Sitara Chemical Industries Limited

Annual Report 2011


بسم الله الرحمن الرحيم
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Contents

Company Information

Board of Directors

Haji Bashir Ahmed
(Chairman)

Mr. Muhammad Adrees
(Chief Executive Officer)

Mr. Javed Iqbal

Mr. Haseeb Ahmed

Mr. Muhammad Anis

Mr. Muhammad Khalil

Mr. Imran Ghafoor

Company Secretary

Mr. Mazhar Ali Khan

Chief Financial Officer

Mr. Anwar-ul-Haq (FCA)

Audit Committee

Chairman

Mr. Muhammad Anis

Members

Mr. Haji Bashir Ahmed
Mr. Javed Iqbal

Head of Internal Audit

Mr. Zakir Hussain
(ACA)

Auditors

M/s 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 Pakisatan Limited
The Bank of Punjab
MCB Bank Limited
Standard Chartered Bank
First Habib Bank Modaraba
Saudi Pak Industrial and Agricultrual Investment Co. (Pvt.) Limited
Al-Baraka Islamic Bank B.S.C. (E.C.)
Askari Commercial Bank Limited
Faysal Bank Limited
Habib Bank Limited
Dawood Islamic Bank Limited
Bank Islami Pakistan Limited
Royal Bank of Scotland
Barclays Bank PLC Pakistan
Pak Oman Investment Company Ltd.
Silk Bank Limited
Summit Bank Limited (Formerly Arif Habib Bank Limited)
Habib Metropolitan Bank Limited
My Bank Limited
Bank Al-Habib Limited
Soneri Bank Limited

Registered Office

601-602 Business Centre,
Mumtaz Hasan Road,
Karachi-74000

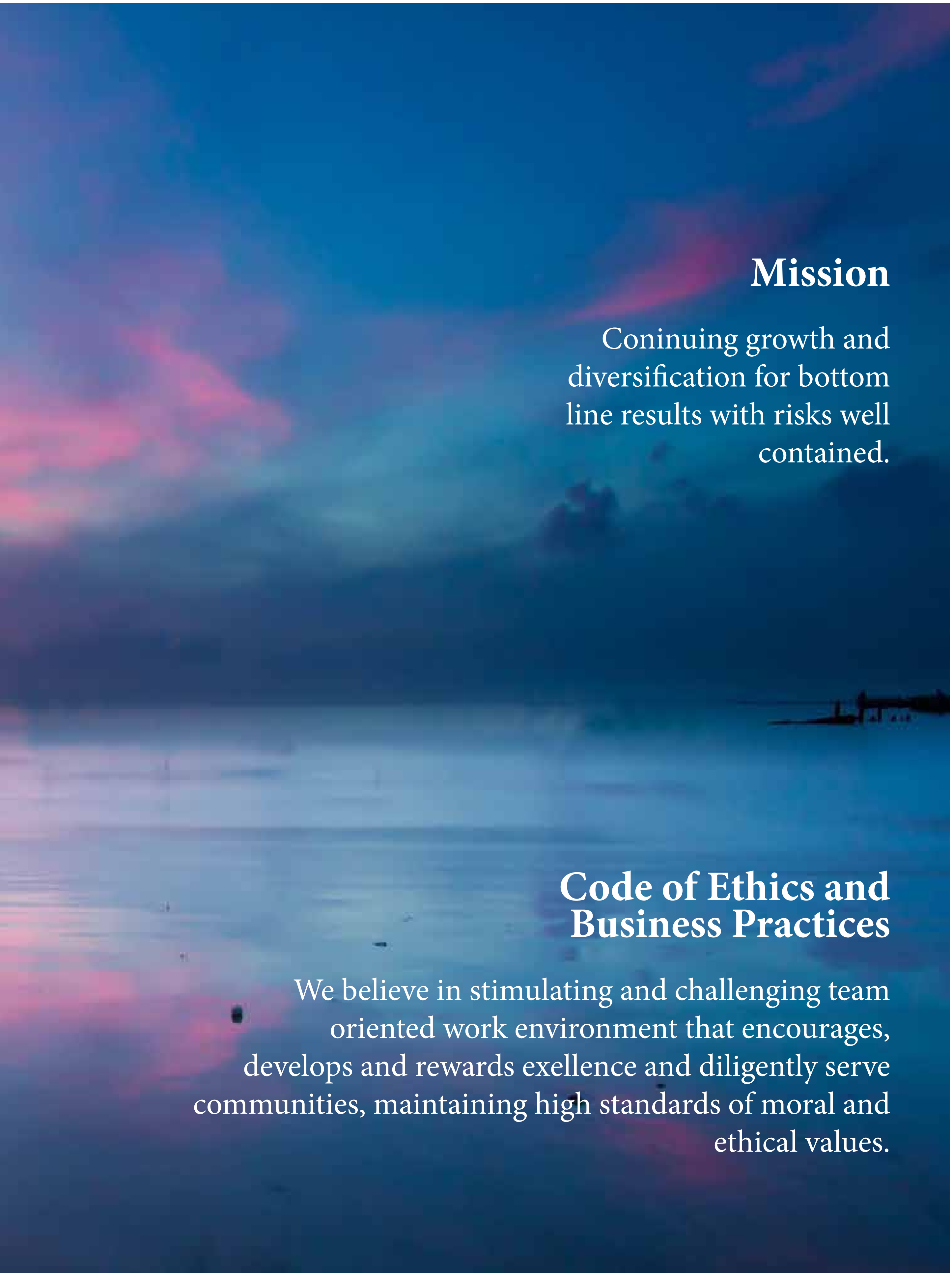
Factories

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

Corporate Values

Vision

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



Mission

Coninuing 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 exellence and diligently serve communities, maintaining high standards of moral and ethical values.

Chairman's Statement

It's a great pleasure and honour for me to present the audited financial statements of the company for the year ended June 30, 2011.

Overall review:
Since business environment in Pakistan has become quite challenging owing to various factors and as a result companies are devising their business strategies accordingly. I would like to take this opportunity to share with our valued business partners regarding some recent development and future business prospects of the company in order to keep them informed about how well SCIL management is proactive in visualizing the potential opportunities and threats and devising best possible action plan in a given situation.

During the year 2010-11 the company has achieved ever highest sales figures in its both divisions (Chemical and Textile Divisions). We explored international markets for Caustic Soda Solid & Flakes and by the Grace of Almighty Allah, our product was proved and accepted as supreme quality. It seems repetition to mention the deprived business environment prevailing in the country and enduring energy crisis damaging profitability. However, by the Grace of Almighty Allah, the persistent financial results of your Company demonstrates the commitment of SCIL management and its leadership ability to run the affairs of the company in a more effective and efficient mode.

During the year the company had made advertisement for the sale of land classified under the heading held for sale. Potential buyers have approached to the company for purchase of land. Negotiation is under process and it is expected that we may be able to finalise the deal during the financial year 2012.

The company has made advance for the purchase of 887 Kanals of land at 199 RB Faisalabad during the year. The rationale behind this acquisition of land is to fulfil the genuine demand of potential buyers to create a compact block of land before development and subsequent sales to customers.

