2014

Sitara Chemical Industries Limited

Annual Report 2014

Inspired by
Colors of Nature

Contents

Financial Performance 2014

Sales

+8.74%

Rs. 8,807M
(2013: Rs. 8,099 M)

Cash Dividend

105%

(2013: Rs. 10)

Market value per share

296.50

(2013: Rs. 199.99)

Earning Per Share

Rs40.19

Profit Before Tax %

13.01%

Profit After Tax %	Operating Profit %	Gross Profit %
9.78%	17.61%	24.29%

Vision

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

Mission

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

Code of Ethics
and Business Practices

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

Company Information

Board of Directors
Mr. Nawaz ul Haq
(Chairman)
Mr. Muhammad Adrees
(Chief Executive Officer)
Mr. Imran Ghafoor
Mr. Haseeb Ahmed
Mr. Muhammad Khalil
Mr. Muhammad Arif
Mr. Waheed Akhter Sher

Company Secretary
Mr. Mazhar Ali Khan

Chief Financial Officer
Mr. Anwar-ul-Haq (FCA)

Audit Committee
Chairman	Mr. Muhammad Arif
Member	Mr. Muhammad Khalil
	Mr. Nawaz ul Haq

Human Resource and Remuneration Committee
Chairman	Mr. Imran Ghafoor
Members	Mr. Muhammad Adrees
	Mr. Muhammad Arif

Head of Internal Audit
Mr. Zakir Hussain (ACA)

Auditors
M. Yousuf Adil Saleem & Co.
Chartered Accountants

Legal Advisor
Mr. Sahibzada Muhammad Arif

Bankers
Meezan Bank Limited
National Bank of Pakistan
Allied Bank Limited
United Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
The Bank of Punjab
MCB Bank Limited
Standard Chartered Bank Pakistan Limited
Al-Baraka Islamic Bank B.S.C. (E.C.)
Faysal Bank Limited
Habib Bank Limited
Burj Bank Limited
Bank Islami Pakistan Limited
Habib Metropolitan Bank Limited
Bank Al-Habib Limited
Soneri Bank Limited

Website of the Company
www.sitara.com.pk

Registered Office
601-602 Business Centre, Mumtaz Hassan Road, Karachi

Shares Registrar Address
THK Associates (Private) Limited
Ground Floor, State Life Building No.3
Dr. Ziauddin Ahmed Road
Karachi-75530.

Factories
28/32 KM, Faisalabad - Sheikhupura
Road, Faisalabad.

CEO's Message

In the name of Allah, the Most Beneficent, the Most Gracious, the Most Merciful

On behalf of the Board of Directors of Sitara Chemical Industries Limited, I am pleased to present the audited financial statements for the Year ended June 30, 2014.

Overall Review

Alhamdulillah, your Company has proven its sustainability, ability to compete and its futures prospects by vigorous performance. Although the profitability of the Company faced a little dip, we take it pride to declare best ever Sales Volume.

Year 2014, again proved to be a challenging year for the Company. Acute energy, natural gas shortages along with its historic upward price hike, deteriorating law & order situation, the political scenario of the country together with higher general inflation and significant depreciation of the Pakistani rupee played a major role in slowing down of business growth and has also adversely impacted the purchasing power of the consumer. Geopolitical situation remained under pressure and put unconstructive impact on Exports to India. Despite all the challenges, by the grace Almighty Allah, your company performed well and was able to keep its performance smooth in line with its history.

We will continue our emphasis to capitalize and bring innovation and re-alignment of current business processes and technology. During the year under review, renovation of One electrolyzer and overhauling of Four engines of Captive Power Plant was accomplished. Renovation of One electrolyzer is under process and shall be completed in 2015.

Our inspiration is governed by self employed Principles. Your Company is committed to the stakeholders and the communities for mutual growth and sustainability and to providing a fair, safe and diverse work environment for our employees.

Financial Performance:

By the grace of Almighty Allah, your Company registered 8.74% growth in net sales over the last year, recording an all time high sales figure of Rs. 8,807 million. Sales for the Chemical Division are Rs. 6,787 million against Rs. 6,670 million of last year and Sales for Textile Division are Rs. 2,020 million against Rs. 1,430 million of last year. Net Profit after tax the year is Rs. 861.17 million against Rs. 1,037.12 million last year, whereas Earning per Share for the year is Rs. 40.19 against Rs. 48.40 last year.

Future Outlook:

Alhamdulillah, your company has established major LCs for 35 MW Coal Fired Power Plant. Plant will be fully operational in 3rd quarter 2015-16 Insa Allah. This project is financed through Syndicated Diminishing Musharaka Finance Facility of Rs. 2.00 billion. The project will ensure Electricity supply at affordable price and will provide a competitive edge which Insha Allah will translate in prosperity of your company.

I am delighted to announce that, as approved by shareholders, in Extra Ordinary General Meeting dated July 5, 2013 for sale of 199 RB Land, Your Company has sold the said land to a Co-Operative Housing Society. Eventually your company was successful to fetch better price by negotiating 30% (approximately) higher price from market value determined by Hamid Mukhtar & Company and approved by shareholders. Proceeds against this transaction will be received evenly in next 4-5 years. The financial impact of this sale transaction will be depicted in 1st quarter results to be announced by or before October 30, 2014.

Acknowledgments:

We take this opportunity to thank our valued business partner and stakeholders for their continuous support, trust and assistance.

The Company is also immensely proud of and thankful to employees for their committed and passionate efforts, loyalty and dedication.

Muhammad Adrees
Chief Executive Officer
Sitara Chemical Industries Limited
Faisalabad, September 25, 2014

Directors' Report

Gentlemen,

The Directors have pleasure in submitting their report and audited accounts of the Company for the year ended June 30, 2014

Profit and Loss Account	Rupees
Net profit for the year after tax before WPPF	924,583,713
Workers' Profit Participation Fund	(63,409,579)
Net profit for the year	861,174,134
Surplus realised on disposal of assets	167,116
Incremental depreciation including deferred tax	79,866,257
Un-appropriated profit brought forward	3,536,485,475
Amount available for appropriation	4,477,692,982
Appropriations	
Proposed cash dividend @ 10.50 per share	(225,008,774)
Un-appropriated profit carried forward	4,252,684,208
Earnings per share - Basic	40.19

Staff Retirement Benefits

Company has maintained recognized provident fund, based on audited accounts as at June 30, 2014 value of investment thereof was Rs. 40,018,565/-.

Employees of Textile Division are entitled to gratuity as per law and appropriate provision has been made in accordance with IAS-19 in the accounts.

Board of Directors

The Board comprises of two Executive and five non-executive directors. The non-executive directors are independent to management. The Board has delegated day-to-day operations of the Company to the Chief Executive.

During the year, Haji Bashir Ahmed Chairman Sitara Group of Industries passed away(May Allah Rest his Soul in peace) and Mr. Waheed Akhtar Sher was nominated by the board to fill the casual vacancy.

Haji Bashir Ahmed (Late)

Late Haji Bashir (Founder of Sitara Group) was an institution and history in his personality which he established not only in the business community but also in the general public. He continued his Mission to serve the distressed humanity and common man by setting up various educational and healthcare institutions in the area.

Strength of Sitara Group is indebted to the wisdom, hardwork, honesty and business ethics that were followed strictly by him. Sad demise of Haji Bashir was an irreparable loss not only to the Faisalabad but also a national loss. May Allah rest his Soul in peace Ameen

Sitara-e Imtiaz

Board of Directors Meeting

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

Board of Directors

1	Haji Bashir Ahmed	1
2	Mr. Muhammad Adrees	4
3	Mr. Imran Ghafoor	4
4	Mr. Haseeb Ahmed	4
5	Mr. Muhammad Khalil	4
6	Mr. Nawaz ul-Haq	4
7	Mr. Muhammad Arif	4
8	Mr. Waheed Akhtar Sher	2

Meetings of Committees

During the year following meetings were held and attended as follows:

Audit Committee Meetings

1	Haji Bashir Ahmed	2
2	Mr. Imran Ghafoor	4
3	Mr. Nawaz ul-Haq	3
4	Mr. Muhammad Khalil	5
5	Mr. Muhammad Arif	1

Human Resource and Remuneration Committee

1	Mr. Imran Ghafoor	4
2	Mr. Muhammad Adrees	4
3.	Mr. Muhammad Arif	4

Corporate Governance

Statement of Compliance of Corporate Governance is annexed.

Pattern of Shareholding

The pattern of shareholding of the Company is annexed along with trading in shares of the Company by its Directors their spouse and minor children, CEO, CFO, head of internal audit and Company Secretary.

Auditors

The existing auditors M/s M. Yousuf Adil Saleem & Company, Chartered Accountants, shall retire on the conclusion of 33rd Annual General Meeting. Being eligible, they have offered themselves for re-appointment as Auditors of the Company from conclusion of the 33rd Annual General Meeting until the conclusion of 34th Annual General Meeting. The Audit Committee has recommended the appointment of aforesaid M/s M. Yousuf Adil Saleem & Company, as external auditors for the year ending June 30, 2015. The external auditors have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm. And all its partners are in compliance with the International Federation of Accountants' Guidelines on Code of Ethics, as adopted by the ICAP

Contribution to National Exchequer

During the year, The Company's contribution to the national exchequer amounting to Rs. 1,659.93/- million in respect of payment towards sales tax and income tax. This does not include the import duties, withholding tax deducted by the company from employees, suppliers and contractors and deposited into the treasury.

Production Operations:

During the year your company has produced 97,600 Metric Tons of Caustic Soda against last year's production of 108,594 Metric Tons. Production of Textile Division remained 9,289,072 Kgs of Yarn against 8,234,117 Kgs in the last year. During the year all 22,080 spindles remained operational. We wish to express our gratitude towards Almighty Allah on successful renovation of one electrolyzes and bleaching plant. Complete overhauling of 04 engine has been completed Renovation of one electrolyzer is under process and shall be completed in next year. This would ensure uninterrupted supply of Power plant and increase efficiency of sophisticated membranes.

Directors' Report

Coal Fired power plant

Alhamdulillah, your company has established major LCs for 35 MW Coal Fired Power Plant. Plant will be fully operational in 3rd quarter 2015-16 Insa Allah. This project is financed through Syndicated Diminishing Musharaka Finance Facility of Rs. 2.00 billion. The project will ensure electricity supply at affordable price and will provide a competitive edge which Insha Allah will translate in prosperity of your company.

Signing Ceremony of Syndicated Diminishing Musharaka

Research and Development:

Your company continued its research and development activities at its exclusive R&D department that constitutes highly professional and fully dedicated staff. For utilization of excessive chlorine produced as by-product, R&D department performed marvelous job introducing various products and we hope further achievements in coming years.

Information Technology:

"Company is committed to utilize the relevant developments in the IT sector to achieve its strategic business goals. It is equipped with necessary hardware, software, applications, and personnel to cope with all the business challenges and the developments taking place in the market.

For its commitment to implement paperless environment in managing its day to day business affairs, company has completed implementation of the state of the art and world's best ERP solution SAP along with in house developed software applications for managing its information system The transactions generated through different modules of these applications become the source of real time information for effective, correct and timely business decisions."

Environment, Health and Safety:

Your company is strongly committed to continued improvement of is environmental management system by adaptation of appropriate pollution prevention measures and complying with all relevant legislation and standards especially ISO 9001:2008 and ISO 14001:2004. Company is also committed to the slogan of "safety starts from the entrance". Trainings, awareness sessions and workshops are held continually at the plant for safety measures, emergency response and preparedness, chemical spillages, chlorine leakage, security and firefighting drills etc. During the year under review various courses/ workshops/awareness sessions were held at the site. On average 500 persons are trained per year on the above mentioned subjects.

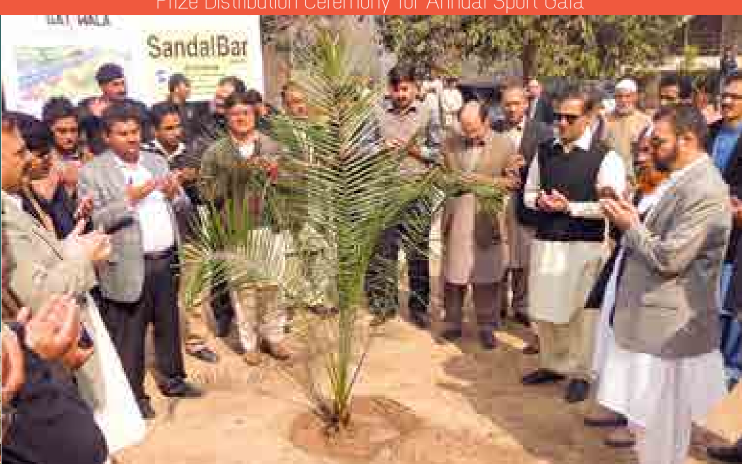

Safety Drill on chlorine leakage

Human Resource Development:

Human Resource planning and management is one of the most focused point at the highest management level. The company has a Human Resource and Management committee which is involved in selection, evaluation, compensation and succession planning of the key management personal. It is also involved in recommending improvement in human resource policy and its periodic review. Your company always welcomed the opportunities for staff training, broadening their knowledge, vision and skill and awareness about changing technological and learning developments. For this purpose multiple workshops / courses / seminars were held during the year under review wherein renowned consultants were called for to train the staff. Company has sent 50 employees to attend courses and workshops held at various well known institutions of Pakistan.

Prize Distribution Ceremony for Annual Sport Gala

Annual Hajj draw



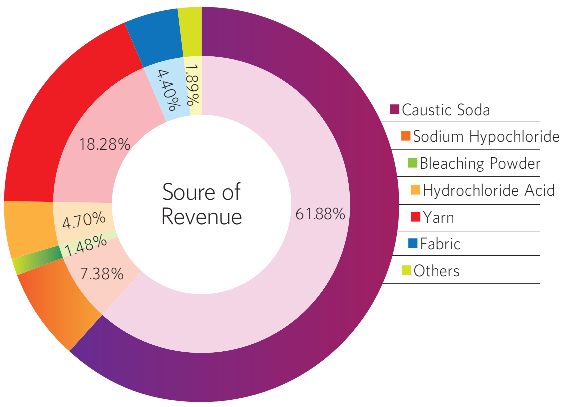
Opening Ceremony of Sandal Bar Enclave by Abid Sher Ali (Minister for Water and power)

Corporate Social Responsibility

Corporate Social Responsibility Sitara Chemical Industries Limited is proactive for health and welfare of local community. We manage and arrange medical camps and health awareness campaigns frequently. In this regard various activities have been held at factory site.

