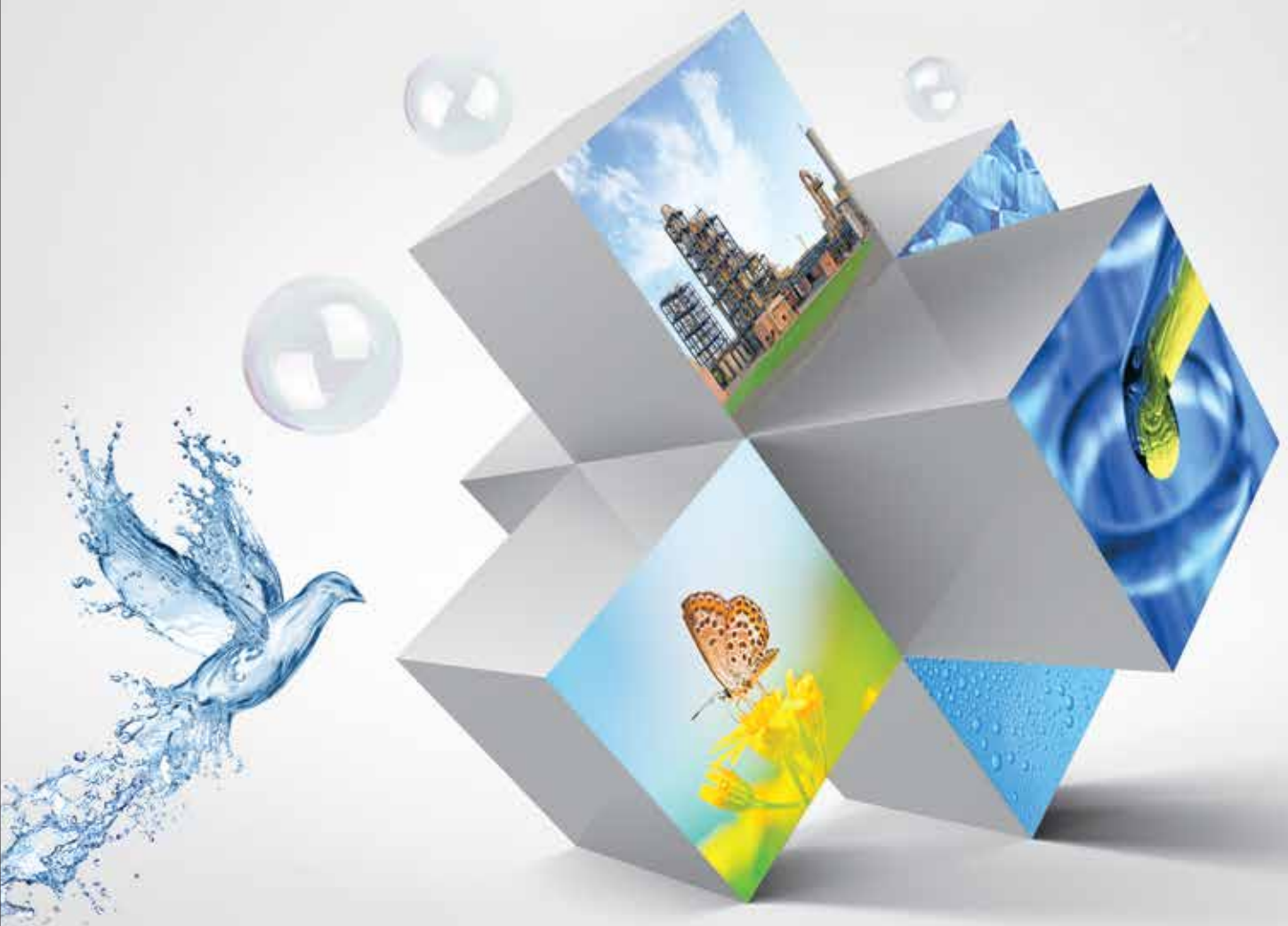


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Annual Report

22



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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.



Board of Directors	Mrs. Sharmeen Imran Mr. Imran Ghafoor Mr. Haroon Ahmed Zuberi Mr. Ejaz Hussain Mr. Yasir Ahmed Awan Mr. Zahid Aslam	Chairperson Chief Executive Officer Executive Director Non-Executive Director Non-Executive Director Independent Director
Chief Financial Officer	Mr. Waqar Hafeez (FCA)	
Company Secretary	Mr. Mazhar Ali Khan	
Head of Internal Audit	Mr. Zia-ul-Mustafa	
Audit Committee	Mr. Zahid Aslam Mrs. Sharmeen Imran Mr. Zia-ul-Mustafa	Chairman Member Secretary
Human Resource and Remuneration Committee	Mr. Imran Ghafoor Mr. Ejaz Hussain	Member Member
External Auditors	M/s. Yousuf Adil, Chartered Accountants	
Legal Advisor	Sahibzada Waqar Arif	
Registered Office	601-602 Business Centre, Mumtaz Hassan Road, Off. I.I. Chundrigar Road, Karachi-74000. Ph: 021 32401373, 32413944	
Company Website	www.sitaraperoxide.com	
Bankers	Al Baraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited Faysal Bank Limited Habib Bank Limited MCB Bank Limited Meezan Bank Limited National Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited Summit Bank Limited United Bank Limited JS Bank Limited First Women Bank Limited Bank Al Habib Limited	
Share Registrar	THK Associates (Private) Limited Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi - 75500, Pakistan. UAN: (92 21) 111-000-322 Ph: (92 21) 35310183-84 Fax: (92 21) 35310191	
Head Office & Project Location	26 - KM Sheikhpura Road, Faisalabad. Ph : (92 41) 2400900-2, 2400904-5	

Notice is hereby given that the Annual General Meeting (“AGM”) of Sitara Peroxide Limited (the “Company”) will be held on Friday, October 28, 2022 at 3:00 pm at the Auditorium of Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Block 8 Clifton, Karachi in person and via video link to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on October 27, 2021.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2022 together with the Reports of Directors and Auditors thereon.
3. To appoint Auditors and to fix their remuneration for the year ending June 30, 2023. The present auditors, M/s. Yousuf Adil, Chartered Accountants, have retired and being eligible, have offered themselves for re-appointment. The Board of Directors recommends, based on the recommendation of Board Audit Committee, appointment of M/s. Yousuf Adil, as auditors for the ensuing year.
4. To elect 7 (seven) Directors of the Company as fixed by the Board of Directors in accordance with the provision of Section 159 of the Companies Act, 2017 (“the Act”) for a term of three years commencing from October 28, 2022. The retiring Directors are as under:

1. Mr. Imran Ghafoor	2. Mrs. Sharmeen Imran
3. Mr. Yasir Ahmad Awan	4. Mr. Ejaz Hussain
5. Mr. Haroon Ahmed Zuberi	6. Mr. Zahid Aslam
7. Mr. Saim Bin Saheed	
5. To transact any other business with the permission of the Chair.

By order of the Board



MAZHAR ALI KHAN
Company Secretary

Karachi:
October 7, 2022

NOTES:
CORONA VIRUS CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS:

Due to current COVID-19 situation, as per the advice of the Government and directives of the Securities and Exchange Commission of Pakistan (“SECP”) in terms of its Circular No.4 of 2021 dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 3, 2021, the Annual General Meeting of the Company will be convened in person as well as virtually via video conference facility while ensuring compliance with the quorum requirements and request to the Members to consolidate their attendance and voting at the AGM through proxies.

Accordingly, 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.agm2022@sitaraperoxide.com with subject of ‘Registration for AGM’ not less than 48 hours before the time of the meeting:

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

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

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address comments.agm2022@sitaraperoxide.com.

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

CLOSURE OF SHARE TRANSFER BOOKS

The Share Transfer Books of the Company will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Limited, Plot no. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi before the close of business on October 21, 2022 will be treated in time for the purpose to attend and vote at the Annual General Meeting of the Company.

ELECTION OF DIRECTORS

- a. In terms of Section 159(1) of the Act, the Board has fixed the number of Directors at 7 (seven) through a resolution passed in the meeting of Board held on April 28, 2022 to be elected in AGM of the Company for a period of next 3 (three) years.
- b. Any person who is desirous to contest the election of Director shall file with the Company a notice of his / her intention to offer himself / herself for election as a Director under Section 159(3) of the Act, alongwith the consent to act as a Director in Form-28 under Section 167 of the Act and a detailed profile alongwith office address, for placement onto the Company's website, in terms of SRO 1196(I)/2019 dated October 3, 2019 issued by Securities and Exchange Commission of Pakistan ("SECP"), not later than 14 (fourteen) days before the AGM.

Furthermore, Declarations be provided, confirming being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Code") and the eligibility criteria, for a director under Section 153 of the Act.

- c. A director must be a member of the Company at the time of filing his/ her consent for contesting election of directors except a person representing a member, which is not a natural person.
- d. The selection of Independent Directors will be complied with the requirements of Section 166 of the Act and Regulation 6 of the Code.
- e. The final list of contesting Directors will be circulated not later than 7 (seven) days before the date of the AGM, in terms of Section 159(4) of the Act, Further, the website of the Company will also be updated with required information.
- f. A copy of the relevant documents may be obtained from the office of the Company Secretary of the Company or may be downloaded from the website of Securities and Exchange Commission of Pakistan (SECP).

PARTICIPATION IN THE ANNUAL GENERAL MEETING.

A member entitled to attend and vote at this meeting is entitled to appoint another person as his/her proxy to attend and vote. Proxies in order to be effective must be received at Company's Share Registrar's Office M/s. THK Associates (Pvt.) Limited, Plot no. 32-C, Jami Commercial Street 2, D.H.A Phase VII, Karachi duly stamped and signed not less than 48 hours before the time of meeting.

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

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

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

POSTAL BALLOT

Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of election of Directors, where in case number of contestants are more than the number of directors to be elected, members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through any electric mode, in accordance with the requirements and procedure contained in the aforesaid regulations.

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.

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.

PLACEMENT OF FINANCIAL STATEMENTS:

The audited financial statements of the Company for the year ended June 30, 2022 have been placed at the Company's website: www.sitaraperoxide.com

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

Statement of Material Facts under Section 166(3) of the Companies Act, 2017 in respect of Election of Directors

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act, and they meet the criteria laid down under Section 166(2) of the Act and shall be listed on the data bank of Independent Directors maintained by Pakistan Institute of Corporate Governance. Further their selection shall be made due to their respective core competencies, diversity, skill, knowledge and experience.

Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the financial statements of Sitara Peroxide Limited (SPL) for the year ended June 30, 2022.

During this year, the macro-economic environment of Pakistan remained challenging. By the grace of God, Economy of Pakistan has fully rebounded after Covid-19 lock-downs. During the previous year, Your Management has been able to earn profits during the current financial year by effectively controlling production costs, managing operational and financial costs and maintaining its market share despite highly challenging business environment.

We are driven by our vision to be the leading hydrogen peroxide manufacturing company of Pakistan. SPL's aim is to enhance its competitive position by extending manufacturing capacities, strengthening research and development, further expanding its presence in market and delivering on all fronts. We will continue to operate with commitment and integrity with strong focus on achieving optimal performance by investing in our health, safety and environment.

I am pleased to report that the performance of the Board remained par excellence throughout the year and its contributions effectively steered the Company towards achieving its objectives. Simultaneously, the Board has actively monitored core aspects of corporate governance via the HR and Remuneration Committee and Audit Committee. Board of Sitara Peroxide Limited continues to play a crucial role in leading the company towards its mission of becoming a leading hydrogen peroxide manufacturing Company in Pakistan. Despite several factors like commodity crises, rising cost of energy and looming risk of devaluation of Pak Rupee, I am positive that SPL is well equipped to face and overcome future challenges and is well prepared to capitalize on coming opportunities.

On behalf of the Board, I acknowledge the unwavering commitment of our management and employees; and want to express appreciation for our customers, suppliers, Government and all other stakeholders who have supported and contributed towards SPL's advancement and progress.

Faisalabad
October 7, 2022



Mrs. Sharmeen Imran
Chairperson

Dear Shareholders

Yours directors feel pleasure in presenting annual audited financial statements along with auditor's report thereon for the year ended June 30, 2022. The main financial highlights of the financial year under review are as follows:

The financial year 2021-22, was another challenging year for the country, the deteriorating energy crises, law and order issues and political instability, has put forth pressure on the economy, industrial growth and has put a question sign of industrial sustainability. The overall situation of business remains tough due to the high costs of inputs, energy shortfall especially natural gas curtailments, devaluation of Pak Rupee, higher KIBOR; thus impacting unconstructively on aggregate demands of different sectors.

Financial Overview

	2022	2021
	----- Rupees -----	
Sales	1,742,727,077	1,865,396,616
Cost of Sales	1,805,930,667	1,674,177,794
Gross (loss)/ profit	(63,203,590)	191,218,822
Net (loss)/ profit after tax	(341,211,464)	34,708,339
Earning per share	(6.19)	0.63

During financial year under review, the company registered annual sales of Rs. 1,743 million against Rs. 1,865 million in corresponding financial year showing year on year decrease of 7%. Prices of hydrogen peroxide remained comparatively higher during the year. However, due to decrease in volume sold, net sales decreased during the year. Decrease in volume of sales is due to lower capacity utilization of plant. Cost of sales of the Company remained Rs. 1,806 million against Rs. 1,674 million during the last year showing increase of 8%. Major reason of increase in cost of sales is huge rise in tariff of RLNG. Gross loss remained 63 million in the current financial year as compared to gross profit of Rs. 191 million in the corresponding financial year due to higher tariff of RLNG, higher costs of chemicals, rise in packing cost, lower capacity utilization. Due to efficient monitoring of operating procedures, administration, distribution and other operating expenses are kept in check. The company recorded net loss of Rs. 341 million during current year against net profit of Rs. 35 million in the corresponding year. Earning per share for the current financial year remained Rs. (6.19) against earning per share of Rs. 0.63 in corresponding financial year.