SAP Implementation
The company has successfully implemented an ERP solution "SAP" in the company. SAP is most renowned German based ERP solution and a market leader in the world. The main objective of an ERP to provide simultaneous information of Sales, marketing, manufacturing, operation, inventories and financials etc. SAP will facilitate to operate business more effectively by driving faster, smarter decisions applying better control over costs, minimising risk and liability and anticipating change.

Financial Performance:
Net sales of the company during the year are Rs 6.217 billion an increase of 481 Million (8.39%) over last year. Chemical division sale is Rs 4.721 billion i.e. increase of 302 million (6.40%) over last year while textile division sale is 1.496 Billion an increase of 179 Million (13.59%) over last year. Net profit after tax is 428 Million against 463 Million of last year indicating a marginal decrease.

Acknowledgement
At last I would like to thank all our business partners & stakeholders for their continued support, trust and guidance.

Haji Bashir Ahmed
Date: September 24, 2011
Faisalabad

Directors' Report

Sitara has the highest production capacity of caustic soda flakes i.e. 240 MT per day. This product has enormous demand in local as well as international market.

Gentlemen, The Directors have pleasure in submitting their report and audited accounts of the Company for the year ended June 30, 2011

Profit and Loss Account	**Rupees**
Net profit for the year after tax before WPPF	455,672,160
Workers Profit Participation Fund	(27,680,839)
Net Profit for the year	427,991,321
Incremental depreciation net of deferred tax	55,432,415
Un-appropriated profit brought forward	1,756,481,613
Amount available for appropriation	2,239,905,349
Appropriations:	
Proposed cash dividend @ Rs. 6.25 per share	(133,933,794)
Un-appropriated profit carried forward	2,105,971,555
Earning per share- basic and diluted	19.97

Staff Retirement Benefits

Company has maintained recognized provident fund, based on audited accounts as at June 30, 2011 value of investment thereof was Rs.33,930,586/-.

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 five executive and two 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 Officer. We would like to place on record our appreciation and gratitude for guidence and support from management.

Board of Directors Meeting

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

1.	Haji Bashir Ahmed	5	2.	Mr. Muhammad Adrees	5
3.	Mr. Javed Iqbal	5	4.	Mr. Muhammad Anees	5
5.	Mr. Imran Ghafoor	5	6.	Mr. Haseeb Ahmed	5
7.	Mr. Muhammad Khalil	5	8.	Mr. Rashid Zahir (Nominee Director)	1

Leave of absence was granted to nominee director, who could not attend the Board meetings.

Corporate Goverence

Statement of Compliance of Corporate Governance is annexed.

Pattern of Shareholding

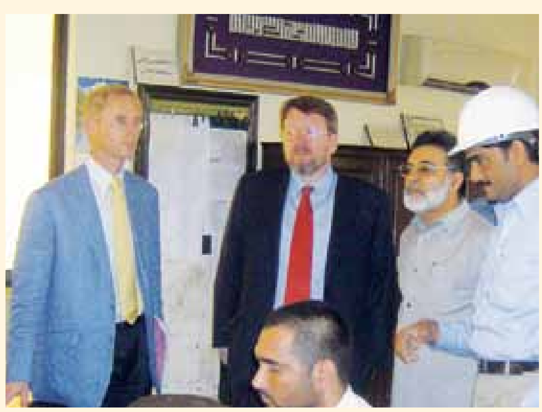
The pattern of shareholding of the Company is annexed alongwith trading in shares of the Company by its Directors, CEO, CFO and Company Secretary.

Auditors

The existing auditors M/s. M. Yousaf Adil Saleem & Company, Chartered Accountants, shall retire on the conclusion of 30th Annual General Meeting. Being eligible, they have offered themselves for the reappointment as Auditors of the Company to hold office from conclusion of 30th annual general meeting until conclusion of 31th 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, 2011. 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 Fedration 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.771.72 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.



CEO with foreign delegation at plant

Research and Development:

Research and development is imperative for the survival and growth in the company. We have an independent R& D department which has developed various products since its inception.

Health Safety and Environment (HSE):

Being an ISO 9001:2008 and ISO 14001:2004 certified company; we are much concerned to maintain health,safety and environment protection standards. We are committed to achieve excellence in Health, Safety and Environmental protection. Our goal is to minimize all adverse environmental and health impacts arising out of our operations, conserve all kinds of resources and adverse to all legal regulations. Drills and rehearsals are made regularly in order to educate the user to handle emergency situations.

Training sessions by Health & Safety department

Human Resource:

It is our firm belief that a good human resource is also an asset for the company and always plays a vital role in achieving company's objective. As usual 46 in-house and outside training courses were conducted for employees during the year.

Annual Hajj Draws being drawn by director

Winner of sports fair are honoured with prizes

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.

A free medical camp organized near vicinity at factory site

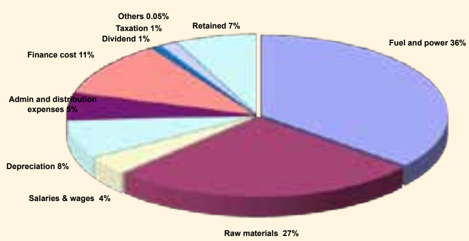
Your Company runs SAP now

Your Company has successfully implemented SAP. Live data entry in SAP has been started.

The Best-Run Businesses run SAP.

SAP ERP delivers a comprehensive set of integrated, cross-functional business processes. SAP will improve alignment of strategies and operations, productivity and insight, financial management and corporate governance, immediate access to enterprise information, retention of top performers, IT spendings etc. SAP will reduce costs through increased flexibility and overall risk.

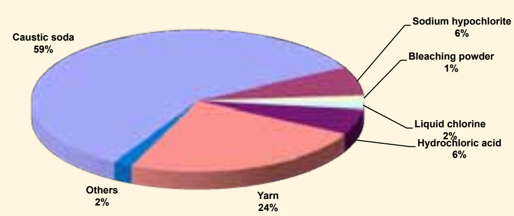
Application of Revenue

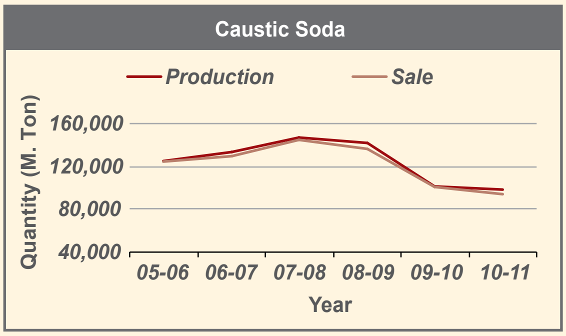


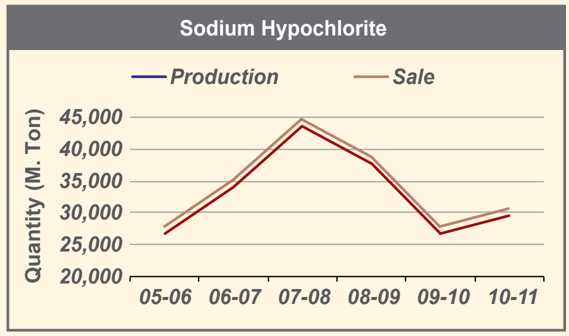
	Rs.(Millions)	%
Fuel and power	2,261	36%
Raw materials	1,673	27%
Salaries & wages	236	4%
Depreciation	487	8%
Admin and distribution expenses	341	5%
Finance cost	703	11%
Dividend	51	1%
Taxation	90	1%
Others	4	0.05%
Retained	441	7%
	6,287	100%