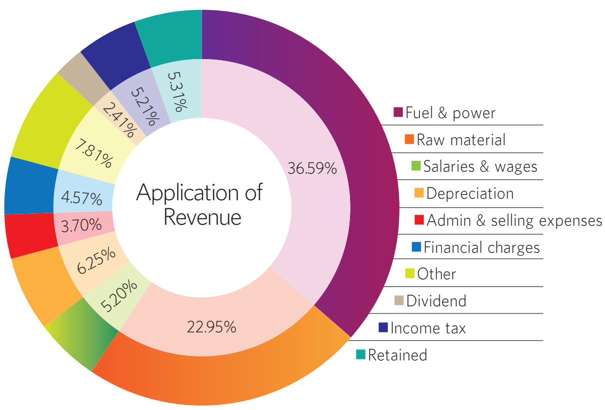
Opening Ceremony of CT Scan (16 slice) facility at Aziz Fatima Hospital

Directors' Report



Soure of Revenue

	Rs. (Million)	%
Caustic soda	5,484	61.88%
Sodium Hypochlorite	654	7.38%
Bleaching powder	131	1.48%
Hydrochloric acid	416	4.70%
Yarn	1,620	18.28%
Fabric	390	4.40%
Others	168	1.89%
	8,863	100

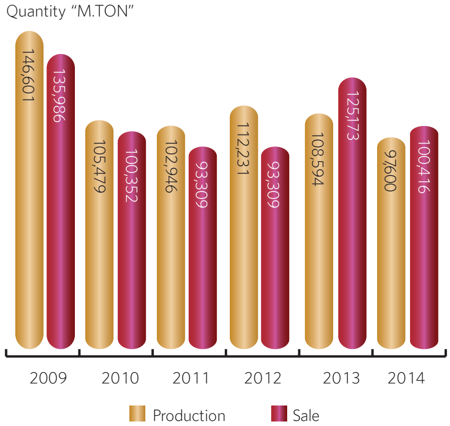


Application of Revenue

	Rs. (Million)	%
Fuel & power	3,243	36.59%
Raw material	2,034	22.95%
Salaries & wages	460	5.20%
Depreciation	554	6.25%
Admin & selling expenses	328	3.70%
Financial charges	405	4.57%
Other	692	7.81%
Dividend	213	2.41%
Income tax	462	5.21%
Retained	471	5.31%
	8,863	1.00

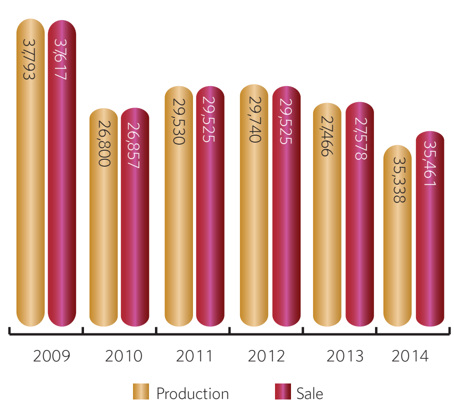
Caustic Soda

Quantity "M.TON"

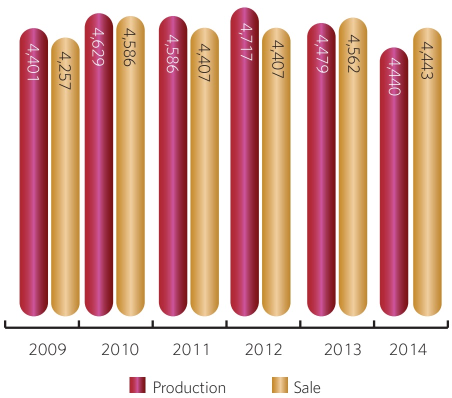


Sodium Hypochlorite

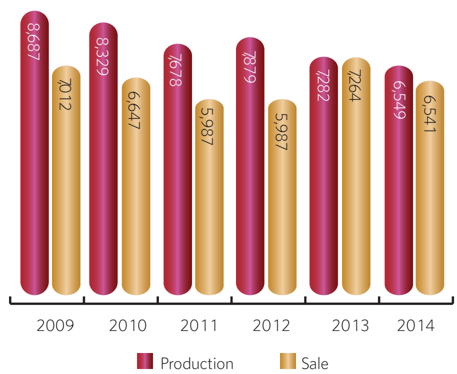
Quantity "M.TON"



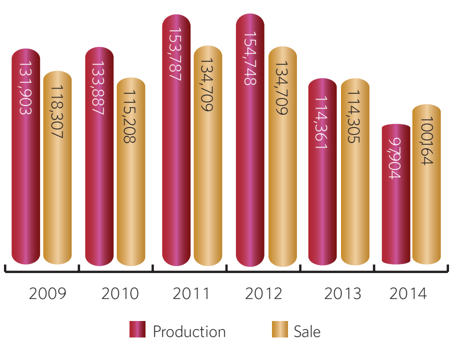
Bleaching Powder
Quantity "M.TON"



Liquid Chlorine
Quantity "M.TON"



Hydrochloric Acid
Quantity "M.TON"



Cotton Yarn Converted in 20/s Count
Quantity (Kgs) "000"

Acknowledgement:

"Our people are our strength and key drivers behind all our achievements. We acknowledge valuable contribution of every employee of the company in consistent growth and marvelous performance in the Financial Year 2014. We also cannot forget to say thanks to customers for the trust they put in our products all the time. Directors also wish to express their gratitude to the shareholders of the company and financial institutions for their support and confidence in the management."

For and on behalf of the
BOARD OF DIRECTORS

Muhammad Adrees
Chief Executive Officer

Six Years at a Glance

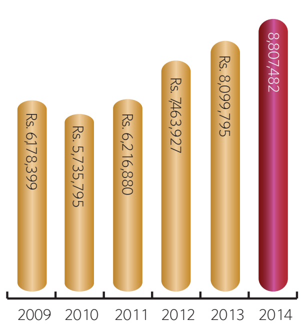
Assets Employed (Rs, '000')	2014	2013	2012	2011	2010	2009
Sales	8,807,482	8,099,795	7,463,927	6,216,880	5,735,795	6,178,399
Gross profit	2,139,111	2,504,872	2,069,987	1,553,641	1,538,725	1,961,755
Operating profit	1,550,765	1,862,819	1,699,466	1,213,155	1,220,073	1,601,620
Profit before tax	1,145,813	1,375,991	984,051	518,229	609,962	987,894

Financial ratios

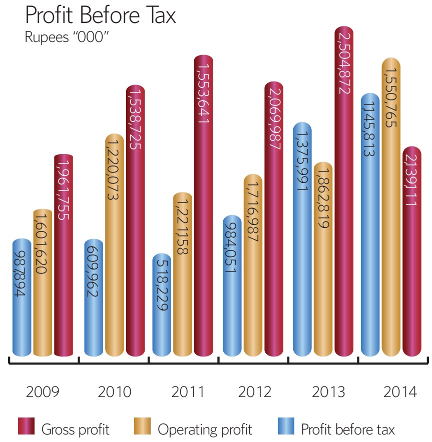
	2014	2013	2012	2011	2010	2009
Gross Profit %	24.29	30.93	27.73	24.99	26.83	31.75
Operating Profit %	17.61	23.00	22.77	19.51	21.27	25.92
Profit before tax %	13.01	16.99	13.18	8.34	10.63	15.99
Earnings per share - Basic (Rs,)	40.19	48.40	32.13	19.97	22.67	30.89
Market value per share - (Rs.)	296.50	199.99	105.05	99.81	134.93	156.00
Cash Dividend Per Share - (Rs.)	10.50	10.00	8.00	6.25*	2.50*	7.50
Inventory turn over (times)	7.05	5.85	6.03	6.72	6.58	6.48
Current ratio	0.87:1	0.73:1	0.61:1	0.87:1	0.84:1	0.91:1
Fixed assets turn over (times)	1.53	1.36	1.23	1.13	1.04	1.29
Price earning ratio	7.38	4.14	3.27	5.00	5.95	5.05
Return to capital employed %	12.42	15.59	11.44	6.88	7.45	12.71
Debt equity	21:79	21:79	33:67	42:58	51:49	52:48

* 05% bonus shares along with cash dividend was proposed.

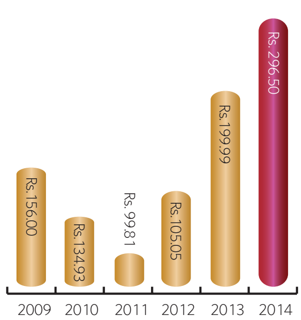
Sales
Rupees"000"



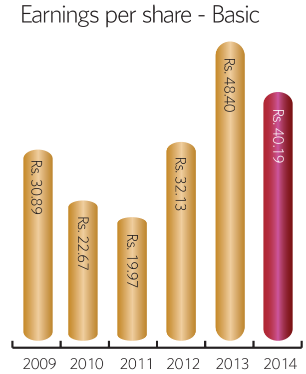
Gross Profit
Operating Profit
Profit Before Tax
Rupees "000"



Market value per share



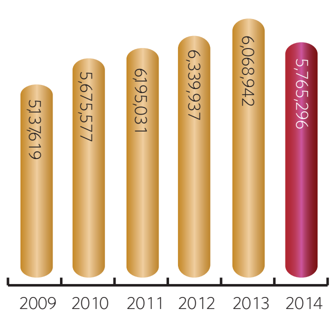
Earnings per share - Basic



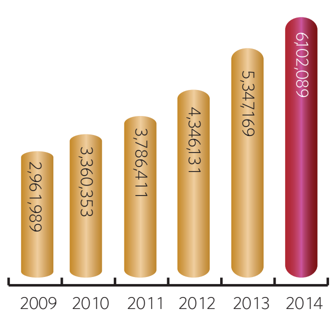
Six Years at a Glance

Assets Employed (Rs, '000')	2014	2013	2012	2011	2010	2009
Property, Plant and equipment	5,765,296	6,068,942	6,339,937	6,195,031	5,675,577	5,137,619
Intangible assets	17,955	19,950	-	-	-	-
Investment property	3,004,815	2,868,379	2,820,036	1,576,856	2,724,588	2,705,805
Long Term Investment	68,280	63,431	67,608	-	-	-
Advances and deposits	928,309	929,735	937,790	229,142	130,815	126,659
Current assets	3,601,755	3,008,549	2,475,187	3,262,718	1,779,477	2,143,328
Current liabilities	(4,160,633)	(4,135,006)	(4,039,282)	(3,731,902)	(2,128,504)	(2,343,211)
	9,225,777	8,823,980	8,601,276	7,531,845	8,181,953	7,770,200
Financed by						
Ordinary capital	214,294	214,294	214,294	214,294	204,091	204,090
Reserves	5,887,795	5,132,875	4,131,837	3,572,117	3,156,262	2,757,899
Shareholders' equity	6,102,089	5,347,169	4,346,131	3,786,411	3,360,353	2,961,989
Surplus on revaluation	1,347,410	1,429,500	1,521,196	920,622	944,619	1,006,548
Long term and deferred liabilities	1,776,278	2,047,311	2,733,949	2,824,812	3,876,981	3,801,663
	9,225,777	8,823,980	8,601,276	7,531,845	8,181,953	7,770,200

Fixed assets
Rupees "000"

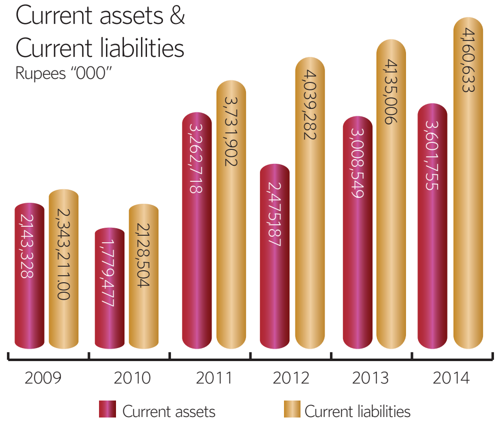


Shareholders' equity
Rupees "000"



Export Sales

Current assets &
Current liabilities
Rupees "000"



Corporate Governance

Statement of Directors' Responsibilities

Board of Directors is mindful of its responsibilities and duties under legal and corporate framework. The Board defines and establishes Company's overall objectives and directions and monitors status thereof. Short term and long term plans and business performance targets are set by Chief Executive under overall policy framework of the Board.

"There has been no-material departure from the best practices of the Corporate Governance, as detailed in the Listing Regulations."

Presentation of Financial Statements

The financial statements prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

Books of Account

Company has maintained proper books of account.

Accounting Policies

"Appropriate accounting policies have been consistently applied, in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment."

Application of International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

Internal Control System

System of internal control is sound in design and has been effectively implemented and monitored.

Taxation

Information about taxes and levies is given in the notes to and forming part of financial statements.

Going Concern

There is no doubt about the Company's ability to continue as a going concern.

Audit Committee

Audit Committee was established to assist Board in discharging its responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The Committee consists of three members.

Human Resource and Remuneration Committee

Human Resource and Remuneration Committee was farmed to monitor the procedure of selection, evaluation, compensation and succession planning of the key management personal along with designing and implementation of Human Resource Policy of the company. This committee comprises of three members.

Statement of Compliance

with the Code of Corporate Governance for the year ended June 30, 2014.

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The Board of Directors of the Company comprised of seven directors at year ended June 30, 2014.

Category	Name	Category	Name
Independent	Mr. Muhammad Arif	Non-Executive	Mr. Imran Ghafoor
Executive	Mr. Muhammad Adrees	Non-Executive	Mr. Muhammad Khalil
Executive	Mr. Haseeb Ahmed	Non-Executive	Mr. Nawaz ul Haq
Non-Executive	Mr. Waheed Akhter Sher		

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on board of more than seven listed companies, including this Company.

3. All the directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors is member of stock exchange.

4. Casual vacancy occurring on the board during the year due to the sad demise of one director was filled up by the directors within 90 days.

5. 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.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified in clause (xi) of CCG, two of the seven Directors of the Company are exempted from the requirement of directors' training program, while two directors have got certified with directors training program upto June 30, 2014. Further rest of the Directors will undertake Directors Training Program within specified time.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG

15. The Board has formed an Audit Committee. It comprises three members; all members are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises of three members majority of directors are non-executive directors including the chairman of the committee.

18. The Board has set up an effective internal audit function.

19. 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The "closed period", prior to the announcement of interim/final results, and business decisions, which may materially affect market price of Company's securities, was determined and intimated to the directors, employees and Stock Exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through the Stock Exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Haseeb Ahmed
Director

Muhammad Adrees
Chief Executive Officer

Pattern of Shareholding

for the year ended June 30, 2014

Number of Shareholders	Shareholdings From	Shareholdings To	Total Number of Shares
1027	1	100	27,496
560	101	500	139,510
186	501	1,000	129,923
183	1,001	5,000	452,526
37	5,001	10,000	262,985
19	10,001	15,000	244,637
7	15,001	20,000	126,525
6	20,001	25,000	130,911
4	25,001	30,000	109,055
2	30,001	35,000	63,636
1	35,001	40,000	39,800
2	40,001	45,000	82,885
1	50,001	55,000	50,609
2	55,001	60,000	117,114
3	65,001	70,000	197,229
1	80,001	85,000	84,210
1	85,001	90,000	85,234
1	105,001	110,000	107,700
3	120,001	125,000	363,825
1	125,001	130,000	128,400
1	145,001	150,000	150,000
1	260,001	265,000	263,002
1	320,001	325,000	324,555
1	370,001	375,000	373,346
1	375,001	380,000	375,540
1	455,001	460,000	457,900
1	520,001	525,000	520,814
1	715,001	720,000	718,716
1	900,001	905,000	904,386
1	1,000,001	1,005,000	1,004,700
1	13,390,001	13,395,000	13,392,238
2058			21,429,407

Pattern of Shareholding

for the year ended June 30, 2014

	Number	Shares Held	Percentage
NIT & ICP			
National Bank of Pakistan - Trustee Department			
Investment Corporation of Pakistan	3	770,022	3.59
Directors, CEO & their Spouse and Minor Children			
Mr. Muhammad Adrees	1	13,392,238	62.49
Mr. Imran Ghafoor	1	2,310	0.01
Mr. Haseeb Ahmed	1	375,540	1.75
Mr. Muhammad Khalil	1	525	0.00
Mr. Muhammad Arif	1	500	0.00
Mr. Nawaz-ul Haq	1	500	0.00
Mr. Waheed Akhter Sher	1	500	0.00
Bank, Development Finance Institutions,	8	1,552,886	7.25
Non Banking Finance Institutions.			
Insurance Companies	3	1,372,286	6.40
Modarabas and Mutual Funds	7	270,250	1.26
Foreign Companies	3	27,924	0.13
General Public (Local)	1973	2,937,923	13.72
General Public (Foreign)	17	109,754	0.51
Associated Companies, Undertaking and Related Parties	-	-	-
Joint Stock Companies, others, etc.	30	531,264	2.49
Others	7	84,985	0.40
	2,058	21,429,407	100.00

Detail of purchase/sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Financial Officer and their spouses/minor children during 2013-2014
Following Directors of the Company acquired qualification shares of the Company as per the detail given below:

Name of Director	No. of Shares
Mr. Nawaz ul Haq	500
Mr. Muhammad Arif	500
Mr. Waheed Akhtar Sher	500

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

a) Mr. Muhammad Adrees, Chief Executive	13,392,238

The Board has determined threshold under clause xvi(1) of Code of Corporate Governance 2012 in respect of trading of Company's shares by executives and employees who are drawing annual basic salary of Rs. 2.4 million or more.