From July 2021 onwards, the Company is facing challenge of unprecedented rise in tariff of Re-gasified Liquefied Natural Gas (RLNG). The Company uses RLNG as feedstock in manufacturing of Hydrogen Peroxide and its captive power house in also run on RLNG. Unlike exporters, fertilizer manufacturers etc which receive natural gas at subsidized rate, the Company is exposed to fluctuations in tariff of RLNG in international market. As against tariff of US\$ 6.5 per MMBTU for exporters, the Company has been charged tariff of US\$ 16 – US\$ 22 per MMBTU (as high as Rs. 4,900 per MMBTU) during the financial year under review. Till June 2021, the average RLNG tariff charged by SNGPL had been approximately US\$ 9-10 (; thus the Company had to face 60% increase in the price of its feed stock and power generation. Being an import substitution manufacturing concern, the Company was unable to completely transfer the burden of rise of RLNG tariff on its customers.

Major reason of rise in RLNG in international market is ongoing commodity crises and Russia – Ukraine war; which has pushed spot tariff of RLNG shipments to US\$ 30 per MMBTU and above. As global demand of RLNG has been on higher side due to resumption of economic activities in post Covid times; and supply of natural gas to EU is on lower side due to on-going Russia – Ukraine war, RLNG prices are not expected to return to normal levels soon.

In order to avoid any such situation the Company's management is taking all possible measures. In this regard, sponsors of the Company have decided to immediately inject the funds into the Company. Sponsors' loan of Rs. 25 million (Rupees twenty five million only) had been injected into the Company till 30th June 2022 (which have been reflected in financial statements of the Company as 'sponsors loan'). Subsequent to balance date, the sponsors' have further injected Rs. 166 million (Rupees One Hundred Sixty Six Million). Till date, total amount of sponsor's loan has been Rs. 191 million (Rupees One Hundred Ninety One Million).

The sponsors' have planned to further inject Rs. 400 million (Rupees Four Hundred Million Only) in the Company. These funds shall be utilized to open letter of credits to complete 'Balancing, Modernization and Replacement' (BMR); which will enhance the production capacity of existing plant by 40% and will result in significant reduction in cost of production of the Company. The management believes that above measures would enable the Company to earn profits and generates free cash flows. Accordingly, these financial statements have been prepared on a going concern basis. The management of the Company is confident that with injection of above mentioned funds and completion of BMR, the Company will come out of losses and generate profits.

The Company has been in negotiation with Sukuk consortium to finalize a rescheduling agreement. The Company had issued privately placed diminishing musharaka based Sukuk certificates to a consortium of financial institutions.

The Company produced 18,247 MT of hydrogen peroxide and achieved production capacity of 61% which is lower than the capacity utilization achieved during previous financial year. Major reason of decrease in capacity utilization is lower reactivity of catalyst. However, the Company has decided to carry out BMR/ technology change. Fixed bed catalyst shall be replaced with slurry catalyst which will bring material increased in production capacity of plant. Natural Gas is our main local raw material, we are fully aware of the fact that our long term success and growth depends on continuous supply of natural gas at desired pressure.

Marketing Overview

We believe in quality production and all that is essential for building long-term relationships with our customers for mutual success and growth. We believe in creating opportunities for success by building our credibility and maintaining reliable partnerships. Sitara peroxide Limited is bound to become the most trusted supplier for Hydrogen Peroxide, available in various forms and concentrations to meet our clients' specific needs. Your company has established a strong marketing and sale network to capture the maximum market share.

Your company maintained the momentum of growth through strong marketing efforts and operational efficiencies despite of the highly challenging business environment. By the grace of Almighty Allah, we are successful in retaining our market share in the current year and now as the local economy in general and textile sector in particular is expected to recover, your management is confident to avail this opportunity fully.

Board of Directors

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

Director	Meetings held	Meetings attended
(i) Mrs. Sharmeen Imran (Chairperson)	5	5
(ii) Mr. Imran Ghafoor (CEO)	5	5
(iii) Mr. Haroon Ahmad Zuberi	5	5
(iv) Mr. Ejaz Hussain	5	4
(v) Mr. Yasir Ahmed Awan	5	5
(vi) Mr. Zahid Aslam	5	5
(vii) Mr. Mahmood Ahmad	5	4

The Board consists of seven directors, effectively representing interest of shareholders including minority stockholders. There are three non-executive directors, two independent directors and two executive directors. The independent directors have been representing the non-controlling/ minority interests, while non-executive directors are possessing relevant industry experience.

The status of directorship (independent, executive, nonexecutive) is indicated in the Statement of Compliance with the Code of Corporate Governance, issued by the Company. To ensure effective, efficient and independent decision making, Board comprises of qualified professionals having knowledge, experience and expertise to run the affairs of the Company. In order to effectively monitor the Company's performance and keep its management accountable, the Board met at least once every quarter.

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

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

The Human Resource and Remuneration Committee comprise of two non-executive directors and one executive director with the Chairman being an independent non-executive director.

Compliance with Corporate Governance

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

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

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

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

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

Management, and establishing an effective ethics and compliance framework.

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

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

Pattern of Shareholding

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

Employee Benefit Plan

The Company operates a non-funded defined benefit plan (gratuity scheme) for its permanent employees. The latest actuarial valuation was carried out on June 30, 2022. The Company has fully paid all obligations against this scheme in 2021-22.

Dividends

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

Auditors

The existing external auditors M/S Yousuf Adil, Chartered Accountants, shall retire on the conclusion of the 19th Annual General Meeting. Being eligible, they offered themselves for re-appointment as auditors of the Company for financial year ending June 30, 2023. The audit committee has recommended appointment of aforesaid M/S Yousuf Adil, Chartered Accountants as external auditors for the financial year ending June 30, 2023.

Acknowledgment

We would like to thank and congratulate our board members for their determination and efforts. We would also take an opportunity to appreciate the support, dedication and commitment of our bankers, customers, dealers, suppliers and other stakeholders. The Board also expressed appreciation for the resigning directors.

The Board would also place on the record its appreciation for the hard work, enthusiasm, professionalism and efforts of our senior management, officers and workers. In these challenging times, we continue to focus to meet our shareholders expectations by following the strategy of sustainability, growth, best customer care and maximizing productivity.

We are forwarding to 2022-23, with hope and confidence, we know we have to face challenges ahead but with better strategy and with courage. Let us pray to Almighty Allah to give us strength and wisdom to face the coming

challenges with more eagerness for the growth of our company.

Future Outlook

Natural Gas is our feedstock and our long term success and growth depends on continuous supply of natural gas at competitive tariff. The Company uses RLNG as feedstock in manufacturing of Hydrogen Peroxide and its captive power house is also run on RLNG. Currently, local manufacturing industry of hydrogen peroxide is facing challenge of unprecedented rise in tariff of RLNG. Unlike exporters, fertilizer manufacturers etc which receive natural gas at subsidized rate, hydrogen peroxide industry is exposed to fluctuations in tariff of RLNG in international market. Major reason of rise in RLNG prices in international market is ongoing commodity crises and Russia – Ukraine war which has pushed spot tariff of RLNG to record high levels. Global demand of RLNG has been on higher side due to resumption of economic activities after end of COVID-19 lockdowns.

Our Company has been striving to enter in bulk supply agreements with local industries to reduce packing costs. The Company is also trying to increase re-cycling of its 30-kg Jerry cans to increase its packing cost further. Further, research and development work has been continuously carried out to improve capacity utilization, efficiency of production process and to reduce input costs.

However, higher Kibor, devaluation of Pak Rupee and rising costs of inputs are serious challenges for the manufacturing industry of Pakistan.

For and on behalf of the
Board of Directors



IMRAN GHAFOR
Chief Executive Officer

October 7, 2022
Faisalabad

اعتراف

ہم اپنے بورڈ ممبران کا ان کے عزم اور کوششوں کی لیے شکریہ اور مبارکباد دینا چاہیں گے۔ ہم اپنے بینکرز، صارفین، ڈیلرز، سپلائرز اور دیگر اسٹیک ہولڈرز کی حمایت، لگن اور عزم کی تعریف کرنے کا موقع بھی لیں گے۔ بورڈ نے مستعفی ہونے والے ڈائریکٹرز کی تعریف بھی کی۔

بورڈ ہماری اعلیٰ انتظامیہ، افسران اور کارکنوں کی محنت، جوش، پیشہ ورانہ مہارت اور کوششوں کے لیے اپنی تعریف بھی ریکارڈ پر رکھے گا۔ ان مشکل وقتوں میں، ہم پائیداری، ترقی، بہترین کسٹمر کیئر اور زیادہ سے زیادہ پیداواری حکمت عملی پر عمل کرتے ہوئے اپنے شیئر ہولڈرز کی توقعات کو پورا کرنے پر توجہ مرکوز کرتے رہتے ہیں۔

ہم امید اور اعتماد کے ساتھ 2022-23 کی طرف آگے بڑھ رہے ہیں، ہم جانتے ہیں کہ ہمیں آگے چیلنج کا سامنا کرنا ہے لیکن بہتر حکمت عملی اور ہمت کے ساتھ آئیے اللہ تعالیٰ سے دعا کرتے ہیں کہ وہ ہمیں اپنی کمپنی کی ترقی کے لیے مزید بے تابی کے ساتھ آنے والے چیلنجوں کا مقابلہ کرنے کی قوت اور حکمت عطا کرے۔

مستقبل کا جائزہ

قدرتی گیس ہمارا فیڈ اسٹاک ہے اور ہماری طویل مدتی کامیابی اور ترقی کا انحصار مسابقتی ٹیرف پر قدرتی گیس کی مسلسل فراہمی پر ہے۔ کمپنی RLNG کو ہائیڈروجن پیروآکسائیڈ کی تیاری میں فیڈ اسٹاک کے طور پر استعمال کرتی ہے اور اس کے کیٹیپو پاور ہاؤس بھی RLNG پر چلتی ہے۔ فی الحال، ہائیڈروجن پیروآکسائیڈ کی مقامی مینوفیکچرنگ انڈسٹری کو RLNG کے ٹیرف میں غیر معمولی اضافے کے چیلنج کا سامنا ہے۔ برآمد کنندگان، فریٹلائزر مینوفیکچررز وغیرہ کے برعکس جو قدرتی گیس سبسڈی والے نرخ پر حاصل کرتے ہیں، ہائیڈروجن پیروآکسائیڈ انڈسٹری بین الاقوامی مارکیٹ میں RLNG کے ٹیرف میں اتار چڑھاؤ کا شکار ہے۔ بین الاقوامی منڈی میں RLNG کی قیمتوں میں اضافے کی بڑی وجہ اجناس کا جاری بحران اور روس یوکرین جنگ ہے جس نے RLNG کے اسپاٹ ٹیرف کو ریکارڈ بلندی تک پہنچا دیا ہے۔ COVID-19 لاک ڈاؤن کے خاتمے کے بعد معاشی سرگرمیاں دوبارہ شروع ہونے کی وجہ سے RLNG کی عالمی مانگ میں اضافہ ہوا ہے۔

ہماری کمپنی پیلنگ کے اخراجات کو کم کرنے کے لیے مقامی صنعتوں کے ساتھ بلک سپلائی کے معاہدے کرنے کی کوشش کر رہی ہے۔ کمپنی اپنی پیلنگ لاگت کو مزید بڑھانے کے لیے اپنے 30 گلو جبری کین کی ری سائیکلنگ کو بڑھانے کی بھی کوشش کر رہی ہے۔ مزید یہ کہ صلاحیت کے استعمال، پیداواری عمل کری کارکردگی کو بہتر بنانے اور ان پٹ لاگت کو کم کرنے کے لیے تحقیق اور ترقی کا کام مسلسل جاری ہے۔

تاہم، زیادہ کپور، پاکستانی روپے کی قدر میں کمی اور ان پٹ کی بڑھتی ہوئی لاگت پاکستان کی مینوفیکچرنگ انڈسٹری کے لیے سنگین چیلنجز ہیں۔



عمران غفور
چیف ایگزیکٹو آفیسر

17 اکتوبر 2022
فیصل آباد

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

حصص یافتگان، قرض دہندگان، ملازمین، صارفین اور سپلائرز کو مطمئن کرنے کے لیے طویل مدتی اسٹریٹجک اہداف کو حاصل کرنے کے لیے کمپنی کی ساخت، آپریٹنگ اور کنٹرول کے لیے 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 لیے دوستانہ ہو اور مقامی کمیونٹی کی ضروریات کو پورا کرتا ہو۔

یہ سمجھنا کہ اچھی کارپوریٹ گورننس کسی بھی کمپنی کی سالمیت اور سادھ کے لیے ایک لازمی شرط ہے، منصفانہ اور جوابدہی کو یقینی بنا کر اعتماد اور اعتماد پیدا کرنا، ہم اچھی کارپوریٹ گورننس کے لیے کم از کم قانونی تقاضوں سے آگے نکل جاتے 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 موثر قائم کرنے کے ذریعے، کمپنی کی نگرانی اور نظم و نسق کا وقتاً فوقتاً جائزہ اور اپ ڈیٹ کی جانے والی ٹھوس بنیادیں رکھی ہیں۔ اخلاقیات اور تعمیل کا فریم ورک۔