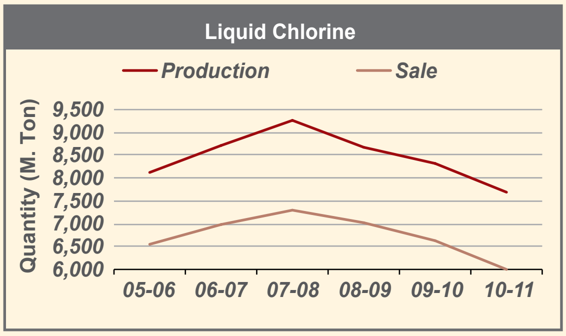
	Rs.(Millions)	%
Caustic soda	3,696	59%
Sodium hypochlorite	418	7%
Bleaching powder	96	2%
Liquid chlorine	104	2%
Hydrochloric acid	370	6%
Yarn	1,487	24%
Others	116	2%
	6,287	100%

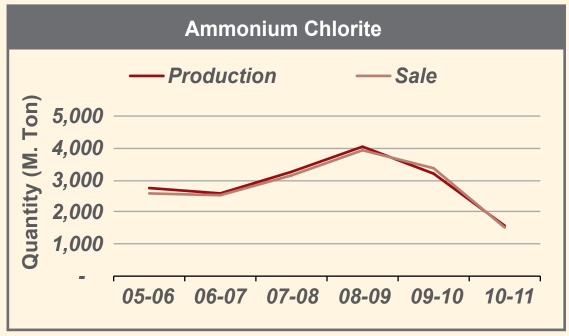
Source of revenue

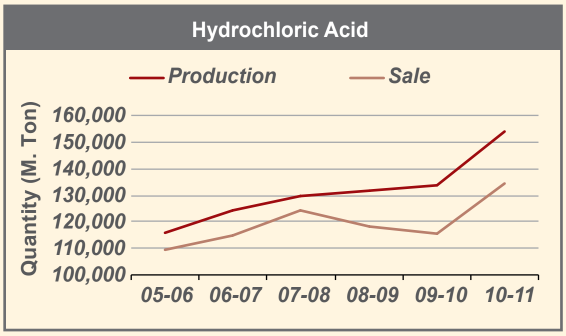


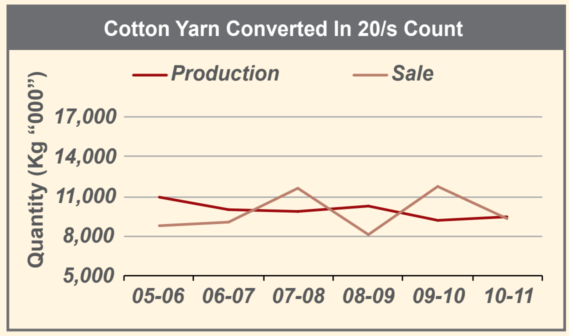












Acknowledgement

On behalf of the Board, I would like to express my profound gratitude to our customers (business partners), dedicated employees and dynamic management for their excellent support, committed efforts and strong leadership, which have enabled Sitara to achieve decent results for the year 2011 despite heavy odds. Our thanks also go to the financial institutions and shareholders for their continued support, which is the key to the success of the Company.

For and on behalf of the
BOARD OF DIRECTORS

Date: September 24, 2011
Faisalabad

MUHAMMAD ADREES
Chief Executive Officer

Our Road Map
for next year 2011-12

SCIL main business activity is Chlor Alkali plant and its major element of cost of manufacturing caustic soda is fuel and power VIZ about 60% of caustic Soda total cost. Major renovations (including replacement with more energy conservative latest membranes) have been planned during the current year and it is expected that on successful completion of the whole project, our per ton electricity consumption will reduce considerably and there would be substantial saving in power and fuel cost of the company. This will not only give a competitive advantage over competitors but also improve the overall profitability of the company. During the process of renovation our plant capacities will vary over the period but will get their optimum level upon completion of renovation. The whole process of renovation would be completed on or before August 2012.

Caustic is merchant commodity and we have already created branding/positioning of our Caustic Soda Solid & Flakes in international market. Our aim is to get the utmost share of our products in international market and that is why we are continuously exploring international market of caustic Soda Solid & Flakes in order to augment the overall sales and profitability of the company. Sitara has the highest production capacity of Caustic Soda Flakes i.e. 240 MT per day in Pakistan. This product has enormous demand in local as well as international market. Currently, our product is in high demand and exports are being made to the following countries:-

- India
- UAE
- Sri Lanka
- Malaysia

We are aiming at to search renewable energy resources and to overcome shortage / inconsistent power supply which could lead to a considerable reduction in overall power and fuel cost of the company.

We are also planning for shifting of our existing duel fuel boiler to multi fuel boiler which would be more economical and cheaper & consistent source of producing steam particularly during gas crisis in the country. This requires an investment of around Rs. 100 million approximately and will be commissioned by the end of December 2011. The company expects a considerable cost saving on generation of steam through this strategy.

Haseeb Ahmad
Director

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.

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.

Statement of Compliance
with Best Practices of Code of Corporate Governance
For The Year Ended June 30, 2011

The statement is being presented to comply with the Code of Corporate Governance contained in Regulation 35 (Chapter-XI) of the Listing Regulations of Karachi Stock Exchange (Guarantee) Ltd., for the purpose of establishing a framework of good governance, where by a listed company is managed in compliance with the best practices of corporate governance. The company has applied the principles contained in the Code in the following manner.

1) The company encourages the representation of independent non-executive directors and directors representing the minority interests on its Board of Directors. However, at present the Board includes five executive and two non-executive directors and no directors representing minority shareholders.

2) The Directors of the Board have confirmed that none of them is serving as a Director in more than ten listed companies, including the company.

3) All directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI, or being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4) There is no casual vacancy occurred during the year.

5) The meeting 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 has met at least once in every quarter, written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

6) The Board arranged an orientation course for its directors during the period to apprise them of their duties and responsibilities. The course was arranged in house and its duration was three hours.

7) The company has prepared a "Statement of Ethics and Business Practices", which has been signed by the directors and employees of the company.

8) The Board has developed a vision / mission statement and overall corporate strategy. The Board also has developed significant policies of the company that will be approved by the board. A complete record of particulars of significant policies along with the dates on which they were approved or amended will be maintained.

9) The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

10) The Board has set up an effective internal audit function.

11) The financial statements of the company were duly endorsed by the CEO and CFO before approval of the Board.

12) The Directors' report for this period has been prepared in compliance with the requirement of the Code and fully describes the salient matters required to be disclosed.

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 shareholdings.

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

15) All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.

16) The Board has formed an audit committee. It comprises 3 members, majority of them are non-executive directors.

17) 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 code. The terms of reference of the committee have been formed and advised to the committee for compliance.

18) 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, 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 the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19) 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.

20) The related party transactions and pricing methods have been placed before the audit committee and approved by the board of directors with necessary justifications for term and pricing method for the transactions that were on term equivalent to those that prevail in the arm's length transactions.

