	15,321,663
	Rent, rates and taxes		100,000	1,534,876
	Vehicle running and maintenance		773,309	3,687,842
	Telephone and postage		171,183	1,659,530
	Fees, subscription and periodicals		5,637,205	2,934,360
	Legal and professional charges		1,407,888	108,884
	Auditors' remuneration	27.2	1,418,000	1,385,175
	Depreciation	4.1.1	1,844,559	1,912,793
	Charity and donation	27.3	-	30,000
	Deposits written off		-	12,120,471
	Impairment loss on Advances		-	73,109,152
	Provision for sales tax refundable		-	15,341,946
	Others		354,960	2,485,305
			88,734,034	229,819,232
27.1	Salaries and benefits include Rs. 0.57 million (2023: Rs. 2.46 million) in respect of post employment benefits.			
27.2	Auditors' remuneration		2024 Rupees	2023 Rupees
	Audit services			
	Annual audit fee		900,000	885,500
	Half yearly review		265,000	253,000
	Non-audit services			
	Compliance report on Code of Corporate Governance		160,500	158,125
	Out of pocket expenses		92,500	88,550
			1,418,000	1,385,175
27.3	Safia Ghafoor Trust are related parties of the Company based on common directorship of Mr. Imran Ghafoor. During the year, Nil (2023:Rs. 0.03 million) were paid to Safia Ghafoor Trust.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

28. Finance cost	2024 Rupees	2023 Rupees
Interest / mark-up on:		
Long term financing	6,920,445	18,048,650
Short term borrowings	3,701,605	13,613,795
Interest on SUKUK	13,925,160	30,516,635
Markup on running finance	-	1,414,927
Faisal bank guarantee commission	-	2,294,255
Bank charges and commission	400,149	2,559,789
	24,947,359	68,448,051
29. Other income		
From financial assets:		
Profit on bank accounts	34,822	79,075
From other than financial assets:		
Scrap sales	-	1,150,000
Gain on disposal of operating assets	7,345,059	-
Gain on disposal of non current asset held for sale	82,173,425	-
	89,553,306	1,229,075
30. Levies		
Minimum tax differential	198,353	12,636,922
30.1 This represents minimum tax under section 113 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21/IAS 37.		
	2024 Rupees	2023 Rupees
31. Provision for taxation		
Current		
For the year	-	-
For prior years'	(2,388,970)	804,339
Deferred	(133,970,916)	(51,147,237)
	(136,359,886)	(50,342,898)
31.1 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account, is as follows:		
	2024 Rupees	2023 Rupees
Current tax liability for the year as per applicable tax laws	198,353	12,636,922
Portion of current tax liability as per tax laws:		
representing income tax under IAS 12	-	-
representing levy in terms of requirements of IFRIC 21/IAS 37	(198,353)	(12,636,922)
Difference	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
31.2 Relationship between tax expense and accounting profit		
Accounting Profit / (loss) for the year before Levies and income tax	(305,511,754)	(770,261,033)
Tax on accounting profit at the applicable tax rate of 29%	-	-
Adjustments of prior years in respect of current tax	(2,388,970)	804,339
Deferred tax	(133,970,916)	(51,147,237)
Minimum tax	198,353	12,636,922
Levies and income tax	(136,161,533)	(37,705,976)

32 Earning per share - Basic and diluted		2024	2023
The calculation of basic earnings per share is based on the following data:			
(Loss) for the year	Rupees	(169,350,221)	(792,778,660)
Weighted average number of ordinary shares outstanding during the year	Number	55,100,000	55,100,000
Earning per share - basic and diluted	Rupees	(3.07)	(14.39)

33. REMUNERATION TO CHIEF EXECUTIVE OFFICER, A DIRECTOR AND EXECUTIVES

	2024			2023		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
Remuneration	15,344,592	1,246,626	2,826,400	12,683,613	519,427	15,989,681
House rent allowance	4,603,378	373,987	847,920	3,805,078	155,828	4,796,899
Utilities allowance	1,534,459	124,660	282,640	1,268,332	51,942	1,598,931
Medical allowance	1,534,459	124,664	282,640	1,268,377	51,943	1,598,984
Other allowance	10,200	16,104	20,400	163,841	6,711	206,541
	23,027,088	1,886,041	4,260,000	19,189,241	785,851	24,191,036
Number of persons	1	1	2	1	1	10