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

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

حصص داران کا میزبان

کمپنی کے حصص داران کا چاٹ آگے دیا گیا ہے۔ کمپنی کے حصص میں ڈائریکٹرز ہی ای او، ایف او، کمپنی سیکریٹری، ان کے شریک حیات اور نابالغ بچوں کے ذریعہ کوئی ٹریڈنگ نہیں کی گئی، سوائے اس کے کہ شیئر ہولڈنگ کے نمونے میں انکشاف کیا جائے۔

ایسپلائرز بینیفٹ پلان

کمپنی اپنے مستقل ملازمین کے لئے غیر مالی اعانت سے طے شدہ بینیفٹ پلان (گریجویٹی اسکیم) چلاتی ہے۔ ایچ آر ریال کی تازہ ترین تشخیص 30 جون 2022 کو کی گئی تھی۔ کمپنی نے اس اسکیم کے خلاف تمام ذمہ داریوں کو 2021-22 میں پوری طرح ادا کیا ہے۔

ڈیویڈنڈ

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

آڈیٹرز

موجودہ بیرونی آڈیٹرز ایم ایس ڈیلونٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس، 19 ویں سالانہ جنرل اجلاس کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کے ناطے، انہوں نے 30 جون 2023 کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈیٹ کی حیثیت سے دوبارہ تقرری کی پیش کش کی۔ آڈٹ کمیٹی نے مذکورہ میسرز یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2023 کو ختم ہونے والے مالی سال کے لئے بطور بیرونی آڈیٹر مقرر کرنے کی سفارش کی ہے۔

ڈائریکٹر کا نام	منعقدہ اجلاس	اجلاس میں حاضری
1 محترمہ شرمین عمران (چیئر پرسن)	5	5
2 عمران غفور (سی ای او)	5	5
3 ہارون احمد زبیری	5	5
4 اعجاز حسین	5	4
5 یاسر احمد اعوان	5	5
6 زاہد اسلم	5	5
7 محمود احمد	5	4

بورڈ سات ڈائریکٹرز پر مشتمل ہے، جو اقلیتی اسٹاک ہولڈرز سمیت حصص یافتگان کے مفاد کی موثر نمائندگی کرتا ہے۔ تین نان ایگزیکٹو ڈائریکٹرز اور دو ایگزیکٹو ڈائریکٹرز ہیں۔ آزاد ڈائریکٹرز غیر کثرت و لنگ اقلیتی مفادات کی نمائندگی کر رہے ہیں، جبکہ نان ایگزیکٹو ڈائریکٹرز متعلقہ صنعت کا تجربہ رکھتے ہیں۔

کمپنی کی طرف سے جاری کردہ کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کے بیان میں ڈائریکٹر شپ کی حیثیت (آزاد، ایگزیکٹو، غیر ایگزیکٹو) کی نشاندہی کی گئی ہے۔ موثر اور آزادانہ فیصلہ سازی کو یقینی بنانے کے لیے، بورڈ کمپنی کے معاملات کو چلانے کے لیے علم، تجربہ اور مہارت رکھنے والے اہل پیشہ و افراد پر مشتمل ہے۔ کمپنی کی کارکردگی کو موثر طریقے سے مانیٹر کرنے اور اس کی انتظامیہ کو جوابدہ رکھنے کے لیے، بورڈ کا اجلاس ہر سہ ماہی میں کم از کم ایک بار ہوتا ہے۔

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

آڈٹ کمیٹی تین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہوتی ہے جس کا چیئر مین ایک خود مختار نان ایگزیکٹو ڈائریکٹر ہوتا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ، کمپنی کے اندرونی کنٹرول اور رسک گورننس فریم ورک کا ایک کلیدی جزو ہونے کے ناطے، گورننس کی تاثیر، رسک مینجمنٹ اور کنٹرول کے عمل کے بارے میں آزادانہ اور معروضی جائزے فراہم کرتا ہے جو براہ راست آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

ہیومن ریسورس اینڈ ریوژنیشن کمیٹی دو نان ایگزیکٹو ڈائریکٹرز اور ایک ایگزیکٹو ڈائریکٹر پر مشتمل ہے جس کا چیئر مین ایک خود مختار نان ایگزیکٹو ڈائریکٹر ہے۔

کارپوریٹ گورننس کی پاسداری

ایس پی ایل کو بورڈ پوری کمپنی میں اعلیٰ حکمرانی کے معیار کو برقرار رکھنے پر زور دیتا ہے۔ کمپنی کے نقطہ نظر اور اسٹریٹجک سمت اور اس کی اقدار کے لئے اجتماعی طور پر ذمہ دار ہونے کے ناطے، بورڈ کاروباری اور کمپنی کی طویل مدتی کامیابی کے لئے جوابدہ ہے۔

اندرونی کنٹرول کے ایک فریم ورک کے اندر، بورڈ کمپنی کو کارکردگی کی اہداف اور بنیادی اقدار کے حصول کے لیے ضروری رہنمائی فراہم کرتا ہے۔ عمومی طور پر قبول شدہ بہترین طریقوں کو کسی مقررہ معیار اور رضا کارانہ معیار کے علاوہ اعلیٰ اخلاقی اور اخلاقی اقدار کے اعلیٰ نمائش کے ساتھ، کاروباری احساس کے ساتھ چلتے ہوئے ایمانداری اور ذمہ داری پر مبنی فیصلہ سازی کے علاوہ، ایک ٹاپ ڈاؤن نقطہ نظر کے ذریعہ نافذ کیا گیا ہے۔ کمپنی کے ساتھ خدمات انجام دینے یا قریب سے وابستہ تمام افراد کی طرف نیچے کی طرف بہہ جانا۔

بین الاقوامی منڈی میں RLNG کے بڑھنے کی بڑی وجہ اجناس کا جاری بحران اور روس۔ یوکرین جنگ ہے۔ جس نے RLNG کی ترسیل کے اسپاٹ ٹیرف کو US\$30 فی MMBTU اور اس سے اوپر دھکیل دیا ہے۔ چونکہ کوویڈ کے بعد کے اوقات میں معاشی سرگرمیاں دوبارہ شروع ہونے کی وجہ سے آرائل این جی کی عالمی مانگ زیادہ رہی ہے اور یورپی یونین کو قدرتی گیس کی فراہمی روس۔ یوکرین جنگ کی وجہ سے کم ہے آرائل این جی کی قیمتیں جلد معمول کی سطح پر آنے کی توقع نہیں ہے۔

ایسی کسی بھی صورت حال سے بچنے کے لئے کمپنی کی انتظامیہ تمام ممکنہ اقدامات کر رہی ہے اس سلسلے میں کمپنی کے سپانسرز نے فوری طور پر کمپنی میں فنڈز لگانے کا فیصلہ کیا ہے۔ 30 جون 2022 تک کمپنی میں 25 ملین روپے (صرف پچیس ملین روپے) سپانسرز نے بطور قرض دیئے تھے (جو کمپنی کے مالی گوشوارے میں بطور سپانسرز قرض ظاہر ہوئے ہیں) بیلینس شیٹ کی تاریخ کے بعد سپانسرز نے مزید 166 ملین (روپے ایک سو چھیالیس ملین) روپے بطور قرض لگائے ہیں۔ آج تک سپانسرز کے قرض کی کل رقم 191 ملین (ایک سو اکانوے ملین روپے) ہو چکی ہے۔

سپانسرز نے مزید روپے لگانے کا منصوبہ بنایا ہے کمپنی میں 400 ملین (صرف چار سو ملین روپے) ان فنڈز کا استعمال، ہیلڈنگ، ماڈرنائزیشن اینڈ ریٹیلیمینٹ (BMR) کو مکمل کرنے کے لئے کرڈٹ کے کھلے خط کے لیے کیا جائے گا۔ جس سے موجودہ پلانٹ کی پیداواری صلاحیت میں 40 فیصد اضافہ ہوگا اور کمپنی کی پیداواری لاگت میں نمایاں کمی آئے گی۔ انتظامیہ کا خیال ہے کہ مذکورہ بالا اقدامات کمپنی کو منافع کمانے اور مفت نقد بہاؤ پیدا کرنے کے قابل بنائیں گے۔ اسی مناسبت سے یہ مالیاتی گوشواروں کو جاری تشویش کی بنیاد پر تیار کیا گیا ہے۔ کمپنی کی انتظامیہ کو یقین ہے کہ مذکورہ فنڈز کے انجکشن اور BMR کی تکمیل سے کمپنی خسارے سے باہر آئے گی اور منافع کمائے گی۔

کمپنی روٹیشن ونگ معاہدے کو حتمی شکل دینے کے لیے سلوک کنسورشیم کے ساتھ بات چیت کر رہی ہے۔ کمپنی نے مالیاتی اداروں کے کنسورشیم کو نجی طور پر کم کرنے والے مشارکہ پر مبنی سلوک شریکیت جاری کیے تھے۔

کمپنی نے MT 18,247 ہائیڈروجن پیروآکسائیڈ تیار کی اور 61 فیصد پیداواری صلاحیت حاصل کی جو پچھلے مالی سال کے دوران حاصل کی گئی صلاحیت کی استعمال سے کم ہے۔ صلاحیت کے استعمال میں کمی کی بڑی وجہ کاٹالسٹ کی کم ردعمل ہے۔ تاہم کمپنی نے BMR ٹیکنالوجی میں تبدیلی کرنے کا فیصلہ کیا ہے۔ گلسڈ بیڈ کیٹیلیسٹ کو سٹری کیٹالسٹ سے تبدیل کیا جائے گا جس سے پلانٹ کی پیداواری صلاحیت میں اضافہ ہوگا۔ قدرتی گیس ہمارا بنیادی مقامی خام مال ہے ہم اس حقیقت سے پوری طرح واقف ہیں کہ ہماری طویل مدتی کامیابی اور ترقی کا انحصار قدرتی گیس کی مطلوبہ باڈا پرمسلسل فراہمی پر ہے۔

مارکیٹنگ جائزہ

ہم کو الٹی پروڈکشن پریقین رکھتے ہیں اور وہ سب کچھ جو ہمارے صارفین کے ساتھ باہمی کامیابی اور ترقی کے لیے طویل مدتی تعلقات استوار کرنے کے لیے ضروری ہے۔ ہم اپنی ساکھ بڑھانے اور قابل اعتماد شراکت داری کو برقرار رکھ کر کامیابی کے مواقع پیدا کرنے میں یقین رکھتے ہیں۔ ستارہ پیروآکسائیڈ ہائیڈروجن پیروآکسائیڈ کے لیے سب سے زیادہ بھروسہ مند سپلائر بننے کا پابند ہے۔ جو ہمارے کلائنٹس کی مخصوص ضروریات کو پورا کرنے کے لیے مختلف شکلوں اور ارتکاز میں دستیاب ہے۔ آپ کی کمپنی نے زیادہ سے زیادہ مارکیٹ شیئر حاصل کرنے کے لیے ایک مضبوط مارکیٹنگ اور سیل نیٹ ورک قائم کیا ہے۔

آپ کی کمپنی نے انتہائی مشکل کاروباری ماحول کے باوجود مضبوط مارکیٹنگ کی کوششوں اور آپریشنل استعداد کار کے ذریعے ترقی کی رفتار کو برقرار رکھا۔ اللہ تعالیٰ کے فضل و کرم سے ہم موجودہ سال میں اپنا مارکیٹ شیئر برقرار رکھنے میں کامیاب ہونے میں اور اب چونکہ مقامی معیشت بالعموم اور نیکسٹ ایل سیکنڈ بالخصوص بحال ہونے کی امید ہے آپ کی انتظامیہ اس موقع سے بھرپور فائدہ اٹھانے کے لیے پراعتماد ہے۔

بورڈ آف ڈائریکٹرز

حالیہ سال کے دوران بورڈ کے چار اجلاس ہوئے اور ان میں حاضری مندرجہ ذیل رہی۔

محترم شیئر ہولڈرز

ہمیں 30 جون 2022 کو ختم ہونے والے سال کے لیے آڈیٹ کی رپورٹ کے ساتھ سالانہ آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں خوشی محسوس ہوتی ہے۔ زیر نظر مالی سال کی اہم مالی جھلکیاں حسب ذیل ہیں۔

مالی سال 2021-22، ملک کے لیے ایک اور مشکل سال تھا، توانائی کے بگڑتے بحران، امن وامان کے مسائل اور سیاسی عدم استحکام نے معیشت، صنعتی ترقی پر ہواؤ ڈالا ہے اور صنعتی استحکام پر سوالیہ نشان لگا دیا ہے۔ ان پٹ کی بلند قیمتوں، توانائی کی کمی خاص طور پر قدرتی گیس کی کمی، پاکستانی روپے کی قدر میں کمی، KIBOR کی بلندی کی وجہ سے کاروبار کی مجموعی صورت حال مشکل ہے۔ اس طرح مختلف شعبوں کے مجموعی مطالبات پر غیر تعمیری اثر پڑتا ہے۔

مالی جائزہ

2021	2022	
روپے	روپے	
1,865,396,616	1,742,727,077	فروخت
1,674,177,794	1,805,930,667	فروخت کی لاگت
191,218,822	(63,203,590)	مجموعی (نقصان) / نفع
34,708,339	(341,211,464)	ٹیکس کے بعد خالص (نقصان) / نفع
0.63	(6.19)	فیصد حصص آمدنی