None of the employee of the company has made any trade of shares of the company who falls beyond the threshold of Rs. 2.4 million annual basic salary.

Notice of Annual General Meeting

Notice is hereby given that the 33rd Annual General Meeting of Sitara Chemical Industries Limited will be held at Dr. Abdul Qadeer Khan Auditorium, Haji Abdullah Haroon Muslim Gymkhana, Near Shaheen Complex, Aiwan-e-Sadr Road, Karachi, on Tuesday, October 28, 2014 at 2:30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on October 14, 2013.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2014 together with the Reports of the Auditors and Directors thereon.
3. To approve payment of Cash Dividend at the rate of 105% (Rs.10.50/= per share) as recommended by the Directors.
4. To appoint Auditors for the year ending June 30, 2015 and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification, the following Resolution in terms of section 196(3)(a) of the Companies Ordinance, 1984, for authorizing sale of Companies Non-operating Land located at Faisalabad:

"Resolved that Company's all Non operating land or part thereto, situated at Faisalabad be sold to the prospective buyers, to establish new production line or repayment of Company's loans to add value in net worth of the company and its shareholders at a total price not less than Rs. 829.837 million (Rupees Eight Hundred Twenty Nine Million Eight Hundred Thirty Seven Thousand) upon terms and conditions approved by the Board of Directors of the Company"

"Further Resolved that, the Board of Directors of the Company or its designated officers/representatives be and are hereby authorized to do all acts, deeds and things and take all necessary steps for the sale of Company's Non Operating Land including negotiations and signing of the documents, deeds and papers, agreements and all matters connected, necessary and incidental thereto."

6. To transact any other ordinary business of the Company with the permission of the Chair.

By order of the Board

Karachi:
September 25, 2014

MAZHAR ALI KHAN
Company Secretary

NOTES:

CLOSURE OF SHARE TRANSFER BOOKS.

The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from October 21, 2014 to October 28, 2014 (both days inclusive). Transfers received in order at the Share Registrar Office of the company by the close of business on October 20, 2014 will be treated in time for the purpose of payment of the final cash dividend. If approved by the shareholders.

Notice of Annual General Meeting

PARTICIPATION IN THE ANNUAL GENERAL MEETING.

A member entitled to attend and vote at this meeting is entitled to appoint another member 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, State Life Building3, Dr. Ziauddin Ahmed Road, 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/or the persons whose securities are in group account 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/or the persons whose securities are in group account 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. The proxies shall produce their original CNIC or original passport at the time of meeting.

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.

CONFIRMATION FOR FILING STATUS OF INCOME TAX RETURN FOR APPLICATION OF REVISED TAX RATES PURSUANT TO THE PROVISIONS OF FINANCE ACT, 2014.

All members of the company are hereby informed that pursuant to the provisions of Finance Act, 2014 effective July 01, 2014 changes have been made with regards to deduction of income tax for cash dividend, the rates of deduction of income tax, under Section 150 of Income Tax Ordinance 2001, have been revised as follows:

1	Rate of tax deduction for filers of Income Tax Return	10%
2	Rate of tax deduction for non-filer of Income Tax Return	15%

Members of the Company are, therefore, requested to update their tax paying status by sending following detail on the company's registrar address and the members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) are requested to send a copy of detail regarding tax payment status also to the relevant member stock exchange and CDC if maintain CDC investor account:

Folio/ CDC ID/AC #	Name	National Tax #	CNIC # (In case of individuals)	Income Tax return for the year 2013 filed (Yes or No.)

The information may be sent at the registered postal address of the company's share registrar.

The above mentioned information would enable us to process the dividend payment according to the taxpaying status of the members.

The "Income Tax Return Filing Status" form is enclosed to facilitate shareholders to provide detail regarding national tax number and confirmation for filing of income tax return.

PAYMENT OF CASH DIVIDEND ELECTRONICALLY (e-dividend)

In order to establish a process for cash dividend payment where dividends can be paid more efficiently to shareholders, Securities and Exchange Commission of Pakistan (SECP) has envisaged e-dividend mechanism. Under this mechanism amount of dividend will be credited electronically into the account of shareholders. New method of payment will eliminate the chances of dividend warrants getting lost in the post, returned undelivered or delivered on wrong address. SECP has advised all listed companies to adopt e-dividend mechanism due to benefits it entails to their shareholders.

The company has requested its shareholders through letters and notices to send mandate instruction by filing the mandate form to opt for the dividend mandate option. We request you to provide duly filled and signed dividend mandate form.

The dividend mandate form is again enclosed to facilitate shareholders to opt the mandate option and provide required information to make payment of cash dividend through direct credit to shareholder's bank account.

CDC account holders are requested to submit their mandate instruction to the relevant member stock exchange and CDC if maintaining CDC investor account.

SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD (CNIC) / NATIONAL TAXPAYER NUMBER (NTN)

The directive of SECP contained in SRO 831(1)2012 OF 5TH July 2012, provides that the dividend warrant should bear the Computerized National Identity Card (CNIC) number of the registered member, CNIC number of the members is therefore, mandatory for the issue of future dividend warrants and in the absence of such information, payment of dividend may be withheld. The Company has already requested its shareholders through letters and notices to provide attested copies of their valid CNICs.

The members who have not yet provided their CNICs are once again advised to provide attested copy of their valid CNICs to ensure timely disbursement of the dividend.

CHANGE OF ADDRESS:

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

Notice of Annual General Meeting

Statement under section 160(1)(b) of the Companies Ordinance, 1984.

Agenda # 5

Consider, and if thought fit, approve sale of Company's following Non-Operating Land total measuring =593= Kanals or part thereto to the prospective buyers and to authorize its designated officers/representatives to deal, negotiate, sign and to take all necessary steps connected with the matter:

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

Description	Details
Detail of assets to be disposed of i.e. its description, cost, revalued amount (if available), book value and approximate current market price/fair value. In case of disposal of land location and area proposed to be sold shall be disclosed.	a. Land is situated at Chak No.194 RB Faisalabad. Total land to be sold is 571 Kanals. Its book value is Rs. 253.741 million. Current market value as established by valuation conducted by Hamid Mukhtar (Pvt) Ltd is Rs. 433.540 million. b. Land is situated at Canal Road, Faisalabad. Total land to be sold is 22 Kanals. Its book value is Rs. 282.770 million. Current market value as established by valuation conducted by Hamid Mukhtar (Pvt) Ltd is Rs. 396.297 million.
The proposed manner of disposal of the said assets.	The land would be sold to prospective buyers directly or through agents.
Reasons for the sale, lease or disposal of assets and the benefits expected to accrue to the shareholders there from.	The land is included in Investment Property and its proceeds will either be used to establish new production line or repayment of Company's loans to add value in net worth of the company and its shareholders

Auditors' Report and Financial Statements

2014

Auditors' Report
to the members

We have audited the annexed balance sheet of SITARA CHEMICAL INDUSTRIES LIMITED ("the Company") as at June 30, 2014 and the related profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

  (i) The balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as stated in note 4 with which we concur,

  (ii) The expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

  (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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, 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year ended; and

  (d) In our opinion Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants

Engagement Partner: Talat Javed

Multan

Date: September 25,2014

M. Yousuf Adil Saleem

Review Report

to the members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Sitara Chemical Industries Limited (the Company) for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's 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 Code requires the Company to place before the Audit Committee, and upon recommendations of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 recommendations of the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2014

M. Yousuf Adil Saleem

Chartered Accountants

Engagement Partner: Talat Javed
Multan
Dated: September 25,2014

Balance Sheet
As on June 30, 2014

	Note	June 30, 2014	June 30, 2013 (Restated)	July 1, 2012 (Restated)
			Rupees	
ASSETS				
Non-current assets				
Property, plant and equipment	5	5,765,295,502	6,068,941,931	6,339,937,335
Intangible assets	6	17,955,000	19,950,000	-
Investment property	7	3,004,815,378	2,868,379,300	2,820,036,360
Long term investments	8	68,279,962	63,431,202	67,607,937
Long term loans and advances	9	817,876,172	819,302,966	827,493,584
Long term deposits	10	110,433,287	110,432,287	110,296,726
		9,784,655,301	9,950,437,686	10,165,371,942
Current assets				
Stores, spare parts and loose tools	11	401,165,384	336,360,277	366,962,117
Stock in trade	12	881,710,696	1,010,809,125	902,720,830
Trade debts	13	1,262,557,632	936,929,485	796,202,867
Loans and advances	14	413,258,969	255,915,080	197,500,995
Trade deposits and prepayments	15	8,567,010	9,612,725	6,680,502
Other receivables	16	5,901,655	16,599,019	9,079,166
Other financial assets	17	191,826,521	162,789,304	116,178,674
Cash and bank balances	18	436,767,468	279,534,490	79,861,668
		3,601,755,335	3,008,549,505	2,475,186,819
Total assets		13,386,410,636	12,958,987,191	12,640,558,761

Muhammad Adrees
Chief Executive Officer

Haseeb Ahmed
Director

	Note	June 30, 2014	June 30, 2013 (Restated)	July 1, 2012 (Restated)
			Rupees	
EQUITY AND LIABILITIES				
Equity				
Share capital	19	214,294,070	214,294,070	214,294,070
Reserves	20	1,410,102,556	1,382,095,241	1,337,040,390
Un-appropriated profits		4,477,692,982	3,750,779,545	2,794,796,954
		6,102,089,608	5,347,168,856	4,346,131,414
Surplus on revaluation of property, plant and equipment	21	1,347,409,608	1,429,500,937	1,521,195,810
Non-current liabilities				
Long term financing	22	566,070,926	734,474,873	1,334,775,746
Long term deposits	23	6,385,859	7,946,055	12,199,953
Deferred liabilities	24	1,203,820,987	1,304,890,204	1,386,973,742
		1,776,277,772	2,047,311,132	2,733,949,441
Current liabilities				
Trade and other payables	25	1,690,647,587	1,828,764,814	1,522,591,422
Profit / financial charges payable	26	60,465,805	70,245,987	92,938,164
Short term borrowings	27	1,682,644,323	1,529,449,755	1,544,904,214
Current portion of long term financing	22	690,278,947	657,250,376	862,779,540
Provision for taxation		-	16,870,962	-
Sales tax payable		36,596,986	32,424,372	16,068,756
		4,160,633,648	4,135,006,266	4,039,282,096
Contingencies and commitments	28			
Total equity and liabilities		13,386,410,636	12,958,987,191	12,640,558,761

The annexed notes from 1 to 48 form an integral part of these financial statements.

Muhammad Adrees
Chief Executive Officer

Haseeb Ahmed
Director

Profit and Loss Account
for the year ended June 30, 2014

	Note	2014	2013 (Restated)
		Rupees	
Sales - net	29	8,807,482,117	8,099,794,812
Cost of sales	30	6,668,370,974	5,594,922,896
Gross profit		2,139,111,143	2,504,871,916
Other income	31	55,427,316	32,768,795
		2,194,538,459	2,537,640,711
Distribution cost	32	199,674,650	173,756,328
Administrative expenses	33	353,114,075	400,130,526
Other operating expenses	34	97,891,659	98,157,980
Finance cost	35	404,951,571	486,828,528
Share of (profit) / loss of associates - net of tax	8.1	(6,906,716)	2,776,413
		1,048,725,239	1,161,649,775
Profit before taxation		1,145,813,220	1,375,990,936
Provision for taxation	36	284,639,086	338,867,640
Profit for the year		861,174,134	1,037,123,296
Earnings per share - basic and diluted	37	40.19	48.40

The annexed notes from 1 to 48 form an integral part of these financial statements.

Muhammad Adrees
Chief Executive Officer

Haseeb Ahmed
Director

Statement of Other Comprehensive Income
for the year ended June 30, 2014

	Note	2014	2013 (Restated)
		Rupees	
Profit for the year		861,174,134	1,037,123,296
Items that may be reclassified subsequently to profit and loss			
Surplus on re-measurement of investments available for sale on fair value		29,037,217	46,160,991
Deficit realized on sale of investments available for sale on fair value		-	128,909
Impact of deferred tax		-	-
Total items that may be reclassified subsequently to profit and loss		29,037,217	46,289,900
Item that will not be reclassified to profit or loss			
Remeasurement of post retirement benefits obligation		(1,537,167)	(1,675,969)
Impact of deferred tax		507,265	569,829
Total items that will not be reclassified to profit and loss		(1,029,902)	(1,106,140)
Total comprehensive income for the year		889,181,449	1,082,307,056

The annexed notes from 1 to 48 form an integral part of these financial statements.

Muhammad Adrees
Chief Executive Officer

Haseeb Ahmed
Director

Cash Flow Statement
for the year ended June 30, 2014

	Note	2014	2013 (Restated)
		Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,145,813,220	1,375,990,936
Adjustments for:			
Depreciation on property, plant and equipment		554,040,856	577,892,070
Depreciation on investment property		3,330,909	440,648
Amortization on intangible assets		1,995,000	1,050,000
Impairment loss on investment		-	-
Finance cost		404,951,571	486,828,528
Share of (profit) / loss of associates - net of tax		(6,906,716)	2,776,413
Loss on disposal of property, plant and equipment		4,538,215	4,847,494
Gain on sale of available for sale investments		-	(276,743)
Provision for employee benefits		4,244,779	4,634,511
Advances written off		-	84,648,998
Provision for doubtful debts		11,959,210	3,009,675
Profit on bank deposits		(17,435,977)	(9,377,465)
Dividend income		(8,123,130)	(8,051,548)
Operating cash flows before changes in working capital		2,098,407,937	2,524,413,517
Working capital changes	42	(496,587,934)	(29,444,835)
Cash generated from operations		1,601,820,003	2,494,968,682
Finance cost paid		(414,731,753)	(509,520,705)
Employee benefits paid		(3,125,790)	(3,392,002)
Taxes paid		(462,004,336)	(341,343,325)
Profit received		17,435,977	9,377,465
		(862,425,902)	(844,878,567)
Net cash from operating activities		739,394,101	1,650,090,115

Muhammad Adrees
Chief Executive Officer

Haseeb Ahmed
Director

Cash Flow Statement
for the year ended June 30, 2014

	Note	2014	2013 (Restated)
		Rupees	
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		20,441,312	14,247,991
Proceeds from disposal of available for sale investments		-	2,150,000
Additions to property, plant and equipment		(275,373,954)	(425,294,957)
Additions to intangible assets		-	(6,346,192)
Purchase of available for sale investments		-	(2,322,896)
Purchase of investment property		(139,766,987)	(48,783,588)
Long-term loans and advances		1,426,794	8,190,618
Long term deposits		(1,000)	(135,561)
Dividend received		8,123,130	8,051,548
Net cash used in investing activities		(385,150,705)	(450,243,037)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		500,000,000	196,874,500
Payment of long term financing		(635,375,376)	(1,002,704,537)
Short term borrowings-net		153,194,568	(15,454,459)
Long term deposits		(1,560,196)	(4,253,898)
Dividend paid		(213,269,414)	(174,635,862)
Net cash used in financing activities		(197,010,418)	(1,000,174,256)
Net decrease in cash and cash equivalents (A+B+C)		157,232,978	199,672,822
Cash and cash equivalents at beginning of the year		279,534,490	79,861,668
Cash and cash equivalents at end of the year	18	436,767,468	279,534,490

The annexed notes from 1 to 48 form an integral part of these financial statements.