21) We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors

HASEEB AHMED
DIRECTOR

MUHAMMAD ADREES
CHIEF EXECUTIVE OFFICER

Pattern of Share Holding

As at June 30, 2011

Associated Companies, Undertaking and Related Parties	Number	Share Held	Percentage
Nil	-	-	-
NIT & ICP			
National Bank of Pakistan - Trustee Department			-
Investment Corporation of Pakistan	5	788,618	3.68
			-
Directors, CEO & their Spouse and Minor			-
Children			-
			-
Haji Bashir Ahmed	1	577	0.00
Mr. Muhammad Adrees	1	13,392,238	62.49
Mr. Javed Iqbal	1	11,550	0.05
Mr. Muhammad Anis	1	23,732	0.11
Mr. Imran Ghafoor	1	2,310	0.01
Mr. Haseeb Ahmed	1	375,540	1.75
Mr. Muhammad Khalil	1	525	0.00
			-
Executive	-	-	-
			-
Public Sector Companies and Corporation	-	-	-
			-
Bank, Development Finance Institutions,	16	2,536,800	11.84
Non Banking Finance Institutions, Insurance			-
Companies, Modarabas & Mutual Funds.			-
			-
Foreign Investors	2	2,127	0.01
			-
Investment Companies	3	650,415	3.04
			-
Co-Operative Societies	-	-	-
			-
Charitable Trusts	1	1,861	0.01
			-
Shareholders holding ten Percent or more	-	-	-
voting interest in the Company			-
			-
Individuals	1835	3,136,637	14.65
			-
Joint Stock Companies, others, etc.	24	460,709	2.15
			-
Others	3	45,767	0.21
	1,896	21,429,406	100

Pattern of Share Holding

As at June 30, 2011

NUMBER OF SHAREHOLDERS	SHAREHOLDINGS FROM	SHAREHOLDINGS TO	TOTAL NUMBER OF SHARES
881	1	100	24,850
573	101	500	133,506
189	501	1,000	123,099
160	1,001	5,000	341,579
31	5,001	10,000	204,977
16	10,001	15,000	189,455
3	15,001	20,000	55,635
6	20,001	25,000	129,176
1	25,001	30,000	28,875
2	30,001	35,000	62,612
1	35,001	40,000	39,999
1	40,001	45,000	41,464
1	45,001	50,000	46,465
2	50,001	55,000	103,157
1	55,001	60,000	57,750
1	60,001	65,000	62,483
2	65,001	70,000	134,641
1	75,001	80,000	76,641
1	80,001	85,000	84,210
1	85,001	90,000	85,234
1	95,001	100,000	100,000
1	105,001	110,000	105,862
1	110,001	115,000	110,942
1	115,001	120,000	116,760
1	120,001	125,000	363,825
3	140,001	145,000	143,415
1	150,001	155,000	153,248
2	175,001	180,000	356,015
1	185,001	190,000	186,060
1	280,001	285,000	281,916
1	310,001	315,000	313,818
1	320,001	325,000	324,555
1	360,001	365,000	360,488
1	375,001	380,000	375,540
1	445,001	450,000	445,814
1	645,001	650,000	650,000
1	715,001	720,000	718,716
1	900,001	905,000	904,386
1	13,390,001	13,395,000	13,392,238
1896			21,429,406

Detail of purchase/sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Finanacial Officer and their spouses/minor children during 2010-2011:

	No. of shares
Muhammad Anis	21,422
Company Secretary	16,210

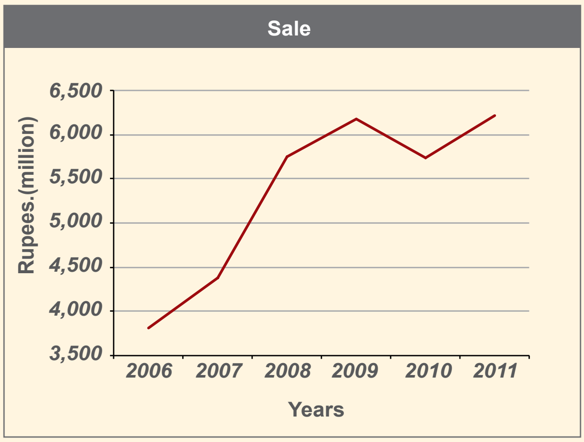
Six Years at a Glance

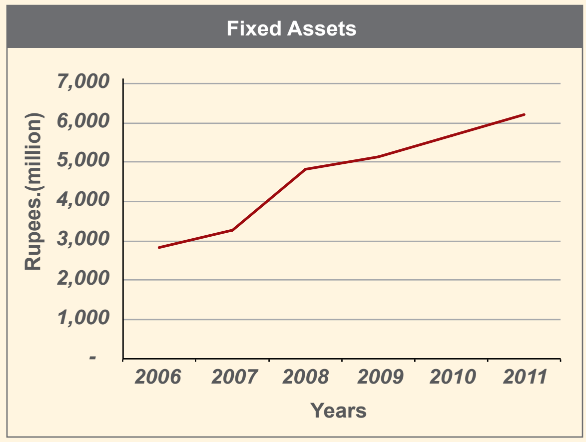
Operating results	2011	2010	2009	2008	2007	2006
(Rs, '000")						
Sales	6,216,880	5,735,795	6,178,399	5,749,570	4,374,052	3,811,890
Gross profit	1,553,641	1,538,725	1,961,755	1,555,284	1,084,380	705,118
Operating profit	1,213,155	1,220,073	1,601,620	1,289,140	864,763	509,613
Profit before tax	518,229	609,962	987,894	919,300	536,916	358,222
Financial ratios						
Gross Profit %	24.99	26.83	31.75	27.05	24.79	18.50
Operating Profit %	19.51	21.27	25.92	22.42	19.77	13.37
Profit before tax %	8.34	10.63	15.99	15.99	12.28	9.40
Earnings per share - Basic (Rs,)	19.97	22.67	30.89	30.49	20.11	14.36
Market value per share	99.81	134.93	156.00	258.90	159.25	115.50
Cash Dividend Per Share - (Rs.)	6.25	2.50*	7.50	7.50	5.50**	6.00
Inventory Turnover ratio (Times)	6.72	6.58	6.48	8.10	7.75	8.56
Current ratio	0.87:1	0.84:1	0.91:1	0.79:1	0.98:1	1.18:1
Fixed assets turn over (times)	1.19	1.04	1.29	1.23	1.52	2.53
Price Earning Ratio	5.00	5.95	5.05	8.49	7.92	8.04
Return to capital employed %	6.88	7.45	12.71	14.66	12.51	10.24
Debt equity	42:58	51:49	52:48	55:45	57:43	51:49

* 05% bonus share alongwith cash dividend was proposed.
* * 10% bonus share along with cash dividend was proposed.