زیر نظر مالی سال کے دوران، کمپنی نے 1,743 ملین روپے کی سالانہ فروخت درج کی۔ جو گزشتہ مالی سال کی فروخت 1,865 ملین روپے کے مقابلے میں سال بہ سال 7 فیصد کمی کو ظاہر کرتا ہے۔ سال کے دوران ہائیڈروجن پیروآکسائیڈ کی قیمتیں نسبتاً زیادہ رہیں۔ تاہم فروخت کے حجم میں کمی کی وجہ سے سال کے دوران خالص فروخت میں کمی واقع ہوئی۔ فروخت کے حجم میں کمی پلانٹ کی کم صلاحیت کے استعمال کی وجہ سے ہے۔ کمپنی کی فروخت کی لاگت روپے رہی۔ 1,806 ملین روپے کے مقابلے میں پچھلے سال کے دوران 1,674 ملین 8 فیصد اضافہ ظاہر کرتا ہے۔ فروخت کی لاگت میں اضافے کی بڑی وجہ آریل این جی کے ٹیرف میں زبردست اضافہ ہے۔ مجموعی نقصان 63 ملین روپے کی مجموعی منافع کے مقابلے میں موجودہ مالی سال میں رہا۔ آریل این جی کے زیادہ ٹیرف کیمیکلز کی زیادہ لاگت پیکنگ لاگت میں اضافہ کم صلاحیت کے استعمال کی وجہ سے اسی مالی سال میں 191 ملین روپے۔ آپریٹنگ طریقہ کار کی موثر نگرانی کی وجہ سے انتظامیہ تقسیم اور دیگر آپریٹنگ اخراجات کو کنٹرول میں رکھا جاتا ہے۔ کمپنی نے 341 ملین روپے کا خالص نقصان ریکارڈ کیا۔ جب کہ گزشتہ مالی سال کے دوران 35 ملین روپے کا خالص منافع ہوا۔ رواں مالی سال کے لئے فی حصص آمدنی (6.19) روپے رہی۔ گزشتہ مالی سال کے دوران فی حصص آمدنی 0.63 روپے رہی۔

جولائی 2021 کے بعد سے کمپنی کوری گیسفائیڈ لیکو بیفائیڈ نیچرل گیس (RLNG) کے ٹیرف میں غیر معمولی اضافے کے چیلنج کا سامنا ہے کمپنی RLNG کو ہائیڈروجن پیروآکسائیڈ کی تیاری میں فیڈ اسٹاک کے طور پر استعمال کرتی ہے اور اس کے کپٹیو پاور ہاؤس بھی RLNG پر چلتی ہے۔ ایکسپورٹرز، فریڈلائز، مینوفیکچررز وغیرہ کے برعکس جو قدرتی گیس سبسڈی والے نرخ پر حاصل کرتے ہیں کمپنی بین الاقوامی مارکیٹ میں RLNG کے ٹیرف میں اتار چڑھاؤ کا شکار ہے۔ برآمد کنندہ گان کے لئے US\$6.5 فی MMBTU کے ٹیرف کے مقابلے میں کمپنی پر زیر جائزہ مالی سال کے دوران US\$22 - US\$16 (زیادہ سے زیادہ 4,900 روپے فی MMBTU) کا ٹیرف لگایا گیا ہے۔ جون 2021 تک ایس این جی پی ایل کی طرف سے اوسط آریل این جی ٹیرف تقریباً 9-10 امریکی ڈالر (اس طرح کمپنی کو اپنے فیڈ اسٹاک اور پاور جنریشن کی قیمت میں 60 فیصد اضافے کا سامنا کرنا پڑا اور آمدنی متبادل مینوفیکچرنگ کی وجہ سے کمپنی اپنے صارفین پر آریل این جی ٹیرف میں اضافے کا بوجھ مکمل طور پر منتقل کرنے سے قاصر تھا۔

Six Years Financial Summary

2022	2021	2020	2019	2018	2017
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Rupees in "000"

PROFIT AND LOSS ACCOUNT

Sales - net	1,742,727	1,865,397	1,745,356	2,036,216	1,322,217	1,059,689
Gross profit	(63,204)	191,219	323,221	530,168	151,835	45,572
Operating (loss) / profit	(341,992)	(66,152)	123,237	328,352	10,342	(56,969)
Profit / (loss) before tax	(386,959)	13,653	88,955	279,522	(32,802)	(128,090)
Profit / (loss) after tax	(341,211)	34,708	74,242	207,385	(65,403)	(87,191)

BALANCE SHEET

Property, plant and equipment	2,789,163	3,015,780	2,525,753	2,580,126	2,730,109	1,989,258
Long term advances	17,817	36,676	4,205	4,205	4,205	3,705
Current assets	1,099,067	1,040,285	1,074,487	1,225,187	1,011,370	977,126
Current liabilities	1,206,736	670,075	722,785	960,928	995,293	1,168,518
Non-current liabilities	563,418	948,897	852,197	895,801	999,533	644,926
Share capital	551,000	551,000	551,000	551,000	551,000	551,000
Shareholders equity	2,135,893	2,473,769	2,029,463	1,952,788	1,750,859	1,156,644

FINANCIAL RATIOS

Gross Profit Ratio	(%)	(3.63)	10.25	18.52	26.04	11.48	4.30
Net Profit to Sales	(%)	(19.58)	1.86	4.25	10.18	(4.95)	(8.23)
Return on Equity	(%)	(49.33)	3.74	9.30	33.11	(19.96)	(25.84)
Return on Capital Employed	(%)	(12.64)	1.01	2.58	7.28	(2.38)	(4.84)
Current Ratio	times	0.91	1.55	1.49	1.28	1.02	0.84
Quick/Acid test ratio	times	0.68	1.08	0.85	0.73	0.53	0.44
Earnings per share - Basic	Rupees	(6.19)	0.63	1.35	3.76	(1.19)	(1.58)
Price Earning Ratio	times	(4.48)	44.05	18.14	6.49	(14.28)	(10.71)
Market Value per share (at year end)	Rupees	14.26	28.29	18.01	18.01	17.36	31.10
Market value per share (lowest)	Rupees	14.20	20.40	15.60	15.60	13.24	17.77
Market value per share (highest)	Rupees	28.61	35.49	41.68	41.68	31.23	38.23
Breakup value of share	Rupees	38.76	44.90	36.83	35.44	31.78	20.99

AS AT JUNE 30, 2022

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS		TOTAL NUMBER OF SHARES
	FROM	TO	
590	1	100	9,293
4480	101	500	2,222,704
647	501	1000	634,915
856	1001	5000	2,387,737
199	5001	10000	1,622,470
59	10001	15000	773,480
48	15001	20000	912,735
29	20001	25000	679,283
10	25001	30000	282,500
12	30001	35000	386,500
6	35001	40000	225,500
8	40001	45000	346,500
13	45001	50000	633,500
5	50001	55000	268,500
3	55001	60000	179,400
1	60001	65000	60,500
1	65001	70000	70,000
3	70001	75000	221,500
1	75001	80000	80,000
2	90001	95000	185,000
6	95001	100000	598,500
3	115001	120000	351,500
1	120001	125000	125,000
1	125001	130000	130,000
1	130001	135000	132,500
1	135001	140000	140,000
1	155001	160000	156,500
1	165001	170000	168,500
1	185001	190000	189,000
1	195001	200000	200,000
1	200001	205000	201,000
1	205001	210000	210,000
1	215001	220000	220,000
1	220001	225000	223,717
1	265001	270000	268,000
1	320001	325000	324,500
1	365001	370000	366,666
1	395001	400000	396,000
1	400001	405000	404,500
2	410001	415000	826,000
1	470001	475000	473,100
1	560001	565000	565,000
1	565001	570000	568,500
1	705001	710000	709,500
1	1450001	1455000	1,453,500
1	1995001	2000000	2,000,000
1	2620001	2625000	2,624,435
2	2995001	3000000	6,000,000
1	5465001	5470000	5,467,000
1	17425001	17430000	17,425,065
7,012			55,100,000

AS AT JUNE 30, 2022

	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	473,100	0.86
Mr. Ejaz Hussain	1	600	0.00
Mr. Haroon Ahmed Zuberi	1	5	0.00
Mr. Zahid Aslam	1	5	0.00
Banks, Development Finance Institutions, Non-Banking Finance Institutions			
	2	2,500	0.00
Insurance Companies	1	20,000	0.04
Modarabas	3	715,500	1.30
Joint Stock Companies	29	4,479,371	8.13
General Public (Local)	6,836	27,163,858	49.30
General Public (Foreign)	127	1,328,450	2.41
Others	7	857,111	1.56
	7,012	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 2021-2022.

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

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

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 ensure 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 reasonably 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, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Yousaf Adil

Chartered Accountants

**Engagement Partner
Muhammad Sufyan**

Lahore

Date: October 18, 2022

UDIN: CR202210180AZch5TWCt

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

Name of Company: **SITARA PEROXIDE LIMITED**
 Year Ended: **June 30, 2022**

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

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

Gender	Number
Male	5
Female	1

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

Category	Director Name
Independent Director	Mr. Zahid Aslam
Executive Directors	Mr. Imran Ghafoor Mr. Haroon Ahmed Zuberi
Non-Executive Directors	Mr. Ejaz Hussain Mr. Yasir Ahmad Awan
Female Director	Mrs. Sharmeen Imran

* Mr. Mahmood Ahmad, Independent director of the company who was member of Audit Committee and Chairman of Human Resource & Remuneration Committee resigned on May 30, 2022. Mr. Saim Bin Saeed was appointed on August 17, 2022 as an Independent Director to fill the casual vacancy created by the resignation of Mr. Mahmood Ahmad, Independent Director.

The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, appointment of a third independent director is not warranted.

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 Chairperson and, in her absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board;
8. The board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Three (03) directors have already completed directors' training program in prior years. The remaining Four (04) directors 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

Name	Role
Mr. Zahid Aslam	Independent Director (Chairman)
Mrs. Sharmeen Imran	Non-Executive Director (Member)

b. Human Resource & Remuneration Committee

Name	Role
Mr. Imran Ghafoor	Chief Executive (Member)
Mr. Ejaz Hussain	Non-Executive Director (Member)

Mr. Saim Bin Saeed was appointed on August 17, 2022 as an Independent Director to fill the casual vacancy created by the resignation of Mr. Mahmood Ahmad, Independent Director.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
 - a. Audit Committee: Four meetings during the financial year ended June 30, 2022
 - b. HR and Remuneration Committee: Two meetings during the financial year ended June 30, 2022
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirement, other than regulations 3,6,7,8,27,32,33 and 36 are below:

Sr. No	Non-Mandatory Requirement	Explanation	Reg No.
1	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the management itself.	29(1)
2	Risk Management Committee The Board may constitute the Risk Management committee of such number and class of directors as it may deem appropriate in its circumstances to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and the company's Internal Auditor, performs the requisite functions and apprises the board accordingly.	30(1)
3	Certification under Directors Training Program It is encouraged that by June 30, 2022 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 got certified under directors training program. In October 2022 a fresh Election will be held and the newly elected directors (if any) may get certification under Directors Training Program.	19(1)



Mrs. Sharmeen Imran
Chairperson

Faisalabad
Dated: October 07, 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Sitara Peroxide Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sitara Peroxide Limited (the Company) which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matter(s):

Key audit matters	How the matter was addressed in our audit
<p>Revenue Recognition</p> <p>The Company's sales comprise of revenue from the sale of Hydrogen Peroxide which has been disclosed in note 24 to the financial statements.</p> <p>Revenue recognition criteria is explained in the note 3.12 to the financial statements. Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods and at transaction price net of trade discounts.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on</p>	<p>Our audit procedures to address the Key Audit Matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of and assessed the design, implementation and operating effectiveness of controls over recognition of revenue; • Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with the accounting standards; • Checked on sample basis whether the recorded sales transactions are based on transfer of control of goods to the customer, satisfying the performance

Key audit matters	How the matter was addressed in our audit
<p>the satisfaction of performance obligation under the contract with the customer in line with the accounting policy adopted and may not have been recognised in the appropriate period.</p>	<p>obligation and were recorded in the appropriate accounting period;</p> <ul style="list-style-type: none"> • Testing timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents; and • Evaluated the adequacy and appropriateness of disclosure made in the financial statements.
<p>Valuation of stock in trade</p> <p>Stock in trade has been valued following an accounting policy as stated in note 3.3 to the financial statements and the value of stock in trade is disclosed in note 7 to the financial statements. Stock in trade forms material part of the Company's assets comprising around 7% of total assets.</p> <p>The valuation of stock in trade is carried at lower of cost and net realizable value (NRV). We identified valuation of stock in trade as a key audit matter as it involves significant management judgement with respect to standard costs and determination of net realizable value.</p>	<p>In this respect, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • Obtained an understanding of procedures followed by the Company with respect to valuation of stock in trade and testing the design and implementation of key internal controls; • Assessed appropriateness of the Company's accounting policies for valuation of stock in trade and compliance of those policies with accounting and reporting standards as applicable in Pakistan; • On a sample basis, verified supporting documents for purchases of raw materials and the production costs; • Verified calculations of actual production costs and checked allocation of these costs to work in process and finished goods; • Obtained an understanding and assessed reasonableness of the management's process for determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete and costs necessary to make the sales and their basis; • Compared the NRV, on a sample basis, to the carrying value of stock in trade to assess whether any adjustments were required to carrying value of inventories in accordance with the policy; and • Evaluated the adequacy and appropriateness of disclosure made in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, 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 deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Yousaf Adil