Muhammad Adrees
Chief Executive Officer

Haseeb Ahmed
Director

Statement of Changes in Equity
for the year ended June 30, 2014

	Share capital	Share premium	General reserve	Unappropriated profit	Reserve on re-measurement of available for sale investments	Remeamurement on post retirement benefits obligation net of Tax	Total
	Rupees						
Balance at July 01, 2012 as reported earlier	214,294,070	97,490,410	1,225,000,000	2,794,478,286	16,493,852	-	4,347,756,618
Effect of retrospective application of change in accounting policy referred in note 4	-	-	-	318,668	-	(1,943,872)	(1,625,204)
Balance as at July 01, 2012 - restated	214,294,070	97,490,410	1,225,000,000	2,794,796,954	16,493,852	(1,943,872)	4,346,131,414
Profit for the year	-	-	-	1,037,123,296	-	-	1,037,123,296
Surplus realized on disposal of assets	-	-	-	386,653	-	-	386,653
Other comprehensive income for the year							
Surplus on re-measurement of investments available for sale on fair value	-	-	-	-	46,160,991	-	46,160,991
Remeasurement of post retirement benefits				-	-	(1,106,140)	(1,106,140)
Total other comprehensive income	-	-	-	-	46,160,991	(1,106,140)	45,054,851
Total comprehensive income	-	-	-	1,037,509,949	46,160,991	(1,106,140)	1,082,564,800
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	-	-	89,907,898	-	-	89,907,898
Distribution to owners Final dividend for the year ended June 30, 2012 @ Rs. 8 per share	-	-	-	(171,435,256)	-	-	(171,435,256)
Balance as at June 30, 2013 - restated	214,294,070	97,490,410	1,225,000,000	3,750,779,545	62,654,843	(3,050,012)	5,347,168,856
Balance at July 01, 2013	214,294,070	97,490,410	1,225,000,000	3,750,779,545	62,654,843	(3,050,012)	5,347,168,856
Profit for the year	-	-	-	861,174,134	-	-	861,174,134
Surplus realized on disposal of assets	-	-	-	167,116	-	-	167,116
Other comprehensive income for the year							
Surplus on re-measurement of investments available for sale on fair value	-	-	-	-	29,037,217	-	29,037,217
Remeasurement of post retirement benefits	-	-	-	-	-	(1,029,902)	(1,029,902)
Total other comprehensive income	-	-	-	-	29,037,217	(1,029,902)	28,007,315
Total comprehensive income	-	-	-	861,341,250	29,037,217	(1,029,902)	889,348,565
Transfer to un-appropriated profit on account of incremental depreciation - net of tax	-	-	-	79,866,257	-	-	79,866,257
Distribution to owners Final dividend for the year ended June 30, 2013 @ Rs. 10 per share	-	-	-	(214,294,070)	-	-	(214,294,070)
Balance as at June 30, 2014	214,294,070	97,490,410	1,225,000,000	4,477,692,982	91,692,060	(4,079,914)	6,102,089,608

The annexed notes from 1 to 48 form an integral part of these financial statements.

Muhammad Adrees
Chief Executive Officer

Haseeb Ahmed
Director

1. GENERAL INFORMATION

1.1 Sitara Chemical Industries Limited ("the Company") was incorporated in Pakistan on September 08, 1981 as a public limited company under Companies Act, 1913 (now Companies Ordinance, 1984). The Company is currently listed on Karachi, Lahore and Islamabad stock exchanges. The principal activities of the Company are operation of Chlor Alkali plant and yarn spinning unit. The registered office of the Company is situated at 601-602, Business Centre, Mumtaz Hasan Road, Karachi, in the province of Sindh and the manufacturing facilities are located at 28/32 K.M., Faisalabad - Sheikhupura Road, Faisalabad, in the province of Punjab.

The Company is currently organized into two operating divisions and these divisions are the basis on which the Company reports its primary segment information.

Principal business activities are as follows:

Chemical Division	Manufacturing of caustic soda and allied products
Textile Division	Manufacturing of yarn and trading of fabric

1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984, and the said directives shall take precedence.

2.2 Standards, interpretation and amendment adopted during the year

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2014. 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.

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information	Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	Effective from accounting period beginning on or after January 01, 2013

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32

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IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity.

2.2.2 New accounting standards, amendments to published standards and 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.

Amendments to IAS 19 Employee Benefits: Employee contributions

Effective from accounting period beginning on or after July 01, 2014

This amendment clarifies the application of IAS 19, 'Employee benefits' (2011) – referred to as 'IAS 19R', to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions. The 2011 revisions to IAS 19 distinguished between employee contributions related to service and those not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

IAS 27 (Revised 2011) – Separate Financial Statements

Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. The IASB has issued recently the amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures

Effective from accounting period beginning on or after January 01, 2015

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities

Effective from accounting period beginning on or after January 01, 2014

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets

Effective from accounting period beginning on or after January 01, 2014

The amendments:

- remove the requirement to disclose the recoverable amount of a cash-generating unit (or group of cash-generating units) to which a significant amount of goodwill or intangible assets with indefinite useful lives has been allocated in periods when no impairment or reversal has been recognized (this requirement having been inadvertently introduced as part of consequencial amendments on the introduction of IFRS 13; and

- introduce additional disclosure requirements in respect of assets for which an impairment has been recognized or reversed and for which the recoverable amount is determined using fair value less costs of disposal.

IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	Effective from accounting period beginning on or after January 01, 2014

The amendment allows the continuation of hedge acoounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditiond are met.

IFRS 10 – Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015.

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards.

IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the ‘control’ assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the ‘control’ conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the ‘control’ conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 – Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties’ rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity’s interest in other entities and the effects of those interests on its financial statements.

IFRS 13 – Fair Value Measurement | Effective from accounting period beginning on or after January 01, 2015

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

IFRIC 21 - Levies | Effective from accounting period beginning on or after January 01, 2014

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

2.2.3 *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 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers

2.3 SIGNIFICANT ESTIMATES

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

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables and slow moving inventory. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

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

- revaluation of certain property, plant and equipment;
- investments in associate valued on equity method;
- financial instruments at fair value;
- recognition of certain employee retirement benefits at present value.

The principal accounting policies adopted are set out below :

3.2 Property, plant and equipment

Property, plant and equipment except free hold land, building on freehold land (factory), plant & machinery and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Building on freehold land (factory) and plant and machinery are stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount. Capital work-in-progress is stated at cost less impairment in value, if any. Cost includes borrowing cost as referred in accounting policy of borrowing cost.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When significant parts of an item of property, plant and equipment have different useful lives, they are recognized as separate items of property, plant and equipment.

Repair and maintenance costs are charged to income during the year in which they are incurred.

Depreciation is charged to income applying the reducing balance method at the rates specified in Property, plant and equipment note to these financial statements.

Depreciation on additions and disposals during the year is charged on the basis of proportionate period of use.

Gains or losses on disposal of assets, if any, are recognized as and when incurred.

Surplus arising on revaluation is credited to surplus on revaluation of property, plant and equipment. The surplus on revaluation of property, plant and equipment to the extent of incremental depreciation charged on the related assets is transferred by the Company to its un-appropriated profit.

Capital work-in-progress

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

3.3 Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliable. Cost of the intangible asset (i.e. Computer software) include purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Cost associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over estimated useful life of the asset on a systematic basis applying the straight line method.

Useful life of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortization is significant.

3.4 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on buildings is charged to income on reducing balance method at the rate of 10% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

3.5 Investments

Regular way purchase or sale of investments

All purchases and sales of investments are recognized using trade date accounting. Trade date is the date that the Company commits to purchase or sell the investment.

Investment in associates

Associates are all entities over which the Company has significant influence, but not control, generally accompanying a shareholding of 20% or more of the voting rights.

These investments are initially recognized at cost and are subsequently valued using equity method less impairment losses, if any.

Available for sale

Investment securities held by the Company which may be sold in response to needs for liquidity or changes in interest rates or equity prices are classified as available for sale. These investments are initially recognized at fair value plus transaction cost and subsequently re-measured at fair value. The investments for which quoted market price is not available, are measured at costs as it is not possible to apply any other valuation methodology. Gains and losses arising from re-measurement at fair value is recognized directly in the equity under fair value reserve until sold, collected, or otherwise disposed off at which time, the cumulative gain or loss previously recognized in equity is included in profit and loss account.

De-recognition

All investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.6 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value less allowance for the obsolete and slow moving items. Cost is determined using moving average method. Items in transit are valued at cost comprising invoice value and other charges incurred thereon, up to balance sheet date.

Net realizable value represents estimated selling price in the ordinary course of business, less estimated cost of completion and estimated cost necessary to make the sales.

3.7 Stock-in-trade

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

Raw and packing materials	Average cost except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date.
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost
Waste	Net realizable value

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

3.8 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist 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, and short-term running finance under mark-up arrangements.

3.10 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable 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 profit and loss account. 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. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

3.11 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 income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of liability for at least 12 months after the balance sheet date.

3.12 Employee Benefit Costs

Defined contribution plan - Chemical division

The Company operates an approved funded contributory provident fund scheme for all its employees eligible for benefit. Equal monthly contributions are made by the Company and employees at the rate from 6.5% to 8.33% of basic salary depending upon the length of service of an employee. The Company's contribution to the fund is charged to profit and loss account for the year.

Defined benefit plan - Textile division

The Company operates an unfunded gratuity scheme for all those permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provision is made to cover the obligation under scheme on the basis of actuarial valuation and is charged to income. The most recent Actuarial Valuation was carried out at June 30, 2014 using "Projected Unit Credit Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

3.13 Trade and other payables

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

3.14 Provisions

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

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 credit, rebates and exemption available, if any. 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 balance sheet 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 also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences 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 income 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 balance sheet date.

3.16 Dividend and other appropriations

Dividend is recognized as a liability in the year in which it is approved. Appropriations of profits are reflected in the statement of changes in equity in the year in which such appropriations are made.

3.17 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired.

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

3.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business.

- Sales of goods are recognized when goods are delivered and title has passed.
- Export rebate is recognized on accrual basis at the time of making the export sale.
- Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

3.19 Borrowing costs

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

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

3.20 Foreign currencies

Transactions in currencies other than Pakistani Rupee are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 are included in net profit or loss for the period.

3.21 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components. All operating segments' operating results are reviewed regularly by the company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly administrative and other operating expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

3.22 Off setting of financial assets and financial liabilities

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

3.23 Related party transactions

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

3.24 Earnings per share

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

4. CHANGES IN ACCOUNTING POLICY

4.1 Amendment to IAS 1 'Presentation of Financial statements' regarding 'other comprehensive income'

The primary change resulting from this amendment is that the Company has grouped items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

Had there been no change in the aforementioned accounting, there would not have been any bifurcation of items appearing in the 'other comprehensive income'.

4.2 Adoption of amendments in IAS 19, (Revised) 'Employee Benefits' as revised in 2011

"In the current year, the Company has applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous versions of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to the first-time application of IAS 19 (as revised in 2011). The Company has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis."

The impact of amendments to "IAS 19 Employee Benefits" on the financial statements is as follows:

Effect on balance sheet:

	---June 30, 2012	---	
	Balance as reported earlier	Effect of change in accounting policy	"Restated balance"
	……………………(Rupees……………………		
Deferred liabilities (employee benefits)	(8,076,115)	(2,990,573)	(11,066,688)
Deferred tax asset / (liability)	(1,376,953,755)	1,046,701	(1,375,907,054)
Un-appropriated profits / loss	(2,849,607,623)	(318,668)	(2,849,926,291)
Reserve / OCI	(1,338,984,262)	1,943,872	(1,337,040,390)
Provision for Taxation	(240,420,881)	318,668	(240,102,213)

Effect on balance sheet (continued):

	---June 30, 2013	---	
Deferred liabilities (employee benefits)	(10,863,219)	(3,121,946)	(13,985,165)
Deferred tax asset / (liability)	(1,292,521,568)	1,616,531	(1,290,905,038)
Un-appropriated profits / (loss)	(3,751,798,978)	1,019,433	(3,750,779,545)
Reserve	(1,385,145,253)	3,050,012	(1,382,095,241)
Provision for Taxation	(422,774,665)	525,162	(422,249,503)

Effect on income statement:

	---June 30, 2013	---	
Cost of goods sold (salaries and benefits)	5,596,131,127	(1,208,231)	5,594,922,896
Administrative expenses (salaries and benefits)	142,993,354	(336,364)	142,656,990
Tax	398,787,966	114,364	398,902,330
Earnings per share	48.35	0.05	48.40

Effect on other comprehensive income:

	---June 30, 2013	---	
Remeasurement on defined benefit obligation	-	(1,675,969)	(1,675,969)
Relevant tax	-	569,829	569,829

Effect on cash flow statement:

The effect of this change in accounting policy on the cash flow statement is not material in the overall context of these financial statements.