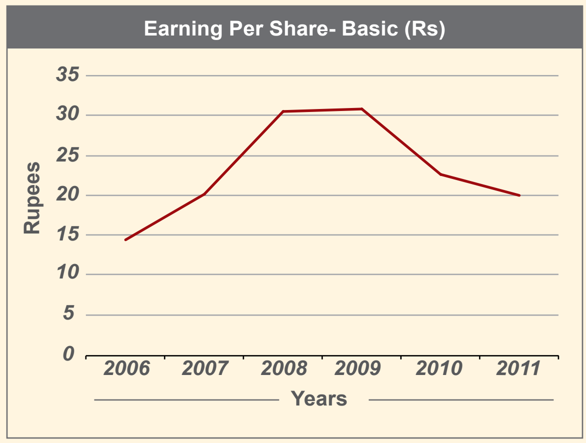
Six Years at a Glance

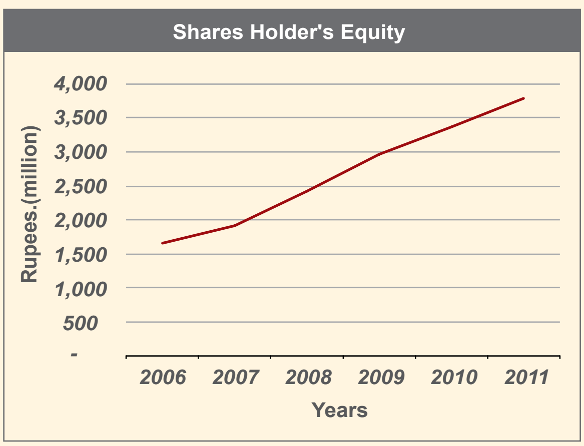
Assets Employed	2011	2010	2009	2008	2007	2006
(Rupees ‘000’)						
Property, Plant and						
equipment	6,195,031	5,675,577	5,137,619	4,824,079	3,270,894	2,818,335
Investment property	1,576,856	2,724,588	2,705,805	1,255,842	688,531	636,407
Long Term Investment						
advances and deposits	229,142	130,815	126,659	669,954	375,663	32,328
Current assets	3,262,718	1,779,477	2,143,328	1,838,853	2,049,482	1,883,405
Current liabilities	(3,731,902)	(2,128,504)	(2,343,211)	(2,319,046)	(2,092,801)	(1,872,650)
	7,531,845	8,181,953	7,770,200	6,269,682	4,291,769	3,497,825
Financed by						
Ordinary capital	214,294	204,091	204,090	204,090	185,536	185,536
Reserves	3,572,117	3,156,262	2,757,899	2,221,939	1,736,681	1,472,356
Shareholders’ equity	3,786,411	3,360,353	2,961,989	2,426,029	1,922,217	1,657,892
Surplus on revaluation	920,622	944,619	1,006,548	1,075,358	-	-
Long term and deferred						
liabilities	2,824,812	3,876,981	3,801,663	2,768,295	2,369,552	1,839,933
	7,531,845	8,181,953	7,770,200	6,269,682	4,291,769	3,497,825

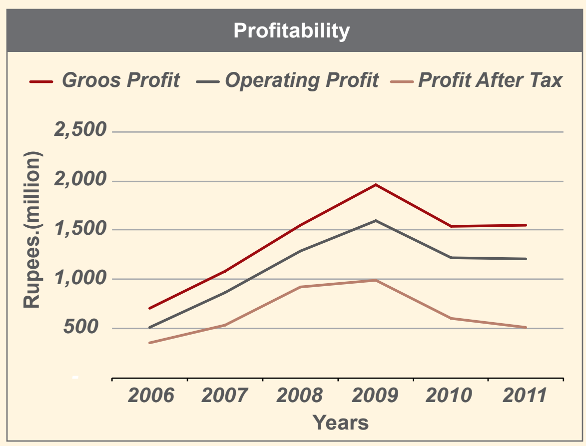

Sale
6,500
6,000
5,500
5,000
4,500
4,000
3,500
Rupees.(million)
2006 2007 2008 2009 2010 2011
Years

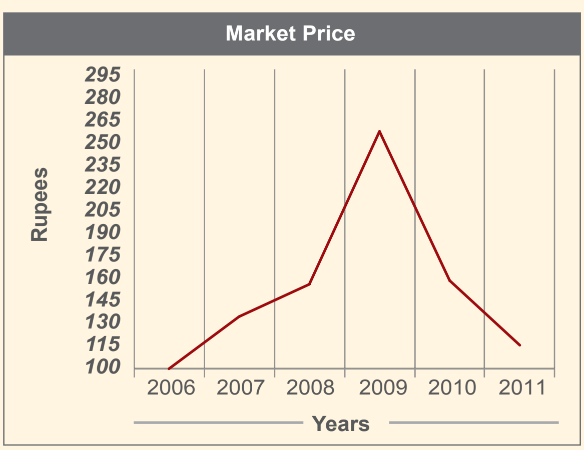

Fixed Assets
7,000
6,000
5,000
4,000
3,000
2,000
1,000
-
Rupees.(million)
2006 2007 2008 2009 2010 2011
Years

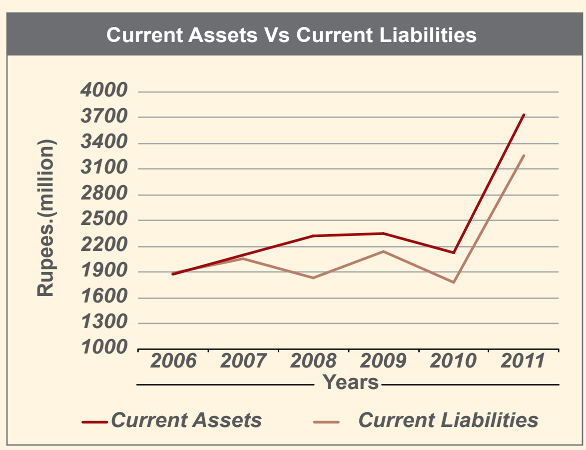

Price Earning Ratio
9
8
7
6
5
4
3
Times of EPS
2006 2007 2008 2009 2010 2011
Years


Earning Per Share- Basic (Rs)
35
30
25
20
15
10
5
0
Rupees
2006 2007 2008 2009 2010 2011
Years


Shares Holder's Equity
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
-
Rupees.(million)
2006 2007 2008 2009 2010 2011
Years


Profitability
Groos Profit
Operating Profit
Profit After Tax
2,500
2,000
1,500
1,000
500
Rupees.(million)
2006 2007 2008 2009 2010 2011
Years


Market Price
295
280
265
250
235
220
205
190
175
160
145
130
115
100
Rupees
2006 2007 2008 2009 2010 2011
Years


Current Assets Vs Current Liabilities
4000
3700
3400
3100
2800
2500
2200
1900
1600
1300
1000
Rupees.(million)
2006 2007 2008 2009 2010 2011
Years
Current Assets
Current Liabilities

Notice of Annual General Meeting

Notice is hereby given that the 30th 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-Sadar Road, Karachi, on Saturday, October 22, 2011 at 5:00 p.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the 29th Annual General Meeting of the Company held on October 30, 2010.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2011 together with the Reports of the Auditors and Directors thereon.

3. To approve payment of cash dividend at the rate of 62.50% (Rs. 6.25 per share) as recommended by the Board of Directors.