Chartered Accountants

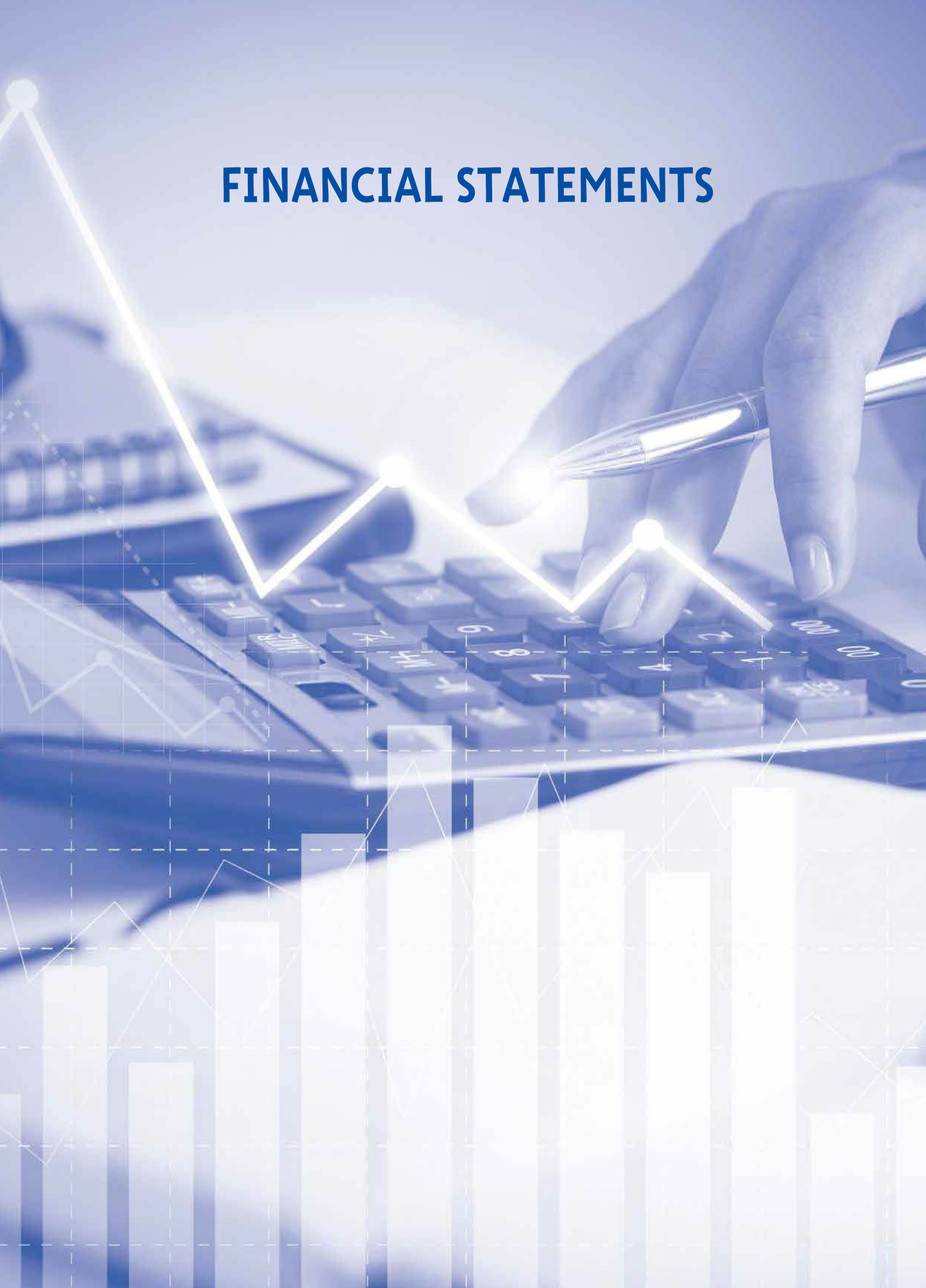
Engagement Partner
Muhammad Sufyan

Lahore

Date: October 18, 2022

UDIN: AR202210180TjS4UvpFM

FINANCIAL STATEMENTS



Statement of Financial Position

	Note	2022 Rupees	2021 Rupees (Re-stated)	July 1, 2020 Rupees (Re-stated)
ASSETS				
Non-current assets				
Property, plant and equipment	4	2,789,162,656	3,015,780,434	2,525,752,531
Long term deposits	5	17,817,143	36,676,202	4,205,000
		2,806,979,799	3,052,456,636	2,529,957,531
Current assets				
Stores, spare parts and loose tools	6	116,585,945	116,759,878	111,705,561
Stock in trade	7	272,468,996	319,343,586	457,475,830
Trade debts	8	215,238,160	148,334,500	161,973,844
Loans and advances	9	129,102,245	51,202,345	79,739,630
Deposits and short term prepayments	10	146,463,633	174,315,384	37,909,229
Taxes refundable due from government	11	182,317,697	162,196,929	153,040,461
Advance Income Tax		35,073,952	37,811,831	30,170,807
Cash and bank balances	12	1,816,178	30,320,105	42,471,897
		1,099,066,806	1,040,284,558	1,074,487,259
Total assets		3,906,046,605	4,092,741,194	3,604,444,790



CHIEF EXECUTIVE


As at June 30, 2022

	Note	2022 Rupees	2021 Rupees (Re-stated)	July 1, 2020 Rupees (Re-stated)
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	13	551,000,000	551,000,000	551,000,000
Unappropriated profit		140,654,535	377,944,872	247,354,973
Surplus on revaluation of property, plant and equipment	14	1,444,238,118	1,544,824,554	1,231,107,657
		2,135,892,653	2,473,769,426	2,029,462,630
Non-current liabilities				
Long term financing	15	17,437,818	100,933,222	148,674,510
Deferred liabilities	16	545,980,578	659,446,194	519,115,718
Deferred markup	17	-	188,517,618	184,406,709
		563,418,396	948,897,034	852,196,937
Current liabilities				
Trade and other payables	18	380,738,235	232,201,010	244,024,954
Contract liabilities	19	178,838,380	41,841,052	32,069,259
Loan from chief executive officer	20	25,000,000	-	-
Accrued markup	21	233,263,515	25,829,540	54,975,671
Short term borrowings	22	129,184,738	164,797,557	183,098,258
Current portion of long term financing	15	236,705,593	180,570,085	180,491,401
Provision for taxation		23,005,095	24,835,490	28,125,680
		1,206,735,555	670,074,734	722,785,223
Contingencies and commitments	23			
Total equity and liabilities		3,906,046,605	4,092,741,194	3,604,444,790

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



CHIEF FINANCIAL OFFICER



DIRECTOR

Statement of Profit or Loss for the Year Ended June 30, 2022

	Note	2022 ----- Rupees -----	2021
Revenue from contract with customers	24	1,742,727,077	1,865,396,616
Cost of sales	25	(1,805,930,667)	(1,674,177,794)
Gross (Loss) / Profit		(63,203,590)	191,218,822
Distribution cost	26	84,110,166	92,656,845
Impairment loss on financial assets	8.2	34,007,084	28,294,850
Administrative expenses	27	160,671,428	134,425,562
Other expenses	28	-	1,993,506
Finance cost	29	51,991,841	48,502,296
		(330,780,518)	(305,873,059)
		(393,984,108)	(114,654,237)
Other income	30	7,025,355	128,307,176
(Loss) / profit before taxation		(386,958,753)	13,652,939
Provision for taxation	31	45,747,289	21,055,400
(Loss) / profit for the year		(341,211,465)	34,708,339
Earning per share - basic and diluted	32	(6.19)	0.63

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Statement of Comprehensive Income for the Year Ended June 30, 2022

	2022	2021
	----- Rupees -----	
(Loss) / profit for the year	(341,211,465)	34,708,339
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of staff retirement benefits	4,696,749	870,516
Related tax impact	(1,362,057)	(251,754)
Surplus on revaluation of property, plant and equipment	-	550,287,408
Related tax impact	-	(141,307,713)
	<u>3,334,692</u>	<u>409,598,457</u>
Total comprehensive income for the year	<u>(337,876,773)</u>	<u>444,306,796</u>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Statement of Cash Flows for the Year Ended June 30, 2022

	Note	2022	2021
		Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(386,958,753)	13,652,939
Adjustments for:			
Depreciation on property, plant and equipment	4.1	230,198,634	283,263,170
Impairment loss on financial assets	8.2	34,007,084	28,294,850
Provision for gas infrastructure development cess		-	73,624,520
Provision for staff retirement benefits - gratuity	16.1	13,136,803	8,095,725
Finance cost	29	51,991,841	48,502,296
Gain on sale of fixed asset	30	(5,690,000)	-
Deposits written off	27	18,859,059	-
Gain on discounting of liability against Gas Infrastructure Development Cess		-	(718,938)
Exchange (gain) / loss	30	(34,961)	(23,050)
		(44,490,294)	454,691,512
Working capital changes			
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		173,933	(5,054,317)
Stock in trade		46,874,590	138,132,244
Trade debts		(66,903,660)	(14,655,506)
Loans and advances		(111,906,984)	28,537,285
Deposits and short term prepayments		27,851,751	(168,877,357)
Sales tax refundable		(11,538,247)	(41,263,276)
(Decrease) / increase in current liabilities			
Trade and other payables		91,831,626	(48,956,117)
Contract liabilities		136,997,329	9,771,794
		113,380,338	(102,365,250)
Cash generated from operations		68,890,044	352,326,262
Finance cost paid		(33,105,921)	(73,537,518)
Staff retirement benefits - gratuity paid		(7,836,454)	(3,352,075)
Exchange gain / (loss)		34,961	23,050
Income taxes (paid) / refunded		(20,653,422)	1,355,459
		(61,560,835)	(75,511,084)
Net cash generated from operating activities		7,329,209	276,815,178
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,580,856)	(223,003,665)
Proceeds from disposal of property, plant and equipment		5,700,000	-
Net cash generated from / (used in) investing activities		2,119,144	(223,003,665)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained	36	34,916,508	105,650,440
Long term financing repaid	36	(62,255,968)	(153,313,044)
Short term borrowings obtained	36	148,856,160	677,191,108
Loan from chief executive officer	36	25,000,000	-
Short term borrowings repaid	36	(184,468,980)	(695,491,809)
Net cash used in financing activities		(37,952,280)	(65,963,305)
Net decrease in cash and cash equivalents (A+B+C)		(28,503,927)	(12,151,792)
Cash and cash equivalents at beginning of the year		30,320,105	42,471,897
Cash and cash equivalents at end of the year	12	1,816,178	30,320,105


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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Statement of Changes in Equity for the Year Ended June 30, 2022

	Share capital	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
----- Rupees -----				
Balance as at July 01, 2020	551,000,000	247,354,973	1,231,107,657	2,029,462,630
Total comprehensive income for the year				
Profit for the year	-	34,708,339	-	34,708,339
Other comprehensive income	-	618,762	408,979,695	409,598,457
	-	35,327,101	408,979,695	444,306,796
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	95,262,798	(95,262,798)	-
Balance as at June 30, 2021	551,000,000	377,944,872	1,544,824,554	2,473,769,426
Total comprehensive income for the year				
Loss for the year	-	(341,211,465)	-	(341,211,465)
Other comprehensive income	-	3,334,692	-	3,334,692
	-	(337,876,773)	-	(337,876,773)
Transfer to unappropriated profit on account of incremental depreciation - net of tax	-	100,586,436	(100,586,436)	-
Balance as at June 30, 2022	551,000,000	140,654,535	1,444,238,118	2,135,892,653


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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

1. GENERAL INFORMATION

- 1.1** Sitara Peroxide Limited ("the Company") is a public listed company, limited by shares, incorporated in Pakistan on March 08, 2004 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hassan Road, Karachi in the province of Sindh and the manufacturing facilities are located at 26 - km Sheikhpura Road, Faisalabad in the province of Punjab. The principal activity of the Company is manufacturing and sale of hydrogen peroxide (H₂O₂) and Sitara Safe (disinfectant).
- 1.2** The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.
- 1.3** The Company incurred a gross loss of Rs. 63.20 million and net loss for the year of Rs. 341.21 million during the year. The current liabilities exceed the current assets by Rs. 107.67 million. The company was unable to pay installements of long term financing and rental payments of sukuku of Rs. 174.67 million. These events and conditions may cast significant doubt over the Company's ability to continue as a going concern.

In order to avoid financial and cash flow issues, the Chief Executive Officer (CEO) has given a loan to the Company of Rs. 25 million (refer note 20 to the financial statements). Subsequent to the year end, the CEO have further provided Rs. 166.65 million to support the cash flow situation of the Company. Moreover, the CEO have agreed to further inject Rs. 400 million for financial support. These funds shall be utilized to open letter of credits to complete Balancing, Modernization and Replacement (BMR); which will enhance the production capacity of existing plant by 40% and will result in significant reduction in cost of production of the Company. The Company is also in the process of negotiating rescheduling the long term financing facilities including its current portion. The CEO have also offered full support to the Company to meet any working capital needs, if required for foreseeable future.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Effective from Accounting period beginning on or after:

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

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

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

Effective from annual period beginning on or after:

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

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

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

2.3 Accounting convention

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

- revaluation of certain classes of property, plant and equipment at fair value;

- financial instruments at fair value; and
- recognition of certain employee retirement benefits at present value.