	Note	2014	2013
		Rupees	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	5,707,991,018	5,959,052,890
Capital work-in-progress	5.7	57,304,484	109,889,041
		5,765,295,502	6,068,941,931

5.1 Operating assets as at June 30, 2014

Description	Cost / revalued amount			Accumulated depreciation			Book value as at June 30, 2014	Rate (%)
	As at July 01, 2013	Additions/ (disposals)	As at June 30, 2014	As at July 01, 2013	Charge for the year / (on disposals)	As at June 30, 2014		
	Rupees							
Freehold land	628,362,000	-	628,362,000			-	628,362,000	
Building on freehold land:	-							
Mill	626,725,247	15,123,005	641,848,252	57,917,453	57,176,698	115,094,151	526,754,101	10
Head office	12,238,041	-	12,238,041	9,756,427	248,161	10,004,588	2,233,453	10
Plant and machinery	4,982,145,581	248,486,321	5,193,889,390	479,660,662	463,214,256	925,888,010	4,268,001,380	10
		(36,742,512)			(16,986,908)			
Grid station and electric installation	217,738,937	-	217,738,937	127,095,296	9,064,365	136,159,661	81,579,276	10
Containers and cylinders	57,278,692	29,452,252	80,608,742	34,949,660	2,347,435	34,927,530	45,681,212	10
		(6,122,202)			(2,369,565)			
Factory equipment	58,090,365	2,274,824	60,168,389	27,266,035	3,171,084	30,298,596	29,869,793	10
		(196,800)			(138,523)			
Electric equipment	34,245,791	20,455,074	54,700,865	16,975,403	2,076,786	19,052,189	35,648,676	10
Office equipment	41,540,246	2,104,378	43,045,810	22,770,241	1,988,014	24,437,808	18,608,002	10
		(598,814)			(320,447)			
Furniture and fittings	21,302,041	1,902,393	23,204,434	9,774,480	1,256,357	11,030,837	12,173,597	10
Vehicles	158,646,855	8,160,264	159,383,214	93,095,249	13,497,700	100,303,686	59,079,528	20
		(7,423,905)			(6,289,263)			
	6,838,313,796	327,958,511	7,115,188,074	879,260,906	554,040,856	1,407,197,056	5,707,991,018	
		(51,084,233)			(26,104,706)			

Operating assets - as at June 30, 2013

Description	Cost / revalued amount			Accumulated depreciation			Book value as at June 30, 2013	Rate (%)
	As at July 01, 2012	Additions/ (disposals)	As at June 30, 2013	As at July 01, 2012	Charge for the year / (on disposals)	As at June 30, 2013		
	Rupees							
Freehold land	628,362,000	-	628,362,000	-	-	-	628,362,000	
Building on freehold land:								
Mill	564,299,000	62,426,247	626,725,247	-	57,917,453	57,917,453	568,807,794	10
Head office	12,238,041	-	12,238,041	9,480,692	275,735	9,756,427	2,481,614	10
Plant and machinery	4,597,792,000	397,217,510	4,982,145,581	-	484,616,678	479,660,662	4,502,484,919	10
		(12,863,929)			(4,956,016)			
Grid station and electric installation	217,704,694	34,243	217,738,937	116,958,323	10,136,973	127,095,296	90,643,641	10
Containers and cylinders	69,790,823	-	57,278,692	35,842,816	3,266,510	34,949,660	22,329,032	10
		(12,512,131)			(4,159,666)			
Factory equipment	54,413,014	4,011,511	58,090,365	24,318,162	3,245,079	27,266,035	30,824,330	10
		(334,160)			(297,206)			
Electric equipment	31,071,694	3,478,247	34,245,791	15,534,880	1,654,925	16,975,403	17,270,388	10
		(304,150)			(214,402)			
Office equipment	38,970,202	2,789,660	41,540,246	20,971,559	1,943,132	22,770,241	18,770,005	10
		(219,616)			(144,450)			
Furniture and fittings	17,206,397	4,095,644	21,302,041	8,817,763	956,717	9,774,480	11,527,561	10
Vehicles	149,098,176	20,301,577	158,646,855	87,336,040	13,878,868	93,095,249	65,551,606	20
		(10,752,898)			(8,119,659)			
	6,380,946,041	494,354,639	6,838,313,796	319,260,235	577,892,070	879,260,906	5,959,052,890	
		(36,986,884)			(17,891,399)			

	Note	2014	2013
		Rs	
5.2 Depreciation for the year has been allocated as under:			
Cost of sales	30	524,397,446	547,485,385
Administrative expenses	33	29,643,610	30,406,685
		554,041,056	577,892,070

5.3 The Company has its freehold land, building and plant & machinery revalued in June 30, 2012 by Hamid Mehta & Company (Private) Ltd, independent value not connected with the Company. The basis used for the revaluation of these property plant and equipment were as follows:

Land

Fair market rate of the land was assessed through inquiries in the vicinity of land and information obtained through property dealers of the area.

Building

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

Machinery (Textile)

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

Machinery (Chemical)

Capitalized cost of the plant and machinery each year since its commissioning was taken as basis for revaluation. This cost has been escalated because of exchange rate increases. An average inflation rate in international prices with due consideration on the increase in international prices of the metals like mild steel, copper etc. has then been applied to arrive at an "Escalation Rate Factor", which has been instrumental for arriving at "New Replacement Values".

Depreciation due to usage has been applied on all assets of machinery at 10% per annum on written down value basis to arrive at a fair present / depreciated market value of the assets.

5.4 The revaluation surplus, net of deferred tax, is credited to surplus on revaluation of property, plant and equipment.

5.5 Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets as at June 30, 2014 would have been as follows:

	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees
Land	200,415,091	-	200,415,091
Building on free hold land	969,514,964	655,309,692	314,205,272
Plant and Machinery	6,128,882,716	2,475,772,053	3,653,110,663
2014	7,298,812,771	3,131,081,745	4,167,731,026
2013	7,071,945,957	2,770,336,649	4,301,609,308

5.6 The following assets were disposed off during the year:

Description	Revalued amount / Cost	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of buyer
	------ Rupees ------					
Plant & Machinery						
Machine Coner	8,348,410	6,502,103	1,846,307	1,000,000	Negotiation	Nizami Power
Oxygen Plant	22,742,443	10,064,070	12,678,373	7,179,487	Negotiation	Al-Madina Oxygen Gas Works
Crusher	5,651,659	420,735	5,230,924	2,200,000	Negotiation	Gulfam Shahzad Chaudhary Grinding Mill
Containers and Cylinders						
Cylinder for O2 Gas	6,122,202	2,369,565	3,752,637	3,586,665	Negotiation	Al-Madina Oxygen Gas Works
Vehicles						
Mazda truck	1,089,660	1,009,278	80,382	1,357,160	Negotiation	Mirza Asghar Ali Mughal
Toyota hilux	852,050	773,482	78,568	756,000	Negotiation	Nazar Hussain
Toyota corolla	1,024,705	928,364	96,341	600,000	Negotiation	Khalid Pervaiz Niazi
Toyota corolla	1,311,780	1,057,447	254,333	730,000	Negotiation	Munawar Ahmad
Suzuki jeep jimny	1,065,000	765,123	299,877	955,000	Negotiation	Muhammad Javaid
Suzuki liana	971,000	695,167	275,833	675,000	Negotiation	Ijaz Hussain
Mazda truck	1,109,710	1,060,401	49,309	1,350,000	Negotiation	Muzammil Ali
Factory equipment						
Spectro Photometer	196,800	138,523	58,277	40,000	Negotiation	Business Dynamics Enterprises
Electrical equipment						
Mobile set	220,350	65,649	154,701	-	Write-off	N/A
Office equipment						
Computers	210,464	164,606	45,858	12,000	Negotiation	Electronic World
Laptops	168,000	90,193	77,807	-	Write-off	N/A
2014	51,084,233	26,104,706	24,979,527	20,441,312		
2013	36,986,884	17,891,399	19,095,485	14,247,991		

	Note	2014	2013
		Rupees	
5.7 Capital work-in-progress			
Civil work		5,694,434	55,908,040
Plant and machinery including intransit		8,527,442	11,074,586
Advance for property, plant and equipment		17,465,015	104,634,663
Major spare parts and stand-by equipment qualifying as property, plant and equipment		25,617,593	22,920,750
Advances written off during the year	5.7.1	-	(84,648,998)
		57,304,484	109,889,041
5.7.1 Movement in provision for advances for property, plant and equipment			
At beginning of the year		-	-
Provision charged during the year		-	84,648,998
Advances write off during the years		-	(84,648,998)
At the end of year		-	-

6. Intangible assets

	Note	2014	2013
Computer Software		21,000,000	21,000,000
Accumulated Amortization	6.1	(3,045,000)	(1,050,000)
		17,955,000	19,950,000

6.1 Computer software are being amortized using reducing balance method.

7. INVESTMENT PROPERTY

	Note	2014	2013
Land	7.1	2,939,295,351	2,864,413,464
Building	7.2	65,520,027	3,965,836
		3,004,815,378	2,868,379,300
7.1 Land			
Balance at beginning of the year		2,864,413,464	2,815,629,876
Add:			
Acquisitions during the year		74,881,887	48,783,588
Balance at end of year		2,939,295,351	2,864,413,464

	Note	2014	2013
		Rupees	
7.2 Building			
Cost		77,920,666	13,035,566
Accumulated depreciation			
At beginning of year		9,069,730	8,629,082
For the year	33	3,330,909	440,648
At end of year		12,400,639	9,069,730
Written down value at end of year		65,520,027	3,965,836

For the purpose of capital appreciation and earning rental income, the Company has invested in freehold land, residential plots and building portions covering area of 3,696 kanals and 16 marlas. These properties are purchased within the Province of Punjab.

The fair value of the investment property as at June 30, 2014 is Rs 2,980 million. The fair value has been arrived at on the basis of a valuation carried out by W. W. Engineering Services (Private) Limited, independent valuer not connected with the Company. The valuation was arrived at by reference to market evidence of transaction price for similar items.

The rental income earned by the Company from its investment property amounted to Rs. 11.732 million (2013: Rs. 8.217 million).

8. LONG TERM INVESTMENTS

	Note	2014	2013
		Rupees	
Investments in associates	8.1	63,279,962	58,431,202
Other investment	8.2	5,000,000	5,000,000
		68,279,962	63,431,202

	Note	2014	2013
		Rupees	
8.1 Investments in associates			
Quoted companies			
Sitara Peroxide Limited	8.1.1	42,620,096	40,501,774
Unquoted company			
Takaful Pakistan Limited	8.1.2	20,659,866	17,929,428
		63,279,962	58,431,202

The Company holds less than 20 percent of the voting power in above companies; however, the Company exercises significant influence by virtue of common directorship with the associates.

	Note	2014	2013
		Rupees	
8.1.1 Sitara Peroxide Limited			
Cost		38,692,338	38,692,338
Share of post acquisition loss		(16,573,631)	(20,749,909)
Share of revaluation surplus		25,738,152	27,796,108
Accumulated impairment losses		(5,236,763)	(5,236,763)
		42,620,096	40,501,774

		2014	2013
Market value per share	Rupees	15.87	14.04
No. of shares held	Number	3,500,000	3,500,000
Ownership interest	Percent	6.35%	6.35%

Summarized financial information in respect of the Company's associate is set out below:

	At March 31, 2014	At March 31, 2013
	Rupees	
Non-current assets	1,722,452,232	1,920,387,401
Current assets	791,060,098	654,154,087
	2,513,512,330	2,574,541,488
Non-current liabilities	(1,134,386,177)	(1,141,410,685)
Current liabilities	(665,671,770)	(785,444,576)
	(1,800,057,947)	(1,926,855,261)
Net assets	713,454,383	647,686,227

	Nine months ended March 31, 2014	Nine months ended March 31, 2013
	Rupees	
Revenue	1,418,551,392	788,165,992
Profit / (loss) for the period	65,768,153	(60,498,291)
Company's share of associate's profit / (loss)	4,176,278	(3,842,904)

At the date of authorization for issue of these financial statements equity method has been applied on latest available un-audited financial statements for the nine months ended March 31, 2014 and for the quarter ended June 30, 2013. (2013: For the nine months ended March 31, 2013).

8.1.2 Takaful Pakistan Limited

	Note	2014	2013
		Rupees	
Cost		30,000,000	30,000,000
Share of post acquisition loss		(9,340,134)	(12,070,572)
		20,659,866	17,929,428

		2014	2013
No. of shares held	Number	3,000,000	3,000,000
Ownership interest	Percent	10%	10%

Summarized financial information in respect of the Company's associate is set out below:

	At March 31, 2014	At March 31, 2013
	Rupees	
Non-current assets	55,541,120	56,627,493
Current assets	454,966,404	444,812,917
	510,507,524	501,440,410
Non-current liabilities	(200,783,534)	(171,960,560)
Current liabilities	(150,772,139)	(190,051,576)
	(351,555,673)	(362,012,136)
Net assets	158,951,851	139,428,274
Revenue	268,008,166	197,656,925
Profit for the period	27,304,377	10,664,907
Company's share of associate's profit	2,730,438	1,066,491

Due to non availability of annual audited financial statements of associate at the date of authorization for issue of these financial statements, equity method has been applied on latest available un-audited financial statements for three months ended March 31, 2014, for the six months ended December 31, 2013 and three months ended June 30, 2013. (2013: on latest available un-audited financial statements for three months ended March 31, 2013 and for the six months ended December 31, 2012).

	Note	2014	2013
		Rupees	
8.2 Other Investment			
Available for sale (Unquoted - at cost) Dawood Family Takaful Limited 500,000 (2013: 500,000) fully paid ordinary shares of Rs.10/- each	8.2.1	5,000,000	5,000,000

8.2.1 At the year end, we compared carrying value of investment with break up value of shares for calculation of impairment loss. Amount of impairment loss is immaterial in the overall context of the financial statement.

	Note	2014	2013
		Rupees	
9 LONG TERM LOANS AND ADVANCES			
Advance for investment property - considered good	9.1	816,126,890	816,126,890
Loans and advances	9.2	1,749,282	3,176,076
		817,876,172	819,302,966

9.1 The Company had entered into an agreement to purchase 887 Kanals of land situated at 199 RB Faisalabad, at fair market value from Sitara Developers (Private) Limited on June 5, 2011 These advances include Rs. 816,126,890 given to Sitara Developer (Private) Limited (related party) for purchase of this land. To ascertain, fair market value of the said land, three renowned and independent valuers, Hamid Mukhtar & Co. (Private) Limited, Empire Enterprises (Private) Limited and Indus Surveyors (Private) Limited, were hired. The Company intends to purchase 887 kanals of land at fair market value in order to meet the demand of potential buyers to create a compact block of land prior to its development and subsequent sales to customers.

	Note	2014	2013
		Rupees	
9.2 Loans and advances			
Considered good			
Secured			
Executives - related parties	9.2.1	716,286	1,100,478
Staff	9.2.2	4,167,531	4,505,496
Unsecured			
Staff		117,400	87,600
		5,001,217	5,693,574
Less: current portion shown in current assets	14	3,251,935	2,517,498
	9.2.3	1,749,282	3,176,076

9.2.1 These advances are given to executives as per terms of their employment for purchase of cars and are secured by way of registration of cars in the name of the Company.

9.2.2 These are secured by way of registration of vehicles in the name of the company.

9.2.3 The maximum aggregate amount due at the end of any month during the year was Rs. 4.184 million (2013 : Rs. 5.412 million).

	Note	2014	2013
		Rupees	
10 LONG TERM DEPOSITS			
Security deposits for:			
Electricity		38,775,110	38,775,110
Gas		71,599,777	71,599,777
Others		58,400	57,400
		110,433,287	110,432,287
11 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		364,440,696	301,743,283
Spare parts:			
In hand		35,078,978	33,010,385
Loose tools		1,645,710	1,606,609
		401,165,384	336,360,277
12 STOCK IN TRADE			
Raw and packing material		405,581,919	513,369,180
Work in process		10,253,979	48,731,237
Finished goods		450,406,526	433,395,624
Waste		15,468,272	15,313,084
		881,710,696	1,010,809,125
13 TRADE DEBTS			
Related parties - considered good			
Sitara Textile Industries Limited		35,951,223	29,252,666
Sitara Fabrics Limited		149,405	10,686
Sitara Peroxide Limited		5,532,286	7,886,556
Sitara Chemtex Limited		27,096,401	23,054,424
Sitara Spinning Mills Limited		15,378	15,579
Aziz Fatima Trust Hospital		79,636	147,776
	13.1	68,824,329	60,367,687

	Note	2014	2013
		Rupees	
Others			
- Considered good			
Local - unsecured		1,193,670,867	861,800,207
Foreign - secured		62,436	14,761,591
- Considered doubtful			
Unsecured		24,984,201	13,024,991
		1,218,717,504	889,586,789
Provision for doubtful debts	13.5	(24,984,201)	(13,024,991)
		1,193,733,303	876,561,798
		1,262,557,632	936,929,485

13.1 These are recoverable in ordinary course of business.

13.1.1 Aging analysis of the amounts due from related parties is as follows

	Upto 2 months	2 to 6 months	More than 6 months	"As on June 30, 2014	As on June 30, 2013
	----------------------------(Rupees in '000)----------------------------				
Sitara Textile Industries Limited	5,918,516	18,409,073	11,623,634	35,951,223	29,252,666
Sitara Fabrics Limited	149,405	-	-	149,405	10,686
Sitara Peroxide Limited	3,362,942	1,203,772	965,572	5,532,286	7,886,556
Sitara Chemtex Limited	630,937	2,137,804	24,327,660	27,096,401	23,054,424
Sitara Spinning Mills Limited	-	15,378	-	15,378	15,579
Aziz Fatima Trust Hospital	79,636	-	-	79,636	147,776
	10,141,436	21,766,027	36,916,866	68,824,329	60,367,687

13.2 Trade receivables are non-interest bearing and relates to different products being sold on credit to customers. The credit period allowed on these products are generally on fifteen (15) days terms for dealers and twenty five (25) days terms for institutions.