4. To appoint Auditors for the year ending June 30, 2012 and to fix their remuneration.

5. To approve revised remuneration of Executive Director of the Company.

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

By order of the Board

MAZHAR ALI KHAN
Company Secretary

Karachi:
September 24, 2011

NOTES:

i. The share transfer books of the company will remain closed from October 15, 2011 to October 22, 2011 (both days inclusive)

ii. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received at Company's share registrar's office M/s. Noble Computer Services (Pvt) Limited, Ist Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahrah-e-Faisal, Karachi not less than 48 hours before the time of meeting.

iii. The member whose name appears on the register at the close of business on October 14, 2011 will be entitled to cash dividend.

iv. Shareholders who have deposited their shares into Central Depository Company are advised to bring their Computerized National Identity Card alongwith their CDC account number at the meeting venue.

v. Shareholders are advised to notify any change in their addresses.

Statement Under Section 160(1)(B) of the Companies Ordinance, 1984.

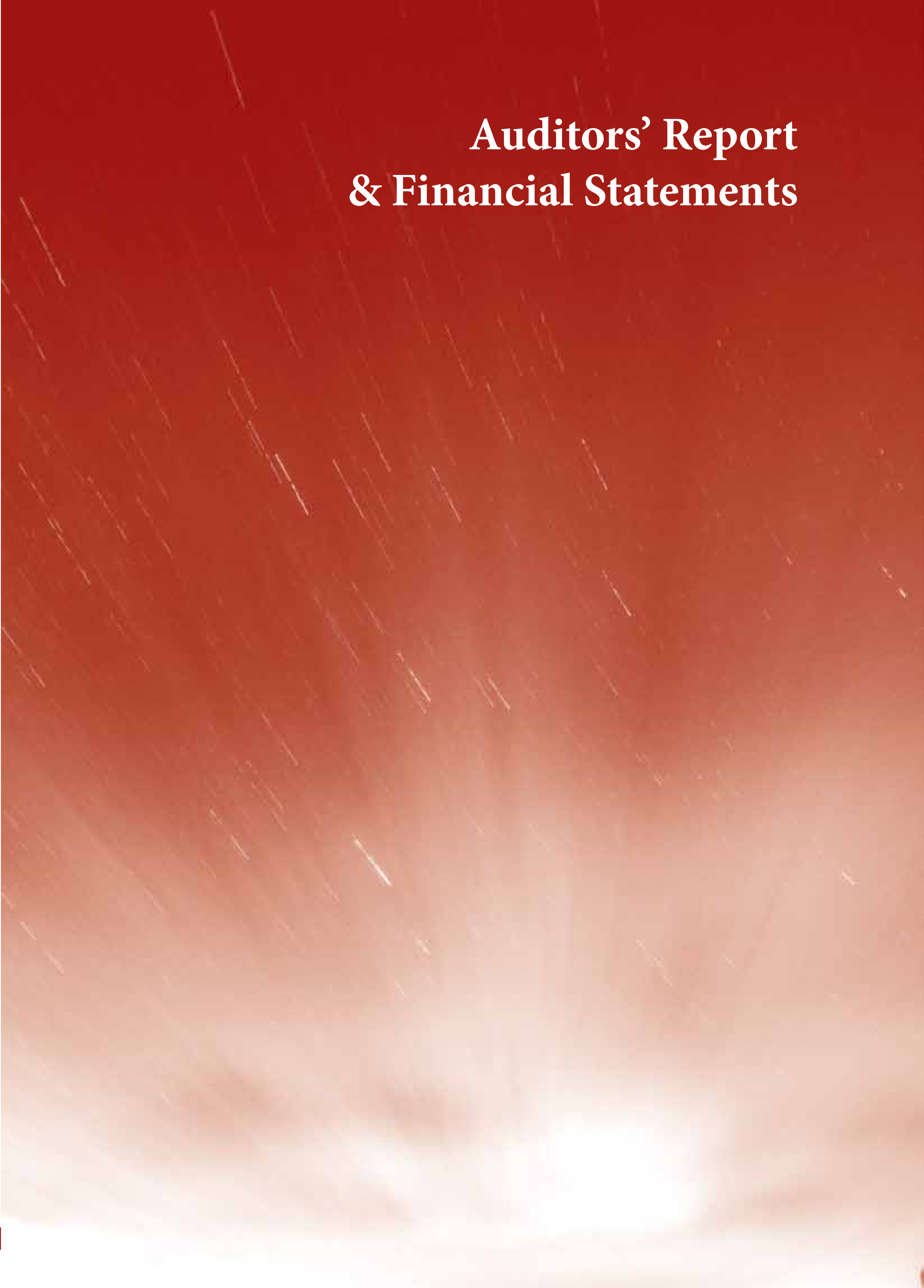
This statement sets out the material facts concerning the special business to be transacted at the 30th Annual General Meeting of the Company to be held on October 22, 2011.

According to Government regulations, shareholders' approval will be sought for payment of remuneration and the provisions of certain facilities to the Executive Director of the Company as recommended by the Board of Directors of the Company. For this purpose it is proposed to pass the following resolution as an ordinary resolution.

"RESOLVED THAT the company hereby authorizes the holding of office of profit and payment as tax free monthly remuneration to Mr. Haseeb Ahmed, Executive Director not exceeding Rs. 300,000/- (Rupees Three Hundred Thousand Only) for the year ending June 30, 2012 and for subsequent years a sum with an annual increase of upto 25% of the remuneration being paid from time to time, as determined by the Board of Directors.

The Executive Director will also be provided company maintained car, leave fare assistance, free medical cover for self and family and other perquisites as per company rules and regulations in force from time to time.

Auditors' Report & Financial Statements



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SITARA CHEMICAL INDUSTRIES LIMITED ("the Company") as at June 30, 2011 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 then 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;

(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, 2011 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the 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.

M. Yousuf Adil Saleem & Co

Chartered Accountants
Engagement Partner:
Talat Javed
Date: September 24, 2011
Lahore

REVIEW REPORT TO THE MEMBERS
on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Sitara Chemical Industries Limited (the company) to comply with the relevant Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited, Lahore Stock Exchange (Guarantee) Limited and Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report, if it does not. 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's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail at arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related part transaction by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

Hyder Bhimji Adil Saleem & Co

(Chartered Accountants)
September 24, 2011
Lahore

BALANCE SHEET
AS AT JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,195,030,976	5,675,577,152
Investment property	5	1,576,855,621	2,724,587,856
Long term investments	6	96,480,134	85,509,388
Long term loans and advances	7	24,532,947	6,340,734
Long term deposits	8	108,128,850	38,965,450
Total non-current assets		8,001,028,528	8,530,980,580
Current assets			
Stores, spare parts and loose tools	9	279,947,941	290,379,070
Stock in trade	10	885,083,340	502,292,282
Trade debts	11	512,397,911	433,457,125
Loans and advances	12	93,283,933	156,678,182
Trade deposits and prepayments	13	16,811,402	15,415,914
Other receivables	14	7,773,380	12,154,061
Other financial assets	15	148,642,950	201,856,851
Tax refunds due from government	16	-	24,274,299
Cash and bank balances	17	140,776,990	142,969,573
		2,084,717,847	1,779,477,357
Non-current assets classified as held for sale	18	1,178,000,000	-
Total current assets		3,262,717,847	1,779,477,357
Total assets		11,263,746,375	10,310,457,937