- 33.1** Chief Executive Officer and two executives are also provided with Company maintained cars.
- 33.2** 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.
- 33.3** No remuneration is paid to non executive directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

34. AGGREGATE TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors and key management personnel. 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 32 to these financial statements. Other significant transactions with related parties are as follows:

Name of the related party	Relationship and Percentage	Transactions during the year	2024 Rupees
Imran Ghafoor	Chief Executive Officer	Loan obtained Loan repaid	48,900,000 (5,126,869)

35. PLANT CAPACITY AND ACTUAL PRODUCTION

	2024 Tons	2023 Tons
Production capacity	30,000	30,000
Actual production	-	4,427

Plant remain closed during the year.

36. NUMBER OF EMPLOYEES

	2024	2023
Total number of employees as at June 30,	15	262
Average number of employees for the year	18	277

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2024		
	Balance as at June 30, 2023	Availed during the period	Repaid during the period
	Rupees.....		
Long term financing	254,163,847	147,213,605	92,864,303
Long term financing	308,492,709	-	181,753,103
Loan from chief executive officer	345,472,000	48,900,000	6,493,024
Short term borrowings	-	-	-
	653,964,709	48,900,000	188,246,127
			514,618,582

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	2023		
	Balance as at June 30, 2023	Availed during the period	Repaid during the period
	Rupees.....		
Long term financing	254,163,847	147,213,605	181,753,103
Loan from chief executive officer	25,000,000	320,472,000	-
Short term borrowings	129,184,740	(129,184,738)	-
	408,348,587	338,500,867	92,864,303
			653,964,709

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through the mix of equity, debt and working capital management with a view to maintain an appropriate mix between various sources of finance to minimise risk. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

38.1 FINANCIAL INSTRUMENTS BY CATEGORY

	2024 Rupees	2023 Rupees
Financial assets at amortised cost:		
Long term deposits	52,741,143	52,741,143
Trade debts	64,783,733	127,394,884
Cash and bank balances	11,381,255	9,138,135
	128,906,131	189,274,162
Financial liabilities at amortised cost:		
Long term financing	126,739,606	308,492,709
Trade and other payables	370,875,383	347,571,978
Loan from Chief Executive officer	387,878,976	345,472,000
Accrued markup	281,535,983	257,320,472
	1,167,029,948	1,258,857,159

38.2 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

38.2.1 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk. The maximum exposure to credit risk at the reporting date is as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Long term advances	109,626,266	109,626,266
Long term deposits	52,741,143	52,741,143
Trade debts	64,783,733	127,394,884
Bank balances	11,377,626	9,054,008
	238,528,768	298,816,301

Due to Company's long standing relations with counterparties and after giving due consideration to their financial standing, the management does not expect non performance by these counter parties on their obligations to the Company.

For trade debts credit quality of the customer is assessed, taking into consideration its financial position and previous dealings. Individual credit limits are set. The management regularly monitor and review customers credit exposure. The aging of trade debts as at statement of financial position date is as under:

	2024 Rupees	2023 Rupees
Not past due	64,783,733	131,421,990
Past due	239,948,175	159,278,582
	304,731,908	290,700,572

Based on the past experience and taking into consideration, the financial position, and previous record of recoveries, the Company believes that trade debts past due do not require any impairment other than the provision charged during the year. The credit risk exposure is limited in respect of bank balances as these are placed with foreign and local banks having good credit rating from international and local credit rating agencies.

	2024 Rupees	2023 Rupees
The bank balances alongwith credit rating is as follows.		
Credit Rating		
Bank balances		
AAA	10,959,525	4,487,765
AA+	1,000	1,000
Others	417,101	4,565,243
	11,377,626	9,054,008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Bank	Rating		Rating agency	2024	2023
	Short term	Long term		Rupees	
Meezan Bank Ltd	A-1+	AAA	JCR-VIS	1,391,356	354,865
Habib Bank Limited	A-1+	AAA	JCR-VIS	9,565,858	3,893,324
Faysal Bank Limited	A-1+	AA	JCR-VIS	77,605	79,964
National Bank of Pakistan	A-1+	AAA	JCR-VIS	-	-
Bank Al Habib Ltd	AAA	A-1+	PACRA	2,311	234,681
United Bank Limited	A-1+	AAA	JCR-VIS	-	-
Askari Bank Limited	A-1+	AA+	PACRA	1,000	3,535
JS Bank Limited	A-1+	AA-	PACRA	54,765	54,765
First Women Bank	A-2	A-	PACRA	1,380	60,880
Summit Bank Ltd	A-3	BBB-	JCR-VIS	283,351	4,371,994
				11,377,626	9,054,008