13.3 The Company has provided fully for all receivables over three years because historical experience is such that receivables that are past due beyond three years are generally not recoverable. Trade debts between one year and three years are provided for based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

13.4 Before accepting any new customer, the Company makes its own survey to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

		2014	2013
		Rupees	
13.5	Movement in provision for doubtful debts		
	At beginning of the year	13,024,991	10,067,610
	Charged during the year	11,959,210	3,009,676
	Amount recovered during the year	-	(52,295)
	At end of the year	24,984,201	13,024,991

13.5.1 In determining the recoverability of a trade debt, the Company considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further provision required in excess of the allowance for doubtful debts.

	Note	2014	2013
		Rupees	
14. LOANS AND ADVANCES			
Loans to employees - considered good		10,644	163,296
Current portion of long term loans and advances	9.2	3,251,935	2,517,498
		3,262,579	2,680,794
Advance tax		57,276,180	-
Advances - considered good			
For expenses		13,618,780	14,586,793
Letters of credit fee, margin and expenses		85,781,962	74,877,920
Suppliers and contractors		253,319,468	163,769,573
Advances - considered doubtful			
For expenses		49,203	49,203
Suppliers and contractors		10,100	10,100
Provision for doubtful advances		(59,303)	(59,303)
		-	-
		413,258,969	255,915,080
15. TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits		7,708,023	8,927,944
Prepayments		858,987	684,781
		8,567,010	9,612,725
16. OTHER RECEIVABLES			
Unsecured - considered good			
Related parties	16.1	5,531,822	5,843,828
Insurance claim		-	1,652,623
Others		369,833	9,102,568
		5,901,655	16,599,019

	Note	2014	2013
		Rupees	

16.1 It represents the following balances due from related parties:

	2014	2013
Sitara Peroxide Limited	4,677,626	4,368,541
Sitara Chemtex (Private) Limited	300,000	300,000
Sitara Spinning Mills Limited	315,307	905,523
Sitara Fabrics Limited	94,387	94,387
Sitara Textile Industries Limited	141,601	172,476
Sitara Trade and Services (Private) Limited	2,901	2,901
	5,531,822	5,843,828

16.1.1 These represent common nature expenses, of joint facilities, borne on behalf of related parties.

17. OTHER FINANCIAL ASSETS

	Note	2014	2013
Available for sale financial assets	17.1	166,826,521	137,789,304
Term deposit certificates	17.2	25,000,000	25,000,000
		191,826,521	162,789,304

17.1 Available for sale financial assets

Fully paid ordinary shares of Rs. 10 each (unless otherwise stated)

2014	2013		2014	2013
No. of shares / units			Rupees	
519,506	519,506	Meezan Bank Limited	22,463,439	15,818,958
933,661	933,661	Sitara Energy Limited	31,511,059	29,410,32
197,000	197,000	D.G Khan Cement Company Limited	17,328,120	16,896,690
352,505	352,505	Descon Oxychem Limited	2,107,980	1,903,527
446,250	446,250	Engro Polymer & Chemical Limited	6,037,763	5,631,675
65,625	65,625	Fauji Fertilizer Company Limited	7,366,406	7,226,625
100,000	100,000	Hub Power Company Limited	5,874,000	6,267,000
50,000	36,000	Ittehad Chemicals Limited	1,615,000	1,602,000
1,079	1,079	Meezan Cash Fund (Units having face value of Rs. 50 each)	31,216	53,955
9,500	9,500	National Refinery Limited (Face value Rs. 5 each)	2,046,015	2,308,215
150,000	150,000	Pace (Pakistan) Limited	598,500	648,000
68,000	68,000	Pakistan Oilfield Limited	39,052,400	34,331,160
34,020	28,350	Pakistan Petroleum Limited	7,632,047	6,134,373
23,760	21,600	Pakistan State Oil Company Limited	9,239,076	6,878,304
50,000	50,000	Pakistan Telecommunication Limited	1,273,500	1,108,500
10,000	10,000	Pakistan Tobacco Company Limited	12,650,000	1,570,000
			166,826,521	137,789,304

17.2 These represent deposits made in different commercial banks. These are subject to profit margin ranging from 4.93% to 8.77% per annum receivable quarterly. These are maturing at various dates falling within one year.

	Note	2014	2013
		Rupees	
18. CASH AND BANK BALANCES			
Cash in hand		31,453,240	33,554,303
Cash at banks			
In current accounts		297,572,203	58,824,283
In saving accounts	18.1	107,742,025	187,155,904
		405,314,228	245,980,187
		436,767,468	279,534,490

18.1 Effective mark-up rate in respect of deposit accounts range from 4.93% to 9.02% (2013 : 6.05% to 9.52%) per annum.

19. SHARE CAPITAL

2014	2013		2014	2013
No. of shares			Rupees	
		Authorized		
		Ordinary shares of Rs. 10 each		
40,000,000	40,000,000	Class “A”	400,000,000	400,000,000
20,000,000	20,000,000	Class “B”	200,000,000	200,000,000
		Issued, subscribed and paid up		
		Class”A” ordinary shares of Rs.10/- each		
8,640,000	8,640,000	- fully paid in cash	86,400,000	86,400,000
10,804,398	10,804,398	- issued as fully paid bonus shares	108,043,980	108,043,980
1,985,009	1,985,009	- issued as fully paid under scheme of arrangement for amalgamation	19,850,090	19,850,090
21,429,407	21,429,407		214,294,070	214,294,070

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

19.2 No shares are held by any associated Company or related party.

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

	Note	2014	2013
		Rupees	(Restated)
20. RESERVES			
Capital			
Share premium	20.1	97,490,410	97,490,410
Revenue			
General reserve	20.2	1,225,000,000	1,225,000,000
Other			
Reserve on re-measurement of available for sale investments	20.3	91,692,060	62,654,843
Reserve on re-measurement of post retirement benefits net of tax		(4,079,914)	(3,050,012)
		1,410,102,556	1,382,095,241

20.1 This represents premium realized on issue of right shares amounting to Rs. 34,551,000 during 1991-92, 1993-94 and 1994-95 at the rates of 10%, 10% and 12.50% respectively and amounting to Rs. 62,939,400 on issue of 1,985,009 fully paid ordinary shares to the shareholders of Sitara Spinning Mills Ltd under scheme of amalgamation of Sitara Chemical Industries Limited and Sitara Spinning Mills Limited, sanctioned by Honorable Sindh High Court in 1999.

20.2 The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

20.3 This reserve represents the unrealized surplus on remeasurement of available for sale investments as at June 30, 2014.

	Note	2014	2013
		Rupees	
21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
At beginning of the year		1,401,704,829	1,491,999,380
Addition during the year - net of tax		-	-
Surplus realized on disposal of assets		(167,116)	(386,653)
Transfer to un-appropriated profit in respect of incremental depreciation charged during the year – (net of tax)	21.1	(79,866,257)	(89,907,898)
At end of the year		1,321,671,456	1,401,704,829
Share from associate		25,738,152	27,796,108
		1,347,409,608	1,429,500,937
21.1 Incremental depreciation charged during the year transferred to un-appropriated profit		122,871,165	136,224,088
Less: tax liability relating to incremental depreciation		43,004,908	46,316,190
		79,866,257	89,907,898
22. LONG TERM FINANCING			
From banking companies and other financial institution - secured			
Diminishing Musharka (from financial institutions - secured)	21.1	566,070,926	520,974,873
Term finances	21.2	-	213,500,000
		566,070,926	734,474,873

22.1 Diminishing Musharka (from financial institutions - secured)

Description	Note	Profit	Security	Repayment	2014 Rupees	2013 Rupees
Faysal Bank Limited	22.1.1	Three months KIBOR plus 2% per annum payable on quarterly basis. (2013: Three months KIBOR plus 2.50 %)	First pari - passu hypothecation charge of Rs. 700 million over Membrane - III of the Company	Repayable in 20 quarterly installments commencing from September 29, 2010 and ending on June 29, 2015.	61,600,000	127,600,000
Faysal Bank Limited	22.1.1	Three months KIBOR plus 2% per annum payable on quarterly basis. (2013: Three months KIBOR plus 2.50 %)	First pari - passu hypothecation charge of Rs. 700 million over Membrane - III of the Company	Repayable in 20 equal quarterly installments commencing from July 31, 2011 and ending on April 12, 2016.	100,000,000	150,000,000
Standard Chartered Bank (Pakistan) Limited	22.1.1	Three months KIBOR plus 2.50 % per annum payable on quarterly basis. (2013: Three months KIBOR plus 2.50 %)	Specific and exclusive charge on existing setup of Membrane and CSP - II plant amounting to Rs. 366.67 million.	Repayment in 16 quarterly installments commencing from September 25, 2010 and ending on June 25, 2014. During the year the Company has made payment of one installment in advance payable in next year.	-	68,750,000
Syndicated Facility	22.1.1	Three months KIBOR plus 1.93 % per annum payable on quarterly basis. (2013: Three month KIBOR plus 1.93%)	1st Exclusive charge on plant & accessories of M-1 (135 M.T),CSP-IV 100 (M.T), Bleaching plant 1 & 2 and Ammonium Chloride plant 1 and 2 amounting to Rs.1,200 million.	This syndicated Diminishing Musharka facility was sanctioned for amount Rs. 900 million arranged by Standard Chartered Bank (Pakistan) Limited. Other participants are MCB Bank Limited, Habib Bank Limited, Habib Metropolitan Bank Limited and Soneri Bank Limited, however withdrawn amount is aggregated to Rs. 825 million. Facility is repayable in 16 quarterly installments commenced from July 14, 2011 and ending on April 14, 2015.	206,250,373	412,500,749
Soneri Bank Limited.	22.1.1	Three months KIBOR plus 1.4 % per annum payable on quarterly basis. (2013: Three months KIBOR plus 1.4 % per anum)	First pari-passu charge amounting to Rs. 280. million over Membrane -Unit III plant of the Company.	This Diminishing Musharka facility was sanctioned for amount Rs. 196.875 million . Facility is repayable in 9 quarterly installments commencing from Mrch 31, 2014 and ending on March 31, 2016.	174,999,500	196,874,500
Dubai Islamic Bank Limited	22.1.1	Three months KIBOR plus 1.25 % per annum payable on quarterly basis.	1st Exclusive charge of Rs.667 million over Plant and Machinery of Company's BMR -II Caustic Soda plant.	This Shirkat ul melk(Musharka) facility was senctioned for an amount of Rs.500 million, Facility is repayable in 14 quarterly installments commencing from March 26, 2015 and ending on June 26, 2018.	500,000,000	-
					1,042,849,873	955,725,249
Less: Current portion					476,778,947	434,750,376
					566,070,926	520,974,873

22.1.1 Effective rate of profit for the year is ranging from 11.08% to 12.16% (2013 : 10.79% to 13.27%) per annum.

22.2 Redeemable capital (issued to various institutions and individuals)

Description	Note	Profit	Security	Repayment	2014 Rupees	2013 Rupees
The Bank of Punjab	22.2.1	Three months KIBOR plus 1.5 % per annum payable on quarterly basis. (2013: Three months KIBOR plus 1.5 % per anum)	Specific and exclusive charge amounting to Rs. 120 million over CSP -III.	Repayable in 20 equal quarterly installments commencing from June 30, 2010 and ending on March 31, 2015.	13,500,000	36,000,000
Syndicated Facility	22.2.1	Three months KIBOR plus 1.50 % per annum payable on quarterly basis. (2013: Three months KIBOR plus 1.50 % per annum	1st Exclusive charge on power plant -1 in favor of the investment agent (i-e Standard Chartered Bank Pakistan Ltd) for the benefit of the participants amounting to Rs.533.333(M)	This syndicated Term Finance facility amounting to Rs. 400 million arranged by Standard Chartered Bank (Pakistan) Limited. Other participants are Burj Bank Limited & Standard Chartered Modarabah. Facility is repayable in 8 equal quarterly installments commencing from September 01, 2013 and ending on June 01, 2015.	200,000,000	400,000,000
					213,500,000	436,000,000
Less: Current portion					213,500,000	222,500,000
					-	213,500,000

21.2.1 Effective rate of profit for the year is from 11.13% to 11.30% (2013 : from 11.18% to 13.90%) per annum.

22.3 The exposure of the Company's borrowings to interest rate changes and the contractual reprising dates at the balance sheet dates are as follows:

	2014	2013
	Rupees	
Maturity		
6 months or less	307,275,187	315,600,188
6 - 12 months	383,003,760	341,650,188
1 - 5 years	566,070,926	734,474,873
	1,256,349,873	1,391,725,249

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

	Note	2014	2013
		Rupees	
23. LONG TERM DEPOSITS			
From customers		5,215,859	7,946,055
Others	23.1	1,170,000	-
		6,385,859	7,946,055

23.1 This represents interest free security deposit received from Habib Bank Limited for renting floor in sitara tower and is repayable on cancellation or withdrawal of contract.

	Note	2014	2013
		Rupees	(Restated)
24. DEFERRED LIABILITIES			
Deferred taxation	24.1	1,187,179,665	1,290,905,038
Staff retirement benefits - gratuity	24.2	16,641,322	13,985,166
		1,203,820,987	1,304,890,204
24.1 Deferred taxation			
This comprises the following:			
Deferred tax liability on taxable temporary differences arising in respect of:			
Tax depreciation allowance		988,315,445	1,044,924,969
Surplus on revaluation of property, plant and equipment		212,733,845	255,738,753
		1,201,049,290	1,300,663,722
Deferred tax asset on deductible temporary difference arising in respect of:			
Provision for employee benefits		(5,544,889)	(5,310,024)
Provision for doubtful debts		(8,324,736)	(4,448,660)
		(13,869,625)	(9,758,684)
		1,187,179,665	1,290,905,038
24.2 Staff retirement benefits - gratuity			
Movement in liability			
At beginning of year		13,985,166	11,066,688
Charge for the year		4,244,779	4,634,511
Remeasurement		1,537,167	1,675,969
Benefits paid during the year		(3,125,790)	(3,392,002)
At end of year		16,641,322	13,985,166
Balance sheet reconciliation as at June 30			
Present value of unfunded obligation		13,985,165	13,985,165
Unrecognized actuarial losses		-	-
Net liability recognized in the balance sheet		13,985,165	13,985,165
Charge to profit and loss account:			
Current service cost		2,816,218	3,463,175
Interest cost		1,428,561	1,171,336
		4,244,779	4,634,511

Risk associated with defined benfit plans

Investment risks

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shorthfall in the funding objectives.