	Note	2011 Rupees	2010 Rupees
EQUITY AND LIABILITIES			
Equity			
Share capital	19	214,294,070	204,089,590
Reserves	20	1,332,211,601	1,313,393,080
Un-appropriated profits		2,239,905,349	1,817,708,481
		3,786,411,020	3,335,191,151
Surplus on revaluation of property, plant and equipment	21	920,621,624	969,779,688
Non-current liabilities			
Long term financing	22	1,810,242,786	2,735,239,998
Long term deposits	23	10,518,651	8,805,695
Deferred liabilities	24	1,004,050,778	1,132,937,848
Total non-current liablities		7,531,844,859	8,181,954,380
Current liabilities			
Trade and other payables	25	1,356,248,460	591,685,038
Profit / financial charges payable	26	120,376,568	89,010,184
Short term borrowings	27	1,269,000,000	662,000,000
Current portion of long term financing	22	954,033,710	785,808,335
Sales tax payable	16	32,242,778	-
Total current liabilities		3,731,901,516	2,128,503,557
Contingencies and commitments	28		
Total equity and liabilities		11,263,746,375	10,310,457,937

The annexed notes from 1 to 46 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, 2011

	Note	2011 Rupees	2010 Rupees
Sales - net	29	6,216,879,954	5,735,795,493
Cost of sales	30	4,663,238,913	4,197,070,746
Gross profit		1,553,641,041	1,538,724,747
Other operating income	31	42,653,372	27,392,429
		1,596,294,413	1,566,117,176
Distribution cost	32	123,094,460	62,951,958
Administrative expenses	33	217,956,918	231,781,301
Other operating expenses	34	42,088,096	51,310,878
Finance cost	35	703,493,583	600,871,299
Share of (profit) / loss of associates - net of tax	6	(8,568,037)	9,239,805
		1,078,065,020	956,155,241
Profit before taxation		518,229,393	609,961,935
Provision for taxation	36	90,238,072	147,244,514
Profit after taxation		427,991,321	462,717,421
Earnings per share - basic and diluted	37	19.97	21.59

The annexed notes from 1 to 46 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, 2011

	2011 Rupees	2010 Rupees
Profit after taxation	427,991,321	462,717,421
Other comprehensive income / (loss) for the year - net of tax		
Surplus / (deficit) on re-measurement of investments available for sale on fair value	17,549,600	(700,147)
Suplus / (deficit) realized on sale of investments available for sale on fair value	1,264,471	2,323,325
Share of other comprehensive income of associate	4,450	-
	18,818,521	1,623,178
Total comprehensive income for the year	446,809,842	464,340,599

The annexed notes from 1 to 46 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, 2011

	Note	2011 Rupees	2010 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		518,229,393	609,961,935
Adjustments for:			
Depreciation on property, plant and equipment		499,888,050	435,157,650
Depreciation on investment property		544,010	604,456
Impairment loss on investment in associated company		2,008,780	5,579,904
Finance cost		703,493,583	600,871,299
Share of (profit) / loss of associates - net of tax		(8,568,037)	9,239,805
(Gain) / loss on disposal of property, plant and equipment		(1,505,690)	524,343
Gain on sale of available for sale investments		(1,479,488)	(2,918,023)
Loss realised on disposal of investment		1,264,471	-
Exchange gain		-	(104,254)
Provision for employee benefits		3,762,494	4,222,727
Provision for doubtful debts		546,832	1,055,733
Profit on bank deposits		(17,501,412)	(13,502,544)
Dividend income		(3,421,625)	(1,050,750)
Operating cash flows before changes in working capital		1,697,261,361	1,649,642,281
Working capital changes	42	390,829,202	(578,371,640)
Cash generated from operations		2,088,090,563	1,071,270,641
Finance cost paid		(672,127,199)	(618,524,433)
Employee benefits paid		(4,595,027)	(2,715,953)
Taxes paid		(173,509,417)	(192,039,293)
Profit received		17,501,412	10,007,112
		(832,730,231)	(803,272,567)
Net cash from operating activities		1,255,360,332	267,998,074

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		5,029,690	14,417,916
Proceeds from disposal of available for sale investments		3,705,489	34,422,576
Additions to property, plant and equipment		(1,022,865,874)	(988,057,979)
Purchase of available for sale investments		(962,500)	(41,532,744)
Proceeds (additions) from term deposit		69,500,000	(135,497,456)
Purchase of investment property		(30,811,775)	(15,641,162)
Long-term loans and advances		(18,192,213)	570,715
Long term deposits		(69,163,400)	-
Dividend received		5,288,947	2,918,072
Net cash used in investing activities		(1,058,471,636)	(1,128,400,062)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		111,661,500	1,153,340,000
Payment of long term financing		(868,433,337)	(833,134,917)
Proceeds from short term borrowing		3,854,000,000	3,502,000,000
Payment of short term borrowing		(3,247,000,000)	(2,965,000,000)
Long term deposits		1,712,956	(3,510,034)
Dividend paid		(51,022,398)	(144,488,025)
Net cash (used in) / from financing activities		(199,081,279)	709,207,024
Net (decrease) / increase in cash and cash equivalents (A+B+C)		(2,192,583)	(151,194,964)
Cash and cash equivalents at beginning of the year		142,969,573	294,164,537
Cash and cash equivalents at end of the year	17	140,776,990	142,969,573

The annexed notes from 1 to 46 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, 2011

	Share capital	Share premium	General reserve	Un-appropriated profit	Reserve on re-measurement of available for sale investments	Share of other comprehensive income of associate	Total
				Rupees			
Balance as at July 01, 2009	204,089,590	97,490,410	1,225,000,000	1,446,129,495	(10,720,508)	-	2,961,988,987
Profit for the year	-	-	-	462,717,421	-	-	462,717,421
Other comprehensive income for the year							
Surplus / (deficit) on re-measurement of investments available for sale on fair value	-	-	-	-	(700,147)	-	(700,147)
Deficit / (suplus) realized on sale of investments available for sale on fair value	-	-	-	-	2,323,325	-	2,323,325
Share of other comprehensive income of associate	-	-	-	-	-		-
Total other comprehensive income	-	-	-	-	1,623,178	-	1,623,178
Total comprehensive income	-	-	-	462,717,421	1,623,178	-	464,340,599
Transfer to un-appropriated profit on account of incremental depreciation	-	-	-	61,928,758	-	-	61,928,758
Distribution to owners							
Final dividend for the year ended June 30, 2009 @ Rs. 7.50 per share	-	-	-	(153,067,193)	-	-	(153,067,193)
Balance as at June 30, 2010	204,089,590	97,490,410	1,225,000,000	1,817,708,481	(9,097,330)	-	3,335,191,151
Profit for the year	-	-	-	427,991,321	-	-	427,991,321
Other comprehensive income for the year							
Surplus / (deficit) on re-measurement of investments available for sale on fair value	-	-	-	-	17,549,600	-	17,549,600
Deficit / (suplus) realized on sale of investments available for sale on fair value	-	-	-	-	1,264,471	-	1,264,471
Share of other comprehensive income of associate	-	-	-	-	-	4,450	4,450
Total other comprehensive income	-	-	-	-	18,814,071	4,450	18,818,521
Total comprehensive income	-	-	-	427,991,321	18,814,071	4,450	446,809,842
Transfer to un-appropriated profit on account of incremental depreciation	-	-	-	55,432,425	-	-	55,432,425
Distribution to owners							
Final dividend for the year ended June 30, 2010 @ Rs. 2.50 per share	-	-	-	(51,022,398)	-	-	(51,022,398)
Issue of bonus shares 1,020,448 ordinary shares of Rs. 10 each	10,204,480	-	-	(10,204,480)	-	-	-
Balance as at June 30, 2011	214,294,070	97,490,410	1,225,000,000	2,239,905,349	9,716,741	4,450	3,786,411,020

The annexed notes from 1 to 46 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 all 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

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

In the current year, the Company has adopted all new Standards issued by the IASB and as notified by the SECP that are relevant to its operations and effective for Company's accounting period beginning on July 01, 2010.