38.2.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and maintaining adequate reserve borrowing facilities. This includes maintenance of statement of financial position liquidity ratios through working capital management. Following are the contractual maturities of financial liabilities including interest payment as at June 30, 2024 and 2023:

	2024		
	Carrying amount	Contractual cash flows	Six months or less
	Rupees.....		
Financial liabilities:			
Long term financing	126,739,606	126,739,606	126,739,606
Trade and other payables	370,875,383	370,875,383	370,875,383
Loan from chief executive officer	387,878,976	387,878,976	387,878,976
Accrued markup	281,535,983	281,535,983	281,535,983
	1,167,029,948	1,167,029,948	1,167,029,948
	Rupees.....		
Financial liabilities:			
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
Loan from chief executive officer	345,472,000	345,472,000	345,472,000
Accrued markup	257,320,472	257,320,472	257,320,472
	1,376,584,467	1,376,584,467	1,376,584,467

The company is exposed to significant liquidity risk. The Company will manage the liquidity risk from its own source through working capital management. The Company has liquid assets of Rs. 193.31 million (2023: Rs. 313.74 million) and has plan of disposal of fixed assets and injection of funds by the sponsors to manage the liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

38.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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 returns.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Majority of interest rate risk arises from borrowings from banks and deposits in bank. The interest rate profile of the Company's interest bearing financial instruments is presented in relevant notes to the financial statements.

Sensitivity analysis

Sensitivity to interest rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period.

Fair value sensitivity analysis for fixed rate instruments

The Company has no fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not effect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

Had the interest rate been increased / decreased by 1% at the reporting date with all other variables held constant, Loss for the year and equity would have been higher / lower by Rs. 2.18 million (2023: Rs. 3.08 million).

ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to currency risk.

38.3 Fair values of financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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, regardless of whether that price is directly observable or estimated using another valuation technique.

38.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay financing from / to financial institutions.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total from banks borrowings. Total capital comprises shareholders' equity as shown in the statement of financial position under 'share capital and reserves' and net debt (net of cash and cash equivalent).

The salient information relating to capital risk management of the company as of June 30, 2024 and 2023 were as follows:

		2024 Rupees	2023 Rupees (Restated)
Total Debt	16 & 20	514,618,582	653,964,709
Less: Cash and bank balances	12	11,381,255	9,138,135
Net Debt		503,237,327	644,826,574
Total equity		1,211,574,676	1,381,007,229
Total capital		1,714,812,003	2,025,833,803
Gearing ratio		29.35%	31.83%

39. These financial statements were authorised for issue on 30 July 2025 by the Board of Directors of the Company.

40. General

40.1 Figures have been rounded to the nearest Rupee except where mentioned rounding off in Rupees in million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

40.2 Re-Arrangements / Re-classification

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There were no significant reclassification / restatement to these financial statements during the year except as mentioned below.

Deferred taxation of Rs. 557,021,081/- was shown as a separate line item under the head "Non Current Liabilities". This has been grouped item under the head "Deferred Liabilities" for better representation.

Advance Income tax of Rs. 32,192,860/- was shown as a separate line item under the head "Current Assets". This has been grouped item under the head "Loan and advances" for better representation.



Chief Executive 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 _____ at _____ pm at
_____ 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 پرائیویٹ لمیٹڈ

پرائیویٹ فارم

اجلاس عام

میں / ہم

ستاره پرائیویٹ لمیٹڈ کے ممبر / 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 پرائیویٹ 21 نومبر 2024 بروز جمعرات بوقت 03:00 بجے دوپہر

بمقام انسٹیٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، 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 کا حق دیتا ہوں۔

ریونیو اسٹامپ

کی قیمت

دستخط پرائیویٹ

دستخط شیئر ہولڈر

2024

بتاریخ

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 پرائیویٹ اپنی جانب سے شرکت کرنے اور ووٹ دینے کے لئے مقرر کرے۔

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

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

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

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

(c) پرائیویٹ 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 (بجز اگر پہلے ہی جمع کروادی گئی ہے) پرائیویٹ فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔



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