Longevity risks

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

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

	Change in assumption	Impact on defined benefit obligation Increase in assumption 2014	Decrease in assumption 2013
		Rupees	
Discount rate	1%	(1,708,048)	2,055,858
Salary growth	1%	1,996,276	(1,686,887)
Principal actuarial assumptions			
Discount rate (per annum)		13.5%	11.5%
Expected rate of increase in salaries (per annum)		11.5%	9.5%
Expected average remaining working lives of employees (years)		3	3

	Note	2014	2013
		Rupees	
25. TRADE AND OTHER PAYABLES			
Creditors		338,912,338	354,294,115
Accrued liabilities		482,620,022	487,496,337
Advances from customers		54,947,932	48,002,945
Murabaha payable	25.1	698,586,681	816,302,121
Payable to provident fund - related party	25.2	1,341,340	1,187,806
Unclaimed dividend		7,857,723	6,833,067
Retentions / security deposits		46,848,451	45,672,574
Withholding tax		1,928,129	1,983,236
Workers' profit participation fund	25.3	1,477,855	280,996
Workers' welfare fund		56,060,128	66,703,138
Others		66,988	8,479
		1,690,647,587	1,828,764,814

25.1 The aggregate unavailed facilities available to the Company from banking companies amounted to Rs. 1,474 million (2013: Rs. 1,407 million). These are subject to profit margin ranging from 10.48% to 11.27% (2013: 11.04% to 11.83%) per annum and are secured against joint pari-passu charge over present and future current assets of the chemical division and pledge of stocks and charge over present and future current assets of the textile division.

25.2 This represents contribution of the Company and employees in respect of contribution from last month's salary. Subsequent to year end same was deposited in the provident fund's separate bank account.

	Note	2014 Rupees	2013 Rupees
25.3 Workers' profit participation fund			
Workers' profit participation fund	25.4	1,052,635	-
Unclaimed Workers' profit participation fund		425,220	280,996
		1,477,855	280,996
25.4 Movement			
At beginning of year		(8,640,309)	15,730,176
Amount paid to workers on behalf of the fund		53,716,635	91,986,779
	25.4.1	(62,356,944)	(76,256,603)
Allocation for the year	34	63,409,579	67,616,294
At end of year		1,052,635	(8,640,309)

25.4.1 At end of the financial year June 30, 2013 company made the provision of WPPF on the basis of unaudited accounts and made payment to workers on that basis. Over payment were adjusted in the current year provision. Accordingly balance as at June 30, 2013 became the part of other receivables.

	Note	2014 Rupees	2013 Rupees
26. PROFIT / FINANCIAL CHARGES PAYABLE			
Long term financing		21,725,536	33,143,596
Murabaha financing / short term borrowings		38,740,269	37,102,391
		60,465,805	70,245,987
27. SHORT TERM BORROWINGS			
Secured			
From banking companies	25.1	1,680,162,756	1,526,784,600
Bank Overdraft		2,481,567	2,665,155
		1,682,644,323	1,529,449,755

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 In 1996, a demand of Rs. 2,297,292 was raised by Sales Tax authorities on account of input tax claimed on imported plant and machinery items which was alleged by taxation authorities as inadmissible. The Company had filed appeal before Appellate Tribunal, however, deposited the demanded amount under protest. The case has been remanded back to the Additional Collector Sales Tax Faisalabad. Pending the outcome of case, since the Company is expecting favorable result of the matter, no provision has been made in these financial statements.

28.1.2 In another matter, Sales Tax authorities have raised additional demand amounting to Rs. 1,100,844 by considering the amount of freight as part of value of supply. The Company lost the case upto Appellate Tribunal and has deposited the demanded amount under protest. An appeal has been filed by the Company in Honorable Lahore High Court against the decision of Appellate Tribunal. The Company's management is expecting favorable outcome of the case and no provision has been made in these financial statements.

28.1.3 In 1996, a supplier had filed an appeal before Honorable Senior Civil Judge (Rajun Pur) against the Company for recovery of disputed amount of Rs. 889,867 in respect of supply of cotton. Pending the outcome of the case, the management is confident that the outcome of the case would be in the favor of the Company and no provision in this regard has been recognized in the financial statements.

	2014	2013
	Rupees	
28.1.4 Gurantees issued by banks on behalf of the Company	179,509,365	135,551,000
28.2 Commitments		
Outstanding letters of credit for raw material and spares	36,465,584	75,509,054

29. SALES - NET

	2014	2013
Local		
Chemical products	6,691,048,736	6,115,681,603
Textile products	2,020,281,895	1,429,493,788
	8,711,330,631	7,545,175,391
Export		
Chemical products	96,151,486	554,619,421
	8,807,482,117	8,099,794,812

	Note	2014 Rs.	2013 Rs. (Restated)
30. COST OF SALES			
Raw material consumed	30.1	2,034,133,644	1,679,007,002
Fuel and power		3,242,839,816	2,880,940,664
Salaries, wages and benefits	30.2	265,572,219	227,037,227
Stores and spares		283,001,429	279,109,746
Repair and maintenance		47,344,556	27,425,710
Vehicle running and maintenance		1,761,274	568,157
Traveling and conveyance		26,717,274	25,083,301
Insurance		17,462,433	15,621,686
Depreciation	5.2	524,397,446	547,485,385
Amortization		1,995,000	1,050,000
Others		4,075,196	1,226,169
		6,449,300,287	5,684,555,047
Work in process			
Opening stock		48,731,237	45,909,415
Closing stock		(10,253,979)	(48,731,237)
		38,477,258	(2,821,822)
Cost of goods manufactured		6,487,777,545	5,681,733,225
Finished stocks			
Opening stock		448,708,708	314,400,855
Finished goods purchased		197,759,519	47,497,524
Closing stock		(465,874,798)	(448,708,708)
		180,593,429	(86,810,329)
		6,668,370,974	5,594,922,896

30.1 Raw material consumed

	2014 Rs.	2013 Rs. (Restated)
Opening stock	513,369,180	542,410,560
Purchases	1,926,346,383	1,649,965,622
	2,439,715,563	2,192,376,182
Closing stock	(405,581,919)	(513,369,180)
	2,034,133,644	1,679,007,002

30.2 Salaries, wages and benefits include Rs. 3,285,432 (2013: Rs. 5,350,751) in respect of employee retirement benefits.

	Note	2014	2013
		Rupees	

31. OTHER INCOME

Income from financial assets			
Profit on term deposits certificate		716,163	1,660,941
Profit on bank deposits		16,719,814	7,716,524
Dividend income		8,123,130	8,051,548
Exchange gain		2,310,169	3,702,104
Gain on sale of available for sale investments		-	276,743
		27,869,276	21,407,860
Income from other than financial assets			
Sale of scrap and waste		15,623,352	254,483
Rent income		11,732,351	8,217,161
Others		202,337	2,889,291
		27,558,040	11,360,935
		55,427,316	32,768,795

32. DISTRIBUTION COST

Staff salaries and benefits		14,911,477	13,605,199
Freight, octroi and insurance		145,424,839	120,941,678
Advertisement		17,398,967	13,769,014
Vehicles running and maintenance		17,009,179	21,200,259
Traveling and conveyance		2,427,331	1,973,645
Postage and telephone		991,648	986,463
Printing and stationery		212,194	153,374
Others		1,299,015	1,126,696
		199,674,650	173,756,328

	Note	2014 Rupees	2013 Rupees (Restated)
33. ADMINISTRATIVE EXPENSES			
Directors' remuneration		27,235,276	31,830,740
Staff salaries and benefits	33.1	152,778,024	142,656,990
Postage, telephone and telex		3,618,317	3,532,295
Vehicles running and maintenance		2,510,773	1,973,671
Printing and stationery		1,818,137	1,475,698
Electricity		5,123,563	2,933,841
Rent, rates and taxes		5,355,560	2,647,482
Traveling and conveyance		13,221,119	13,184,343
Advertisement		9,582,329	9,568,553
Books and periodicals		588,779	108,588
Fees and subscription		16,744,124	14,630,397
Legal and professional		5,838,468	3,123,196
Repairs and maintenance		7,601,841	6,457,915
Auditors' remuneration	33.2	2,620,000	2,620,000
Entertainment		7,152,003	14,012,548
Donations	33.3	39,227,767	23,379,274
Insurance		6,146,643	6,242,525
Depreciation	5.2	29,643,610	30,406,685
Depreciation on investment property	7.2	3,330,909	440,648
Provision for bad debts and doubtful advances		10,660,123	3,009,675
Advances written off		-	84,648,998
Other		2,316,710	1,246,464
		353,114,075	400,130,526

33.1 Staff salaries and benefits include Rs. 1,422,560 (2013: Rs. 3,426,465) in respect of employee retirement benefits.

33.2 Auditors' remuneration

	2014	2013
Annual statutory audit	1,500,000	1,500,000
Half yearly and COCG compliance reviews	500,000	500,000
Out of pocket	120,000	120,000
Tax advisory services	500,000	500,000
	2,620,000	2,620,000

33.3 It includes Rs. 21.16 million (2013: Rs. 16.408 million) donated to Aziz Fatima Trust (AFT), Faisalabad which is primarily running a charitable hospital for needy and poor people. Mr. Muhammad Adrees and Imran Ghafoor, the directors of the Company are also the Trustees of the AFT.

34. OTHER OPERATING EXPENSES

	Note	2014	2013
Worker's profit participation fund	25.4	63,409,579	67,616,294
Worker's welfare fund		29,938,981	25,694,192
Loss on disposal of property, plant and equipment		4,538,215	4,847,494
Other		4,884	-
		97,891,659	98,157,980

	Note	2014	2013
		Rupees	

35. FINANCE COST

		2014	2013
Long term financing		123,150,472	210,132,741
Murabaha payable / short term borrowings		278,730,129	272,543,267
Bank charges and commission		3,070,970	4,152,520
		404,951,571	486,828,528

36. PROVISION FOR TAXATION

		2014	2013
Current		428,188,251	399,313,128
Prior years		(39,823,792)	23,986,699
Deferred		(103,725,373)	(84,432,187)
		284,639,086	338,867,640

	2014	2013
	%	%

36.1 Numerical reconciliation between the applicable and effective tax rate

	2014	2013
Applicable tax rate	34.00	35.00
Prior year adjustments	(3.48)	1.89
Lower rate applicabe to certain income	(5.29)	(3.56)
Effect of tax credits	5.59	1.85
Effect of change in statutory rate change	3.32	(3.11)
Income taxed at different rates	(9.30)	(5.35)
Effective tax rate	24.84	26.72

37. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on basic earnings per share of the Company, basic is computed as follows:

		2014	2013
		Rupees.	(Restated)
Profit for the year	Rupees	861,174,134	1,037,123,296
Weighted average number of ordinary shares outstanding during the year	Number	21,429,407	21,429,407
Earnings per share	Rupees	40.19	48.40

38. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:
Credit risk
Liquidity risk
Market risk

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

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training 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 ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

38.1 Credit risk and concentration of credit risk

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

The Company is exposed to credit risk from its operating activities primarily for local trade debts, sundry receivables and other financial assets.

The Company does not hold collateral as security.
The Company's credit risk exposures are categorized under the following headings:

38.1.1 Counterparties

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

Trade debts

Trade debts are essentially due from local customers against sale of yarn, caustic soda, hydrochloric acid, agri chemicals and other allied products and from foreign customers against supply of ammonium chloride and allied products and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit or other form of credit insurance.

Bank and investment

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

38.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2014	2013
	(Rupees)	
Trade debts	1,262,557,632	936,929,485
Loans and advances	266,948,892	178,519,662
Other receivables	5,901,655	16,599,019
Bank balances	405,314,228	245,980,187
	1,940,722,407	1,378,028,353

Geographically there is no concentration of credit risk.

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

Chemical - local	899,544,773	798,631,293
Textile - local	399,956,270	138,298,192
	1,299,501,043	936,929,485

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

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

Textile	399,956,270	138,298,192
Chemicals	899,544,773	798,631,293
	1,299,501,043	936,929,485

38.1.3 Impairment losses

The aging of trade receivables at the reporting date is:

	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
	------------------------ Rupees ------------------------			
Not past due	-	-	268,358,856	-
Past due 0-30 days	655,061,546	-	239,654,025	-
Past due 30-60 days	223,308,409	-	110,173,749	-
Past due 60-90 days	69,683,298	-	66,193,457	-
Over 90 days	339,488,580	24,984,201	205,206,702	13,024,991
	1,287,541,833	24,984,201	889,586,789	13,024,991

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

	2014	2013
	(Rupees)	
Balance at 1 July	13,024,991	10,067,610
Charge for the period	11,959,210	3,009,676
Impairment loss reversed	-	(52,295)
Balance at 30 June	24,984,201	13,024,991

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered good and hence no impairment allowance is required in this regard.

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

	Note	2014	2013
		(Rupees)	
At beginning of year		59,303	59,303
Impairment loss (recovered) / recognized		-	-
At end of year	14	59,303	59,303

The allowance accounts in respect of trade receivables and loans and advances are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

38.2 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 customer.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 24.3 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

38.2.1 Liquidity and interest risk table

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 markup rate please see relevant notes to these financial statements.

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

	Carrying amount	
	2014	2013
	(Rupees)	
Trade and other payables		
Maturity up to one year	932,594,794	943,495,323
Short term borrowings		
Maturity up to one year	2,381,231,004	2,345,751,876
Long term financing		
Maturity up to one year	712,153,446	727,496,363
Maturity after one year and up to five years	544,196,427	734,474,873
Maturity after five years	-	-
	4,570,175,671	4,751,218,435

38.3 Market risk

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

38.3.1 Foreign currency risk management

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

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

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

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

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy.

Exposure to foreign currency risk

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

	2014	2013
	(US dollar)	
Trade debts	634	152,888

Commitments outstanding at year end amounted to Rs.36.466 million (2013: Rs. 75.509 million) relating to letter of credits for import of plant and machinery, stores spare parts and raw material.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
		Rupees		
US$ 1	101.64	95.20	98.55	99.30

Sensitivity analysis

A 5 percent weakening of the Pak Rupee against the USD at June 30, 2014 would have decreased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2013.

	2014	2013
	(Rupees)	
(Increase) / Decrease in profit and loss account	6,248	1,518,178

A 5 percent strengthening of the Pak Rupee against the US $ at June 30, 2014 would have had the equal but opposite effect on US $ to the amounts shown above, on the basis that all other variables remain constant.

38.3.2 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those a rising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The effects of changes in fair value of such investments made by Company, on the future profits are not considered to be material in the overall context of these financial statements.

38.3.3 Interest rate risk

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

Profile

At the reporting date, the Company does not have any fixed rate interest bearing financial instruments.

	2014	2013	2014	2013
	%	%	Rupees	Rupees
Floating rate instruments				
Financial assets				
Bank balances	4.93% to 9.02%	6.05% to 9.52%	107,742,025	187,155,904
Term deposits	4.93% to 8.77%	6% to 7.99%	25,000,000	25,000,000
Financial liabilities				
Long term financing	11.08% to 12.16%	10.79% to 13.90%	544,196,427	734,474,873
			(411,454,402)	(522,318,969)

Fair value sensitivity analysis for floating rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in floating interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on floating rate borrowings). There is only an immaterial impact on the Company's equity.