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

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

2.4 Significant estimates, assumptions and judgements

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas requiring the use of management estimates in these financial statements relate to the:

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

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below:

3.1 Property, plant and equipment

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

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

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

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

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

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

All expenditures connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

3.3 Stock in trade

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

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

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

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

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

3.4 Impairment

3.4.1 Non Financial Assets

The Company assesses at each statement of financial position date whether there is any indication that assets except deferred tax assets and stock in trade may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount that would have been determined (net of depreciation and amortization) had no impairment loss been recognized. A reversal of an impairment loss is recognised immediately in statement of profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.4.2 Financial Assets

The Company always recognizes lifetime ECL for trade receivables and other receivables. The

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

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

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

3.4.3 Classification of financial assets

a) Debt instruments measured at amortized cost

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

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

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

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

b) Debt instruments measured at Fair Value 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 of default:

The Company considers the following as constituting an event of default for internal credit risk

management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

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

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

(ii) Credit-impaired financial assets:

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

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

Derecognition of financial assets

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

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

The Company recognises a loss allowance for expected credit losses on trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit

risk since initial recognition of the respective financial instrument.

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

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

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

3.5 Trade debts

Trade debts are recognized initially at fair value and subsequently measured at amortized cost less provision for expected credit losses. A provision for expected credit losses is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3.6 Cash and cash equivalents

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

3.7 Trade and other payables

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

3.8 Share Capital

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

3.9 Staff retirement benefits - gratuity

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

3.10 Provisions

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

3.11 Financial instruments

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

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

3.12 Revenue recognition

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

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

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

Profit on bank deposits is accrued on a time proportionate basis taking into account principal outstanding and effective rate of return, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of liability for at least twelve months after the statement of financial position date.

3.14 Borrowing costs

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

All other borrowing costs are recognized in statement of profit or loss for the year.

3.15 Taxation

Current

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

Deferred

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

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

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

3.16 Foreign currencies transaction and translation

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities in that case, the rates contracted for are used.

Gains and losses arising on retranslation and settlement are included in the statement of profit or loss for the year.

3.17 Earning / loss per share

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

3.18 Off-setting of financial assets and financial liabilities

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

4.1 Operating fixed assets as at June 30, 2021

Description	Cost / revalued amount				Accumulated depreciation			Book value at June 30, 2021	Rate %
	At July 01, 2020	Additions / (disposals)	Revaluation adjustment	Revaluation surplus	At June 30, 2021	Revaluation adjustment	At June 30, 2021		
	Rupees								
Land - freehold	246,630,000	-	-	61,651,250	308,281,250	-	-	308,281,250	-
Building on freehold land	207,716,674	9,612,781	(78,094,019)	114,099,563	253,334,999	51,929,169	26,164,850	253,334,999	12.5
Plant and machinery	2,222,850,329	32,422,272	(415,869,188)	374,536,595	2,213,940,008	276,772,176	139,097,012	2,213,940,008	6.25
Plant and machinery									units
- Catalyst	189,728,532	171,739,900	-	-	361,468,432	37,936,761	99,216,999	137,153,760	224,314,672 produced
	-	(111,874,838)	-	-	(111,874,838)	-	(111,874,838)	(111,874,838)	-
Electric installations	170,593,564	2,396,062	-	-	172,989,626	149,673,722	17,139,225	166,812,947	6,176,679
Laboratory equipment	3,702,720	3,029,112	-	-	6,731,832	3,702,720	-	3,702,720	3,029,112
Factory equipment	12,404,398	-	-	-	12,404,398	12,404,398	-	12,404,398	-
Office equipment	4,733,361	2,240,715	-	-	6,974,076	4,733,361	224,597	4,957,958	2,016,118
Furniture and fittings	3,866,433	1,276,958	-	-	5,143,391	3,866,433	9,088	3,875,521	1,267,870
Vehicles	16,211,877	285,866	-	-	16,497,743	11,666,618	1,411,399	13,078,017	3,419,726
	3,078,437,888	223,003,666	(493,963,207)	550,287,408	3,245,890,917	552,685,358	283,263,170	230,110,483	3,015,780,434
		(111,874,838)					(111,874,838)		

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

	2022	2021
	Rupees	
Cost of sales	229,191,094	282,863,494
Distribution cost	484,699	93,474
Administrative expenses	522,841	306,202
	230,198,634	283,263,170

Note

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

a) Land

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

b) Building

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

c) Plant and machinery

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (level 3).

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

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

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

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

- 4.7** Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at June 30, 2022 would have been as under:

	Cost	Accumulated depreciation	Book value
	----- Rupees -----		
Freehold land	41,997,852	-	41,997,852
Buildings on freehold land	182,914,010	117,934,710	64,979,300
Plant and machinery	1,523,532,126	1,027,914,036	495,618,090
2022	1,748,443,988	1,145,848,746	602,595,242
2021	1,748,443,988	1,117,481,657	630,962,331

5. LONG TERM DEPOSITS

These are interest free deposits paid to various organizations

	2022	2021
	----- Rupees -----	

6. STORES, SPARE PARTS AND LOOSE TOOLS

Stores	108,937,146	108,264,524
Spare parts and loose tools	7,648,799	8,495,354
	<u>116,585,945</u>	<u>116,759,878</u>

Note	2022	2021
	----- Rupees -----	
		(Restated)

7. STOCK IN TRADE

Raw material		17,795,355	18,170,193
Packing material		3,324,693	3,673,155
Working solution	7.1	247,337,600	293,651,571
Finished goods		4,011,348	3,848,667
		<u>272,468,996</u>	<u>319,343,586</u>

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

Note	2022	2021
	----- Rupees -----	

8. TRADE DEBTS

Unsecured-considered good:			
Direct customers		221,949,171	146,027,693
Via traders - net of advances	8.1	67,453,612	42,464,347
		<u>289,402,783</u>	<u>188,492,040</u>
Allowance for expected credit losses	8.2	(74,164,623)	(40,157,540)
		<u>215,238,160</u>	<u>148,334,500</u>

- 8.1** This includes debtors to whom sales are made through traders. These are secured against advances received from traders in respect of sales. The amount is presented net of advances received from these traders. The advances received from traders as at June 30, 2022 amounted to Rs. 251 million (2021: Rs. 100.8 million).

	2022	2021
	----- Rupees -----	
8.2 Allowance for expected credit losses		
At beginning of the year	40,157,540	11,862,690
Charge for the year	34,007,083	28,294,850
At end of the year	<u>74,164,623</u>	<u>40,157,540</u>

	2022		2021	
	Receivables	Expected Credit Loss	Receivables	Expected Credit Loss

8.3 The aging of trade debts is as follows:

Past due 1 to 90 days	98,885,842	-	123,471,651	-
Past due 91 to 180 days	67,133,944	(3,580,112)	15,558,934	(555,998)
Past due 181 to 270 days	22,862,081	(5,551,563)	6,600,440	(1,681,949)
Past due 271 to 360 days	57,663,219	(25,412,827)	5,133,960	(2,878,708)
Past due 361 to 450 days	540,540	(333,895)	4,099,545	(1,610,916)
Past due 450 days	42,317,157	(39,286,225)	33,627,510	(33,429,969)
	<u>289,402,783</u>	<u>(74,164,623)</u>	<u>188,492,040</u>	<u>(40,157,540)</u>

	2022	2021
Note	----- Rupees -----	

9. LOANS AND ADVANCES

Considered good

Secured

Advances to employees against salary	7,903,577	2,883,403
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Unsecured

Advances to employees for expenses	2,015,385	3,100,423
Advances to suppliers	9.1 119,183,283	45,218,519
	<u>129,102,245</u>	<u>51,202,345</u>

- 9.1** It includes an advance paid to Sitara Spinning Mills Limited of Rs. 7.8 million (2021: Rs. 26.7 million), a related party of the Company.

	2022	2021
	----- Rupees -----	
10. DEPOSITS AND SHORT TERM PREPAYMENTS		
Letter of credit	146,133,962	173,873,678
Prepaid insurance	329,671	441,706
	<u>146,463,633</u>	<u>174,315,384</u>
11. TAXES REFUNDABLE DUE FROM GOVERNMENT		
Income tax refundable	98,539,043	89,956,522
Sales tax refundable	83,778,654	72,240,407
	<u>182,317,697</u>	<u>162,196,929</u>
12. CASH AND BANK BALANCES		
Cash in hand	7,131	378,492
Cash at banks - current accounts	1,809,047	29,941,613
	<u>1,816,178</u>	<u>30,320,105</u>

13. SHARE CAPITAL

2022	2021		2022	2021
----- Number of shares -----			----- Rupees -----	
		Authorised		
<u>60,000,000</u>	<u>60,000,000</u>	Ordinary shares of Rs. 10 each	<u>600,000,000</u>	<u>600,000,000</u>
		Issued, subscribed and paid-up		
<u>55,100,000</u>	<u>55,100,000</u>	Ordinary shares of Rs. 10 each	<u>551,000,000</u>	<u>551,000,000</u>

13.1 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.

13.2 The Company has no reserved shares for issue under option and sales contracts.

13.3 No shares are held by any associated company or related party.

13.4 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.

	2022	2021
Note	----- Rupees -----	-----
14 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT		
Balance at beginning of the year	2,144,593,926	1,728,479,474
Additions during the year	-	550,287,408
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(141,671,036)	(134,172,956)
	<u>2,002,922,890</u>	<u>2,144,593,926</u>
Related deferred tax liability at the beginning of the year	599,769,372	497,371,817
Tax impact related to additions during the year	-	141,307,713
Related deferred tax liability of amount Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(41,084,601)	(38,910,158)
	<u>558,684,771</u>	<u>599,769,372</u>
	<u>1,444,238,118</u>	<u>1,544,824,554</u>
15. LONG TERM FINANCING		
From banking companies and other financial institutions - secured		
Sukuk arrangement - syndicated	15.1 166,279,104	178,591,892
Other	15.2 87,864,307	102,911,415
Less: Current portion of long term financing	15.3 (236,705,593)	(180,570,085)
	<u>17,437,818</u>	<u>100,933,222</u>

15.1 Sukuk arrangement - Syndicated

During 2008, the Company had issued privately placed diminishing Musharaka based Sukuk certificates arranged by consortium of financial institutions including Bank Alfalah Limited, Saudi Pak Agriculture and Investment Company Limited, Meezan Bank Limited, Habib Metro Bank Limited, Askari Bank, Faysal Bank, Pak Iran Joint investmnet Company Limited and United Bank Limited (the trustee) amounting to 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 principle and deferred rental payments in proportion of 50:50. Musharaka end date shall be June 15, 2023.

Effective rate of profit for the year ranges from 8.52 to 15.40% (2021: 8.16% to 9.36%) per annum.

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

The Company has a call option, in accordance with terms and conditions, of the entire amount or partial amount in the event it has free cash flows available. The Company shall use at least 70% of its free cash

flows, if available, in exercising the call option. The Company is required not to declare any dividend during the entire tenure of the Sukuk issue.

15.2 This facility is secured against equitable mortgage of personal property. Exclusive charge of Rs. 150 million on first floor of sitara tower. The interest rate is three months KIBOR plus 2% and the amount will be repaid in 18 and 12 equal monthly installments.

15.3 These include amounts aggregating to Rs. 174.67 million (2021: Rs. 62.28 million) which are overdue.

	Note	2022 ----- Rupees	2021 ----- Rupees
16. DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	16.1	37,128,898	36,525,300
Deferred taxation	16.2	508,851,680	580,635,829
Gas Infrastructure Development Cess liability	16.3	-	42,285,065
		545,980,578	659,446,194

16.1 Staff retirement benefits - gratuity

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, 2021 are as follows:

	2022 ----- Rupees	2021 ----- Rupees
Present value of defined benefit obligation	37,128,898	36,525,300
Staff retirement benefits - gratuity		
Movement in liability		
Balance at beginning of the year	36,525,300	32,652,166
Charge for the year	12,201,469	8,095,725
Employees transferred from the Group Companies	935,334	-
Benefits paid during the year	(7,836,455)	(3,352,075)
Remeasurement gain recognized in other comprehensive income	(4,696,750)	(870,516)
Balance at end of the year	37,128,898	36,525,300

2022 2021

----- Rupees -----

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

Present value of defined benefit obligation as at July 01	36,525,300	32,652,166
Current service cost	8,940,507	5,253,466
Interest cost	3,260,962	2,842,259
Benefits paid	(7,836,455)	(3,352,075)
Employees transferred from the Group Companies	935,334	-
Remeasurement gain from changes in financial assumptions	(4,696,750)	(870,516)
Present value of defined benefit obligation as at June 30	37,128,898	36,525,300

Expense recognized in profit and loss as follows

Current service cost	8,940,507	5,253,466
Interest cost	3,260,962	2,842,259
Expense recognized in the statement of profit or loss	12,201,469	8,095,725

Actuarial remeasurement

Actuarial gain recognized on remeasurement	(4,696,750)	(870,516)
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Principal actuarial assumptions:

	%	%
Discount rate - per annum	13.25%	10.00%
Expected rate of growth per annum in future salaries	12.50%	9.50%
Average service (years)	8.86	9.53
Mortality rate	SLIC 2001-2005	SLIC 2001-2005

Sensitivity analysis:

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

Impact on defined benefit obligation			
	Change in assumption	Increase in assumption	Decrease in assumption
	----- Rupees -----		
Discount rate	1%	5,290,868	4,548,290
Salary growth	1%	5,012,401	4,269,823