	Increase / (decrease) in basis points %	Effect on profit before tax Rupees
2014		
Short term borrowings	-1.00%	(23,634,914)
Long term financing		(13,591,606)
		(37,226,520)
2013		
Short term borrowings	-1.00%	(23,061,554)
Long term financing		(18,762,323)
		(41,823,877)

38.4 Equity Price Risk Management

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the balance sheet date, the exposure to unlisted equity securities at fair value was Rs 5,000,000.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs. 166,826,521 Rs. (2013: Rs. 137,789,304). An increase of 25% on the KSE market index would have an impact of approximately Rs 41,706,630 on the income or equity attributable to the Company, depending on whether or not the increase is significant and prolonged. An decrease of 25% in the value of the listed securities would impact equity in a similar amount but will not have an effect on income unless there is an impairment charge associated with it.

38.4.1 Fair value hierarchy

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

Level 1	Quoted prices (unadjusted) in active markets for 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)

	Level 1	Level 2	Level 3	Total
	< - - - - - - - - - - - - Rupees - - - - -- - - - - - >			
Financial assets at FVTPL				
Derivative financial assets	-	-	-	-
Non-derivative financial assets held for trading	-	-	-	-
	-	-	-	-
Available-for-sale financial assets				
Quoted equity securities	166,826,521	-	-	166,826,521
Unquoted equity securities	-	-	5,000,000	5,000,000
Debt investments	-	-	-	-
Total	166,826,521	-	5,000,000	171,826,521
Financial liabilities at FVTPL				
Derivative financial liabilities	-	-	-	-
Total	-	-	-	-

There were no transfers between Level 1 and 2 in the year.

38.5 Determination of fair values

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction other than in a forced or liquidation sale.

Available for sale investments as disclosed in other financial assets, are presented at fair value by using quoted prices at Karachi Stock Exchange as at June 30, 2014. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

38.6 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

	2014	2013
	(Rupees)	
Total Borrowings	2,938,994,196	2,921,175,004
Less: Cash and bank balances	436,767,468	279,534,490
Net debt	2,502,226,728	2,641,640,514
Total equity including revaluation on land, buliding and plant and machinery	7,449,499,216	6,776,669,793
Total capital	9,951,725,944	9,418,310,307
Gearing ratio	25.14%	28.05%

39. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2014			2013		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	------------------------------------Rupees------------------------------------					
Remuneration	10,000,008	2,800,008	38,954,944	10,000,008	5,066,680	34,104,692
Perquisites						
House rent	3,999,996	1,119,996	10,585,827	3,999,996	2,026,660	10,231,436
Utilities	999,996	279,996	3,703,909	999,996	506,660	3,410,394
Medical allowance	-	-	3,704,219	-	-	3,410,611
Special allowance			350,110			322,392
Income tax	3,630,037	931,897	-	3,668,750	1,725,418	-
Reimbursement of expenses	-	-	-	-	-	1,797,535
	18,630,037	5,131,897	57,299,009	18,668,750	9,325,418	53,277,060
Number of persons	1	1	38	1	2	38

39.1 The Chief Executive, certain Directors and Executives are provided with free use of Company's cars and telephone etc. having value amounting to Rs 7.26 million (2013: Rs. 5.22 million).

39.2 Directors have waived their meeting fee.

40. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding company, subsidiary and associated undertakings, other related group companies, directors of the company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 39.

Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2014 (Rupees)	2013 (Rupees)
Associated undertakings	Sales	165,075,061	179,983,041
	Purchases	69,681,831	59,277,912
	Organizational expenses recovered	2,047,879	1,153,174
	Organizational expenses paid	1,771,011	1,962,260
	Donation	21,164,785	15,577,370
Key management personnel	Remuneration to Executives	88,418,694	86,827,228

All transactions with related parties have been carried out on commercial terms and conditions.

41. PLANT CAPACITY AND PRODUCTION

Chemical Division

	Designed capacity 2014	Designed capacity 2013	Actual production 2014	Actual production 2013	Reason of variation
	---------------------- Tons			----------------------	
Caustic soda	201,300	201,300	97,600	108,594	Due to energy and gas crisis
Sodium hypochlorite	66,000	66,000	35,388	27,466	Due to increase in demand
Liquid chlorine	9,900	9,900	6,549	7,282	Due to energy and gas crisis
Ammonium chloride	6,600	6,600	-	-	Due to scarcity of raw material
Bleaching powder	7,500	7,500	4,440	4,479	Due to energy and gas crisis
Hydrochloric acid	212,200	212,200	97,904	114,361	Due to energy and gas crisis

Textile Division

Ring Spinning	2014	2013
Number of spindles installed	22,080	22,080
Number of spindles worked	22,080	22,080
Number of shifts per day	3	3
Installed capacity after conversion into 20/s count (Kgs)	10,110,166	10,110,166
Actual production of yarn after conversion into 20/s count (Kgs)	9,289,072	8,234,117

42. WORKING CAPITAL CHANGES

	2014	2013
	(Rupees)	
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(64,805,107)	30,601,840
Stock in trade	129,098,429	(108,088,295)
Trade debts	(337,587,357)	(143,736,293)
Loans and advances	(100,067,709)	(123,499,625)
Trade deposits and short-term prepayments	1,045,715	(2,932,223)
Other receivables	10,697,364	(7,519,853)
	(361,618,665)	(355,174,449)
Increase / (decrease) in current liabilities		
Trade and other payables	(139,141,883)	309,373,998
Sales tax payable	4,172,614	16,355,616
	(496,587,934)	(29,444,835)

43. OPERATING RESULTS

	Chemical		Textile		Total	
	2014	2013	2014	2013	2014	2013
	-----Rupees-----					
Sales:						
Local						
Caustic soda	6,375,390,765	5,644,949,419	-	-	6,375,390,765	5,644,949,419
Sodium hypochlorite	759,386,504	529,125,804	-	-	759,386,504	529,125,804
Bleaching powder	157,081,562	136,070,477	-	-	157,081,562	136,070,477
Liquid chlorine	177,905,570	171,998,327	-	-	177,905,570	171,998,327
Hydrochloric acid	394,949,850	462,697,135	-	-	394,949,850	462,697,135
Ammonium chloride	286,864	87,000	-	-	286,864	87,000
Magnesium chloride and others	216,517,646	263,723,668	-	-	216,517,646	263,723,668
Agri chemicals	69,292,350	164,058,905	-	-	69,292,350	164,058,905
Yarn	-	-	1,619,900,407	1,319,679,110	1,619,900,407	1,319,679,110
Waste	-	-	16,094,322	7,679,068	16,094,322	7,679,068
Fabrics	-	-	390,046,436	107,363,887	390,046,436	107,363,887
Export:						
Caustic soda flakes	61,828,352	546,452,682	-	-	61,828,352	546,452,682
Liquid chlorine	-	-	-	-	-	-
Others	36,399,498	8,166,738	-	-	36,399,498	8,166,738
	8,249,038,961	7,927,330,155	2,026,041,165	1,434,722,065	10,275,080,126	9,362,052,220
Less:						
Commission and discount	293,098,491	287,802,578	5,759,270	5,228,277	298,857,761	293,030,855
Sales tax	1,168,740,248	969,226,553	-	-	1,168,740,248	969,226,553
Sales - net	6,787,200,222	6,670,301,024	2,020,281,895	1,429,493,788	8,807,482,117	8,099,794,812

	Chemical		Textile		Total	
	2014	2013	2014	2013	2014	2013
	----- Rupees -----					
Sales - net	6,787,200,222	6,670,301,024	2,020,281,895	1,429,493,788	8,807,482,117	8,099,794,812
Cost of sales	(4,836,087,458)	(4,362,517,716)	(1,832,283,516)	(1,233,613,411)	(6,668,370,974)	(5,596,131,127)
Gross profit	1,951,112,764	2,307,783,308	187,998,379	195,880,377	2,139,111,143	2,503,663,685
Other income	52,557,145	28,360,093	2,870,171	4,408,702	55,427,316	32,768,795
Distribution cost	(183,248,053)	(160,128,521)	(16,426,597)	(13,627,807)	(199,674,650)	(173,756,328)
Administrative expenses	(316,381,616)	(370,349,682)	(34,112,459)	(27,497,208)	(350,494,075)	(397,846,890)
Finance cost	(388,446,556)	(478,397,008)	(16,505,015)	(8,431,520)	(404,951,571)	(486,828,528)
	(835,519,080)	(980,515,118)	(64,173,900)	(45,147,833)	(899,692,980)	(1,025,662,951)
Reportable segments profit before tax	1,115,593,684	1,327,268,190	123,824,479	150,732,544	1,239,418,163	1,478,000,734
Unallocated income / (expenses)						
Administrative expenses					(2,620,000)	(2,620,000)
Other operating expenses					(97,891,659)	(98,157,980)
Share of income / (loss) of associated company					6,906,716	(2,776,413)
Profit before taxation					1,145,813,220	1,374,446,341
Provision for taxation					284,639,086	338,342,478
Profit for the year					861,174,134	1,036,103,863

	Chemical		Textile		Total	
	2014	2013	2014	2013	2014	2013
	- Rupees -					
Other information						
Segment assets	8,445,858,065	8,133,980,846	1,743,910,672	1,420,808,251	10,189,768,737	9,554,789,097
Unallocated corporate assets					3,196,641,899	3,822,022,812
					13,386,410,636	13,376,811,909
Segment liabilities	3,869,429,970	863,660,463	356,251,000	75,116,179	4,225,680,970	938,776,642
Unallocated corporate liabilities					9,160,729,666	12,438,035,267
					13,386,410,636	13,376,811,909
Capital expenditure	301,311,522	485,742,989	26,646,989	8,611,650	327,958,511	494,354,639
Depreciation	511,518,314	531,881,214	42,522,542	46,010,856	554,040,856	577,892,070

43.1 Inter-segment pricing / sales

There is no purchase and sale between the segments

43.2 Products and services from which reportable segments derive their revenues

For management purposes, the Company is organized into business units based on their products and services and has the following two reportable operating segments. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Company's CEO reviews internal management reports on at least a quarterly basis:

The Chemicals segment produces and supplies various chemicals used in textile and fertilizer industry.
The textile segment is a spinning unit which produces yarn and also trading of fabric.
The Company does not have any geographical segment.

43.3 For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than investments in associates, and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

All liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

	Note	2014	2013
		(Rupees)	
44. Provident Fund Related Disclosure			
The following is based on latest audited financial statement of the Fund:			
Size of the Funds - Total Assets		54,825,933	59,713,729
Cost of Investments made		30,500,000	30,000,000
Percentage of investments made		77%	79%
Fair Value of investments	44.1	41,963,554	47,386,138

44.1 Break up of fair value of investments

	2014		2013	
	Rupees	....%....	Rupees	....%....
Mutual Funds	30,181,288	72%	19,632,293	42%
Bank Balances	1,944,989	5%	2,443,968	5%
Debt Securities	9,837,277	23%	25,309,877	53%
	41,963,554	100%	47,386,138	100%

44.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

45. The total average number of employees during the year and as at June 30, 2014 and 2013 respectively are as follows:

	2014	2013
Average number of employees during the year		
Permanent	868	743
Contractual	891	1,056
Number of employees as at June 30		
Permanent	879	768
Contractual	878	1,019

46. EVENTS AFTER THE BALANCE SHEET DATE

In respect of current year, the directors have proposed to pay final cash dividend of Rs 225.008 million (2013: Rs. 214.294 million) at Rs 10.5 (2013: Rs. 10) per ordinary share of Rs. 10 each for approval of the shareholders at the forthcoming Annual General Meeting. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year when such dividend is approved.

47. GENERAL

Figures have been rounded off to the nearest Rupee.

48. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on September 25, 2014 by the Board of Directors of the Company.

Muhammad Adrees
Chief Executive Officer

Haseeb Ahmed
Director

FORM OF PROXY

I/We ______________________________ of ______________________________ being

a member of Sitara Chemical Industries Limited and holder of ____________________ Ordinary

Shares as per share register Folio No. ______________ hereby appoint ______________________

______________________________of ____________________ another member of the company

Folio No.____________ (or failing him/her ______________________________________

_____ of _______________ who is also member of the Company,

Folio No. ____

For beneficial owners as per CDC List

CDC Participant I.D. No.__________________________ Sub-Account No.______________

CNIC NO. ☐☐☐☐☐-☐☐☐☐☐☐☐-☐ or Passport No. ________________

Five Rupees
Revenue Stamp

Signature of Shareholder
(The Signature should agree with the specimen
registered with the Company)

____

Dated this ____________ day of ________________2014. Signature of Proxy ___________________

For beneficial owners as per CDC list

Witnesses:

1. Signature ___________________________ 2. Signature ______________________________

Name _________________________________ Name __________________________________

Address_______________________________ Address_________________________________

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CNIC ☐☐☐☐☐-☐☐☐☐☐☐☐-☐ CNIC ☐☐☐☐☐-☐☐☐☐☐☐☐-☐

or Passport No. _____________________________ or Passport No. ___________________________

Note: Proxies, in order to be effective, must be received at the Company's Share Registrar's Office at M/s.THK Associates (Pvt) Limited, 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi-75530 not less than 48 hours before the meeting.
CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their CNIC or Passport with the proxy form before submission to the Company.

Sitara Chemical
Industries Limited

AFFIX
CORRECT
POSTAGE

THK Associates (Private) Limited
Ground Floor, State Life Building No.3
Dr. Ziauddin Ahmed Road
Krachi-75530

INCOME TAX RETURN FILING STATUS FORM

Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2014.

THK Associates (Pvt) Limited
2nd Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road,
Karachi-75530.

I, Mr./Mrs./Ms ________________________S/O,D/O,W/O___________________ hereby confirm that I am registered as National Tax Payer. My relevant detail is given below:

Folio/CDC ID/AC#	Name	National Tax #	CNIC # (in case of individuals)**	Income Tax return for the year 2013 filed (Yes or No)***

It is stated that the above-mentioned information is correct.

____
Signature of the Shareholder

The Shareholders having their accounts with Central Depository Company (CDC) have also to communicate confirmation of tax payment status information to relevant Member Stock Exchange in addition to the Company's Share Registrar.

**Please attach attested photocopy of the CNIC
***Please attach attested photocopy of receipt of income tax return.

DIVIDEND MANDATE FORM

To:

*

I, Mr./Mrs./Ms.________________________S/O,D/O, W/O________________________ hereby authorize Sitara Chemical Industries Limited to directly credit cash dividend declared by it, if any, in the below mentioned bank account.

(i) Shareholder's Detail	
Name of the Shareholder	
Folio No./CDC Participants ID A/C No.	
CNIC No.**	
Passport No. (in case of foreign Shareholder)***	
Land Line Phone Number	
Cell Number	

(ii) Shareholder's Bank Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	

It is stated that the above-mentioned information is correct and that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

____

Signature of the Shareholder

*The Shareholders having physical shares have to address the Company's Share Registrar THK on the address given below:
THK Associates (Pvt) Limited
2nd Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road,
Karachi-75530.

and Shareholders having their accounts with Central Depository Company (CDC) have to Communicate mandate information to relevant Member Stock Exchange.

** Please attach attested photocopy of the CNIC
***Please attach attested photocopy of the Passport

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

Designed & Produced by: **ASTRAL HATCH INC.** 051-8430659 / Colorwings