Maturity Profile

Particulars

	2022	2021
	----- Rupees -----	
Year 1	3,589,998	3,407,426
Year 2	3,167,509	2,980,954
Year 3	3,495,831	2,457,397
Year 4	3,903,272	2,891,377
Year 5	5,196,770	3,147,865
Year 6 to Year 10	14,470,280	15,156,118
Year 11 and above	182,692,848	101,302,558

Risk associated with defined benefit plan:**a) Longevity risk**

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

b) Salary increase risk

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

c) Withdrawal risk

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

2022 2021
----- Rupees -----

16.2 Deferred taxation**This comprises the following:**

Deferred tax liability on taxable temporary differences arising in respect of:		
Deferred tax liability on account of surplus on revaluation of property, plant and equipment	566,080,282	603,656,604
Accelerated depreciation allowance	131,789,258	126,397,449
	697,869,540	730,054,053
Deferred tax asset on deductible temporary differences arising in respect of:		
Provision for employee benefits - unfunded	(10,767,380)	(10,562,679)
Allowance for expected credit losses	(21,044,766)	(11,613,078)
Unused tax losses	(157,205,714)	(127,242,467)
	(189,017,860)	(149,418,224)
	<u>508,851,680</u>	<u>580,635,829</u>

16.2.1 Movement in temporary differences for the year

	Balance as at July 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2022
	----- (Rupees) -----			
Taxable temporary difference				
Deferred tax liability on account of surplus on revaluation of property, plant and equipment	603,656,604	(37,576,322)	-	566,080,282
Accelerated depreciation allowance	126,397,448	5,391,810	-	131,789,258
Deductible temporary difference				
Provision for employee benefits	(10,562,679)	(1,566,758)	1,362,057	(10,767,380)
Allowance for expected credit losses	(11,613,078)	(9,431,688)	-	(21,044,766)
Unused tax losses	(127,242,467)	(29,963,247)	-	(157,205,714)
	580,635,828	(73,146,205)	1,362,057	508,851,680
	Balance as at July 1, 2020	Recognized in profit or loss	Recognized in other comprehensive income	Balance as at June 30, 2021
	----- (Rupees) -----			
Taxable temporary difference				
Deferred tax liability on account of surplus on revaluation of property, plant and equipment	501,259,048	(38,910,157)	141,307,713	603,656,604
Accelerated depreciation allowance	129,845,963	(3,448,514)	-	126,397,449
Deductible temporary difference				
Provision for employee benefits	(9,469,129)	(1,345,304)	251,754	(10,562,679)
Allowance for expected credit losses	(3,440,179)	(8,172,899)	-	(11,613,078)
Unused tax losses	(131,732,151)	4,489,684	-	(127,242,467)
	486,463,552	(47,387,190)	141,559,467	580,635,829

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

	2022	Unused Tax
	Expiry	
Turnover tax - 2017	30th June 2023	10,822,874

2022	2021
----- Rupees -----	

16.3 Gas infrastructure development cess liability

Balance at the beginning of the year	86,789,099	8,962,964
Charged for the year	-	73,624,519
Discounting gain of gas Infrastructure development cess	-	(718,938)
Unwinding of interest	2,218,972	4,920,554
Payment made during the year	(9,063,030)	-
	<u>79,945,041</u>	<u>86,789,099</u>
Less: Payable within one year	(79,945,041)	(44,504,036)
	<u>-</u>	<u>42,285,063</u>

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.

As per the guidance of IFRS 9 "Financial Instruments", the liability for GIDC that was referred to in the decision of SCP amounting to Rs. 81.87 million was recognized at present value of future cash out flows discounted at market rate of interest. Till the year end, the Company has recorded finance cost of Rs. 2.2 million on the unwinding of the liability in the statement of profit or loss and made payment of Rs. 9.06 million.

	Note	2022	2021
		----- Rupees -----	
17. DEFERRED MARKUP			
Balance as at start of the year		197,230,608	224,276,613
Expense for the year		18,405,979	19,938,646
Paid during the period		(2,162,400)	(46,984,651)
Balance as at end of the year		213,474,187	197,230,608
Less: current portion of deferred markup	21	(213,474,187)	(8,712,990)
		-	188,517,618

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

18. TRADE AND OTHER PAYABLES

Creditors	18.1	233,836,483	101,619,639
Accrued liabilities		29,792,843	62,596,151
Workers profit participation fund	18.2	-	649,328
Worker's welfare fund	18.3	12,608,988	12,608,988
Retention money		378,292	378,292
Withholding tax		24,161,890	9,741,356
Gas infrastructure development cess liability - current portion		79,945,041	44,504,036
Others		14,698	103,220
		380,738,235	232,201,010

18.1 This includes Rs. 35.05 million (2021: Rs. 28.1 million) payable to Sitara Spinning Mills Limited (associated undertaking) in ordinary course of business. The maximum aggregated amount outstanding during the year was Rs. 36 million.

	Note	2022	2021
		----- Rupees -----	
18.2 Movement in workers' profit participation fund			
At beginning of the year		649,328	4,443,844
Amount paid to workers on behalf of the fund		(649,328)	(4,443,844)
		-	-
Allocation for the year	28	-	649,328
At end of the year		-	649,328
18.3 Movement in workers' welfare fund			
At beginning of the year		12,608,988	11,413,299
Amount paid to workers on behalf of the fund		-	(148,489)
		12,608,988	11,264,810
Allocation for the year	28	-	1,344,178
At end of the year		12,608,988	12,608,988

19. CONTRACT LIABILITIES

This represents advance received from customers for future sale of goods. During the year, the Company has recognized revenue of Rs. 21.94 million, out of the contract liabilities as at June 30, 2021.

Note	2022	2021
	----- Rupees -----	

20. LOAN FROM CHIEF EXECUTIVE OFFICER

Loan from Chief Executive Officer	20.1	25,000,000	-
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20.1 This is an interest free loan provided by the Chief executive officer of the company for working capital requirements.

Note	2022	2021
	----- Rupees -----	

21. ACCRUED MARK-UP

Deferred markup - current portion		213,474,187	8,712,990
Long term financing		4,425,304	1,930,711
Short term borrowings	21.1	15,364,024	15,185,839
		<u>233,263,515</u>	<u>25,829,540</u>

21.1 This includes markup payable of Rs. 8.02 million (2021: 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.

Note	2022	2021
	----- Rupees -----	

22. SHORT TERM BORROWINGS

From banking companies - secured	22.1	129,184,738	164,797,557
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22.1 These fund based facilities have been obtained from various banks for working capital requirements, under mark-up arrangements against aggregate sanctioned limits. These facilities carry mark-up ranging from 9.20% to 13.70% (2021: 9.00% to 10.63%) per annum on daily product payable quarterly.

The aggregate short term borrowings facilities are secured against:

- a) First pari passu charge of Rs. 300 million (2021: Rs. 300 million) over present and future assets of the Company.
- b) Ranking charge of Rs. 567 million (2021: Rs. 567 million) over present and future current assets of the Company.
- c) Personal guarantees from Chief Executive Officer and a director of the Company.

23. CONTINGENCIES AND COMMITMENTS

Note	2022	2021
	----- Rupees -----	

23.1 Contingencies

Contingencies	23.1.1	-	-
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23.1.1 There were no contingencies as at period end.

	Note	2022	2021
		----- Rupees -----	
23.2 Commitments			
Guarantees issued by banks on behalf of the Company		99,270,865	99,270,865
Irrevocable letters of credit		-	437,152,500
24. REVENUE FROM CONTRACT WITH CUSROMERS			
Local Sales		2,041,922,978	2,183,726,372
Export Sales		4,254,629	5,648,400
Less:			
Commission and discount		(8,754,525)	(6,678,300)
Sales tax		(294,696,005)	(317,299,856)
		<u>1,742,727,077</u>	<u>1,865,396,616</u>
25. COST OF SALES			
Raw material consumed	25.1	116,355,347	127,293,533
Feed stock		654,119,947	392,270,135
Fuel and power		403,430,683	340,995,690
Packing material consumed		168,142,502	241,890,111
Stores, spare parts and loose tools consumed		21,980,603	25,154,255
Salaries, wages and benefits	25.2	119,057,734	108,745,451
Repairs and maintenance		37,202,294	48,146,751
Insurance		4,360,232	4,636,705
Depreciation	4.2	229,058,325	282,863,494
Travelling and conveyance		608,811	264,078
Vehicle running and maintenance		1,097,977	848,501
Other expenses		4,364,922	2,390,733
		<u>1,759,779,377</u>	<u>1,575,499,437</u>
Working solution			
Balance at beginning of the year		293,651,571	293,879,670
Balance at end of the year	7	247,337,600	293,651,571
		<u>46,313,971</u>	<u>228,099</u>
Cost of goods manufactured		1,806,093,348	1,575,727,536
Finished goods			
Balance at beginning of the year		3,848,667	102,298,925
Balance at end of the year	7	4,011,348	3,848,667
		<u>(162,681)</u>	<u>98,450,258</u>
Cost of goods sold - own manufactured products		<u>1,805,930,667</u>	<u>1,674,177,794</u>
25.1 Raw material consumed			
Opening stock		18,170,193	31,646,786
Purchases- net		116,113,278	113,816,940
		<u>134,283,471</u>	<u>145,463,726</u>
Closing stock	7	(17,795,355)	(18,170,193)
		<u>116,488,116</u>	<u>127,293,533</u>

25.2 Salaries, wages and benefits include Rs. 9.7 million (2021: Rs. 6.2 million) in respect of post employment benefits.

	Note	2022	2021
		----- Rupees -----	
26. DISTRIBUTION COST			
Commission to distributors		46,090,789	54,622,665
Salaries, wages and benefits		5,458,154	8,183,150
Printing and stationery		105,941	135,007
Travelling and conveyance		96,364	246,401
Vehicle running and maintenance		44,580	27,820
Freight and octroi		29,835,771	26,210,380
Depreciation	4.2	484,699	93,474
Advertisement		-	1,339,605
Others		1,993,868	1,798,343
		84,110,166	80,553,486
27. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	27.1	73,548,658	62,948,966
Directors' remuneration	33	25,063,128	25,008,096
Printing and stationery		2,391,465	2,205,787
Insurance		1,358,604	1,872,011
Repairs and maintenance		6,853,392	2,539,509
Travelling and conveyance		16,792,206	14,087,343
Rent, rates and taxes		575,044	1,064,573
Vehicle running and maintenance		3,372,316	3,091,602
Telephone and postage		1,693,889	2,244,836
Advertisement		157,819	93,600
Fees, subscription and periodicals		3,028,168	8,226,613
Legal and professional charges		662,653	2,614,224
Auditors' remuneration	27.2	1,410,475	1,391,500
Depreciation	4.2	522,841	306,202
Charity and donation	27.3	330,000	631,786
Deposits written off		18,859,059	-
Others		4,051,711	6,098,914
		160,671,428	134,425,562

27.1 Salaries and benefits include Rs. 2.4 million (2021: Rs. 1.8 million) in respect of post employment benefits.

	2022	2021
	----- Rupees -----	
27.2 Auditors' remuneration		
Annual statutory audit	885,500	885,500
Half yearly review	253,000	253,000
Compliance report on Code of Corporate Governance	158,125	158,125
Out of pocket expenses	113,850	94,875
	1,410,475	1,391,500

27.3 Safia Ghafoor Trust are related parties of the Company based on common directorship of Mr. Imran Ghafoor. During the year, Rs. 0.33 million (2021: Rs. 0.3 million) were paid to Safia Ghafoor Trust.

	Note	2022	2021
		----- Rupees -----	
28. OTHER EXPENSES			
Workers' profit participation fund	18.2	-	649,328
Workers' welfare fund	18.3	-	1,344,178
		-	1,993,506
29. FINANCE COST			
Mark-up on:			
Long term financing		29,518,433	21,908,110
Short term borrowings		17,016,285	15,208,503
Bank charges and commission		3,238,151	6,465,128
Unwinding of gas infrastructure development cess liability		2,218,972	4,920,555
		51,991,841	48,502,296
30. OTHER INCOME			
Profit on bank deposits		284,624	139,228
Scrap sales		1,015,769	10,000
Gain on sale on fixed assets		5,690,000	127,415,960
Exchange gain		34,962	23,050
Unwinding gain on gas infrastructure development cess provision		-	718,938
		7,025,355	128,307,176
31. PROVISION FOR TAXATION			
Income tax:			
Current tax		23,005,095	24,835,490
Prior		4,393,820	1,496,301
Deferred		(73,146,203)	(47,387,191)
		(45,747,289)	(21,055,400)
31.1 Numerical reconciliation between applicable and effective tax rate			
		%	%
Applicable tax rate		29%	29%
Effect of income subject to minimum tax rate		-17.05%	-178.37%
Tax credit donation		-0.09%	-4.63%
Effective tax rate		12%	-154%
32. LOSS PER SHARE - BASIC AND DILUTED			
The calculation of basic earnings per share is based on the following data:			
(Loss) / profit for the year	Rupees	(341,211,465)	34,708,339
Weighted average number of ordinary shares outstanding during the year	Number	55,100,000	55,100,000
(Loss) / profit per share - basic	Rupees	(6.19)	0.63

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

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in accounts for remuneration including all benefits to Chief Executive Officer, directors and executives of the Company are as follows:

	----- 2022 -----			----- 2021 -----		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	----- Rupees -----					
Remuneration	15,220,335	1,246,626	17,245,904	15,220,335	1,259,824	19,222,402
House rent	4,566,094	373,987	5,173,765	4,566,094	377,947	5,766,714
Utilities allowance	1,521,998	124,660	1,724,550	1,521,998	125,979	1,922,195
Medical allowance	1,522,052	124,664	1,724,608	1,522,052	125,984	1,922,260
Special allowance	196,609	16,104	222,768	196,609	16,275	248,299
	<u>23,027,088</u>	<u>1,886,041</u>	<u>26,091,595</u>	<u>23,027,088</u>	<u>1,906,009</u>	<u>29,081,870</u>
Number of persons	1	1	10	1	1	11

33.1 Chief Executive Officer and three 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.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of Chief Executive Officer, directors and executives is disclosed in note 32 to these financial statements. Other significant transactions with related parties are as follows:

Description	Nature of transaction	2022	2021
		----- Rupees -----	
Associated undertaking	Organizational expenses	6,925,145	2,287,581
	Charity and donations	330,000	631,786
Key management personnel	Remuneration and other benefits	51,004,723	54,014,966

Key management personnels are those parties having authority and responsibility for planning, directing and controlling the activities of the company, the salaries and other benefits of the directors who are key management personnels are disclosed in Note 32 to these financial statements, other transactions with key management personnels are disclosed in respective note in these financial statements, the company consider all members of their management team, including Chief Executive officer and Directors to be its key management personnels and these are disclosed below.

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

Employee benefit plan	Paid during the year	7,587,455	3,352,075
-----------------------	----------------------	-----------	-----------

Note	2022 Tons	2021 Tons
------	--------------	--------------

35. PLANT CAPACITY AND ACTUAL PRODUCTION

Production capacity		30,000	30,000
Actual production	35.1	18,247	22,006

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

36. NUMBER OF EMPLOYEES

The total average number of employees during years ended June 30, 2022 and 2021 are as follows:

	2022	2021
	Number of Employees	
Average number of employees during the year	309	323
Total number of employees as at June 30	292	325

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Balance as at June 30, 2021	Availed during the period	Repaid during the period	Balance as at June 30, 2022
	Rupees			
Long term financing	281,503,307	34,916,508	(62,255,968)	254,163,847
Loan from chief executive officer	-	25,000,000	-	25,000,000
Short term borrowings	164,797,557	148,856,163	(184,468,980)	129,184,740
	446,300,864	208,772,671	(246,724,948)	408,348,587
	Balance as at June 30, 2020	Availed during the period	Repaid during the period	Balance as at June 30, 2021
	Rupees			
Long term financing	329,165,911	105,650,440	(153,313,044)	281,503,307
Loan from chief executive officer	-	-	-	-
Short term borrowings	183,098,258	677,191,108	(695,491,809)	164,797,557
	512,264,169	782,841,548	(848,804,853)	446,300,864

2022 2021

----- Rupees -----

38. FINANCIAL INSTRUMENTS BY CATEGORY**Financial Assets****At amortised cost**

Long term deposits	17,817,143	23,014,059
Trade debts	215,238,160	148,334,500
Deposits and short term prepayments	146,133,962	187,535,821
Cash and bank balances	1,816,178	30,320,105

Financial Liabilities**At amortised cost**

Long term financing	254,143,411	281,503,307
Deferred markup	-	188,517,618
Accrued markup	233,263,515	25,829,540
Loan from Chief Executive officer	25,000,000	-
Trade and other payables	264,022,316	164,697,302
Short term borrowings	129,184,738	164,797,557

39. FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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

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

39.1 Credit risk and concentration of credit risk

39.1.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk, the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes, the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for trade debts, loans and advances and other receivables.

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

39.1.2 Counterparties

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

Trade debts

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

Banks

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

Bank	Rating		Rating agency	2022	2021
	Short term	Long term		Rupees	
Meezan Bank Limited	A-1+	AAA	JCR-VIS	77,087	409,167
Habib Bank Limited	A-1+	AAA	JCR-VIS	-	24,568,500
Faysal Bank Limited	A-1+	AA	JCR-VIS	1,250,000	4,018,388
National Bank of Pakistan	A-1+	AAA	JCR-VIS	-	32,539
Bank Al Habib Limited	AAA	A-1+	PACRA	349,017	-
United Bank Limited	A-1+	AAA	JCR-VIS	8,187	37,839
Askari Bank Limited	A-1+	AA+	PACRA	1,00	-
JS Bank Limited	A-1+	AA-	PACRA	54,764	790,702
First Women Bank	A-2	A-	PACRA	68,955	83,958
Summit Bank Limited	A-1	BBB-	JCR-VIS	-	520
				<u>1,809,010</u>	<u>29,941,613</u>

39.1.3 Exposure to credit risk

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

	2022	2021
	----- Rupees -----	
Financial assets		
Long term deposits	17,817,143	23,014,059
Trade debts	215,238,160	148,334,500
Cash at banks - current accounts	1,809,046	29,941,613
	<u>234,864,349</u>	<u>201,290,172</u>

39.2 Liquidity risk management

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

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

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

	2021				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	Above 5 years
	----- Rupees -----				
Long term financing	281,503,307	281,503,307	180,570,085	100,933,222	-
Trade and other payables	209,201,338	209,201,338	209,201,338	-	-
Contractual liabilities	41,841,052	41,841,052	41,841,052	-	-
Accrued mark-up	402,864,776	402,864,776	34,542,530	368,322,246	-
Short term borrowings	164,797,557	164,797,557	164,797,557	-	-
	1,100,208,030	1,100,208,030	630,952,562	469,255,468	-

39.3 Market risk

Market risk is the risk that changes with market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

39.4 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arises from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprises;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed on next page:

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure are incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to currency risk

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

39.5 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

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

	2022 Percentage	2021 Percentage	2022 Rupees	2021 Rupees
Variable rate financial instruments				
Financial liabilities				
Long term financing	8.52 - 15.4%	8.16 - 9.36%	254,143,411	281,503,307
Short term borrowing	9.20% - 13.70%	9.00% - 10.63%	129,184,738	164,797,557
			<u>383,328,149</u>	<u>446,300,864</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in mark-up / interest rates at the balance sheet date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the year 2021.

	Increase Rupees	Decrease Rupees
At June 30, 2022		
Cash flow sensitivity - variable rate financial liabilities	3,833,281	(3,833,281)
At June 30, 2021		
Cash flow sensitivity - variable rate financial liabilities	4,463,009	(4,463,009)

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

39.6 CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to reserves or/and issue new shares. Gearing ratio of the Company is as follows:

	2022 Rupees	2021 Rupees
Total borrowings	408,328,149	446,300,864
Less: Cash and bank balance	(1,816,178)	(30,320,105)
Net debt	406,511,971	415,980,759
Total equity	2,135,892,653	2,473,769,426
Total capital	<u>2,542,404,624</u>	<u>2,889,750,185</u>
Gearing ratio	16%	14%

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

40. FAIR VALUE HIERARCHY

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

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

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

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

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

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

	2022				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Assets/measured at fair value:					
Property, plant and equipment	2,605,518,132	-	2,605,518,132	-	2,605,518,132
	2021				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value:					
Property, plant and equipment	2,781,732,936	-	2,781,732,936	-	2,781,732,936

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

41. GENERAL

Figures have been rounded off to the nearest Rupee.

42. PRIOR PERIOD RESTATEMENT

The Company uses a catalyst in the manufacturing process which was wrongly classified as working solution in 'Stock in Trade'. Due to the nature of this material and its useful life, it is required to be classified in 'Property, plant and equipment' as plant and machinery - catalyst.

The management has corrected this classification retrospectively under International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8). The impact on each line item has been tabulated below:

	As previously reported	As at June 30, 2021 Restatement (Rupees)	As restated
Effect on Statement of Financial Position (extract)			
Non Current Assets			
Property, plant and equipment	2,791,465,762	224,314,672	3,015,780,434
Current Assets			
Stock in trade	543,658,258	(224,314,672)	319,343,586

Effect on Statement of profit or loss (extract)

Previously the consumption of the catalyst was being charged in the cost of sales as the difference in opening and closing working solution. Since the catalyst is now reclassified as property, plant and equipment, its depreciation has been charged in the cost of sales, there is no change in the aggregate cost of sales.

	As previously reported	As at June 30, 2020 Restatement (Rupees)	As restated
Effect on Statement of Financial Position (extract)			
Non Current Assets			
Property, plant and equipment	2,373,960,760	151,791,771	2,525,752,531
Current Assets			
Stock in trade	609,267,601	(151,791,771)	457,475,830

43. CORRESPONDING FIGURES

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

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

Reclassified from	Reclassified to	Rupees
Deposits and short term prepayments	Long term deposits	13,662,143

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on October 07, 2022.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

SITARA PEROXIDE LIMITED

POSTAL BALLOT - FORM

Notice is hereby given that an Annual General Meeting (AGM) of Sitara Peroxide Limited (the "Company") will be held on Friday, October 28, 2022 at 03.00 p.m., at the Auditorium of Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Block 8 Clifton, Karachi.

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held (on October 11, 2019) and folio number	
CNIC No./Passport No (in case of foreigner) (copy to be attached)	
Additional Information and enclosures(In case of representative of body corporate, corporation and Federal Government)	

I/we hereby exercise my/our vote in respect of the following resolutions/election of Directors through postal ballot as follows:

Agenda No. 4: To elect Seven Directors of the Company, as fixed by the Board of Directors in accordance with the provisions of Section 159(1) of the Companies Act, 2017, for a period of three years commencing from the date of election.

Sr. No.	Name of Directors	No. of ordinary shares, used for voting in favor of the director	Number of votes (number of voting shares X number of directors to be elected i.e. 7)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total			

 Signature of shareholder(s)

Date: _____
 Place: _____

Notes/Procedure for submission for Ballot Paper:

- Duly filled postal ballot should be sent to the Company Secretary of the meeting, Sitara Peroxide Limited (the "Company") at registered office 601-602, Business Centre, Mumtaz Hasan Road, Karachi.
- Copy of CNIC/Passport (in case of foreign nationals) should be enclosed with the postal ballot.
- Postal ballot form should reach to the Company Secretary of the meeting on or before October 26, 2022 during working hours. Any postal ballot received after this date, will not be considered for voting.
- Signature on the postal ballot should match with the signature on CNIC/Passport (in case of foreign nationals).
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
- In case of corporate body, corporation and Federal Government, postal ballot must be accompanied with the CNIC/Passport of authorized person, attested copy of Board Resolution, Power of Attorney, Authorization letter etc. in accordance with section 138 or 139 of the Companies Act, 2017 as applicable. In case of foreign corporate body etc. all documents must be attested from the counsel general of Pakistani having jurisdiction over the member.
- A member may give all his/her votes to a single candidate or divide them between more than one of the candidates in such a manner as he/she may choose.

SITARA PEROXIDE LIMITED

Form of E-Circulation of Annual Report

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.








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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 _____
_____ Folio No./CDC No. of _____ failing him/her,
Mr./Mrs./Miss _____ Folio No./CDC No. _____ 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 Friday October 28, 2022 at 3:00 pm at ICAP Auditorium, Institute of Chartered
Accountant of Pakistan, Chartered Accountants Avenue, Block 8 Clifton, Karachi in person and via Zoom video link
and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present
at such meeting.

Signature of Shareholder
Folio / CDC A/C No.

Signature of Proxy

Proper Amount of
Revenue Stamp

Dated this _____ day of _____ 2022

Witness:

1. Signature _____
Name _____
Address _____

CNIC or _____
Passport No. _____

Witness:

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 پرائیکسائیڈ لمیٹڈ

پرائیکسی فارم

اجلاس عام

میں اہم

ستاره پرائیکسائیڈ لمیٹڈ کے ممبران رجسٹرڈ فولیو نمبر اشراکاء کی آئی ڈی سی ڈی سی سب اکاؤنٹ نمبر کے مطابق عمومی شیئرز

رکھتے ہیں بذریعہ ہذا کو تقرر کرتے ہیں۔ رجسٹرڈ فولیو نمبر اشراکاء کی

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

رجسٹرڈ فولیو نمبر اشراکاء کی آئی ڈی سی ڈی سی سب اکاؤنٹ نمبر کو بطور پرائیکسی 28 اکتوبر 2022 بروز جمعہ بوقت 03:00 بجے دوپہر

بمقام انسٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان چارٹرڈ اکاؤنٹینٹس ایونیو، کلفٹن، کراچی کمپنی کے منعقد ہونے والے اجلاس عام اور اُس کے کسی التواء تک میری اہماری جانب

سے ووٹ دینا اور اجلاس میں شرکت کے کا حق دیتا ہوں۔

ریونیو اسٹامپ

کی قیمت

دستخط شیئر ہولڈر

دستخط پرائیکسی

۲۰۲۲ء

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 پرائیکسی 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 ایسویٹس، پہلی منزل، C-40 بلاک 6، پی۔ای۔سی۔ اینج۔ ایس۔ کراچی کو اجلاس کے منعقد ہونے سے 48 گھنٹے قبل بھجوائیں۔

(3) ICDC اکاؤنٹ ہولڈر/ کارپوریٹ انٹینٹس مندرجہ بالا کے علاوہ مذکورہ شقوں پر عمل کریں۔

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

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

(c) پرائیکسی 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 نقل بشمول Power of Attorney دستخط کے ساتھ (بجز اگر پہلے ہی جمع کروادی گئی ہے) پرائیکسی فارم کے ہمراہ کمپنی کے شیئر رجسٹرار کو جمع کروائے۔



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