Amendments to IFRS 2 - Share based Payment
Amendments to IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
Amendments to IFRS 8 - Operating Segments

Amendments to IAS 1 - Presentation of Financial Statements
Amendments to IAS 7 - Statement of Cash Flows
Amendments to IAS 17 - Leases
Amendments to IAS 32 - Financial Instruments: Presentation
Amendments to IAS 36 - Impairment of assets
Amendments to IAS 39 - Financial Instruments: Recognition and Measurement
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

The adoption of new standards, interpretation and amendments/improvements did not have any effect on the financial statements.

2.3 New, revised and amended standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after January 1, 2011. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements:

IFRS 7	Financial Instruments: Disclosures	January 1, 2011
IFRS 7	Financial Instruments: Disclosures	July 1, 2011
IAS 1	Presentation of Financial Statements	January 1, 2011
IAS 12	Income Taxes (Amendment)	January 1, 2012
IAS 24	Related Party Disclosures (Revised)	January 1, 2011
IAS 34	Interim Financial Reporting	January 1, 2011
IFRIC 13	Customer Loyalty Programmes	January 1, 2011
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Requirements and Their Interaction	January 1, 2011

2.4 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
- long-term investments 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, plant & machinery and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Building on freehold land 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 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.

3.4 Investments

Regular way purchase or sale of investments

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

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.

3.5 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.

3.6 Stock-in-trade

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

Raw and packing materials	Weighted 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.

3.7 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.

3.8 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.

3.9 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.

3.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the 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.

3.11 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, 2011 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.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the present value of the Company's gratuity are amortized over the average expected remaining lives of employees.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 Segment reporting

A segment is a distinguishable component within a Company that is engaged in providing products (business segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is being prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

3.21 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.

3.22 Related party transactions

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

	Note	2011 Rupees	2010 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	5,210,179,412	5,489,388,596
Capital work-in-progress	4.7	984,851,564	186,188,556
		6,195,030,976	5,675,577,152

4.1 Operating assets - as at June 30, 2011

Description	Cost / revalued amount			Accumulated Depreciation			Book value as at June 30, 2011	Rate (%)
	As at July 01, 2010	Additions / (disposals)	As at June 30, 2011	As at July 01, 2010	Charge for the year / (on disposals)	As at June 30, 2011		
	Rupees							
Freehold land	584,921,924	-	584,921,924	-	-	-	584,921,924	
Building on freehold land:	-			-				
Mill	917,300,132	24,453,087	941,753,219	373,234,162	54,413,296	427,647,458	514,105,761	10
Head office	12,238,041	-	12,238,041	8,841,008	339,703	9,180,711	3,057,330	10
Plant and machinery	6,086,885,066	190,758,979	6,276,622,236	2,030,488,074	408,892,270	2,438,665,279	3,837,956,957	10
		(1,021,809)			(715,065)			
Grid station and electric installation	221,100,335	776,749	217,704,694	97,409,150	12,322,896	105,976,544	111,728,150	10
		(4,172,390)			(3,755,502)			
Containers and cylinders	69,848,461	-	69,790,823	28,014,086	4,183,111	32,149,497	37,641,326	10
		(57,638)			(47,700)			
Factory equipment	46,734,595	2,241,768	48,976,363	18,277,349	2,893,499	21,170,848	27,805,515	10
Electric equipment	27,243,290	2,373,921	29,617,211	12,364,754	1,567,262	13,932,016	15,685,195	10
Office equipment	38,853,054	1,118,641	38,172,802	18,372,812	2,078,397	19,053,625	19,119,177	10
		(1,798,893)			(1,397,584)			
Furniture and fittings	16,139,570	472,423	16,611,993	7,012,680	936,761	7,949,441	8,662,552	10
Vehicles	135,768,624	2,007,298	130,908,107	73,630,421	12,260,855	81,412,582	49,495,525	20
		(6,867,815)			(4,478,694)			
	8,157,033,092	224,202,866	8,367,317,413	2,667,644,496	499,888,050	3,157,138,001	5,210,179,412	
		(13,918,545)			(10,394,545)			

Operating assets - as at June 30, 2010

Description	Cost / revalued amount			Accumulated Depreciation			Book value as at June 30, 2010	Rate (%)
	As at July 01, 2009	Additions / (disposals)	As at June 30, 2010	As at July 01, 2009	Charge for the year / (on disposals)	As at June 30, 2010		
	Rupees							
Freehold land	584,921,924	-	584,921,924	-	-	-	584,921,924	
Building on freehold land:								
Mill	829,207,685	88,092,447	917,300,132	322,543,623	50,690,539	373,234,162	544,065,970	10
Head office	12,238,041	-	12,238,041	8,463,560	377,448	8,841,008	3,397,033	10
Plant and machinery	5,202,377,919	920,408,812	6,086,885,066	1,704,539,425	349,752,860	2,030,488,074	4,056,396,992	10
		(35,901,665)			(23,804,211)			
Grid station and electric installation	168,532,489	52,567,846	221,100,335	89,491,412	7,917,738	97,409,150	123,691,185	10
Containers and cylinders	70,257,448	-	69,848,461	23,625,498	4,648,764	28,014,086	41,834,375	10
		(408,987)			(260,176)			
Factory equipment	37,672,651	9,185,009	46,734,595	16,019,267	2,350,157	18,277,349	28,457,246	10
		(123,065)			(92,075)			
Electric equipment	24,470,492	2,840,983	27,243,290	11,003,471	1,395,247	12,364,754	14,878,536	10
		(68,185)			(33,964)			
Office equipment	36,458,905	2,549,149	38,853,054	16,268,482	2,169,259	18,372,812	20,480,242	10
		(155,000)			(64,929)			
Furniture and fittings	14,721,542	1,418,028	16,139,570	6,104,978	907,702	7,012,680	9,126,890	10
Vehicles	135,863,126	10,824,380	135,768,624	67,060,655	14,947,936	73,630,421	62,138,203	20
		(10,918,882)			(8,378,170)			
	7,116,722,222	1,087,886,654	8,157,033,092	2,265,120,371	435,157,650	2,667,644,496	5,489,388,596	
		(47,575,784)			(32,633,525)			

	Note	2011 Rupees	2010 Rupees
4.2 Depreciation for the year has been allocated as under:			
Cost of sales	30	487,173,415	420,344,771
Administrative expenses	33	12,714,635	14,812,879
		499,888,050	435,157,650

4.3 The Company had its freehold land, building and plant & machinery revalued in June 30, 2008 by Hamid Mukhtar & Company (Private) Ltd, independent valuers 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, valuer applied 3% per annum depreciation on "Written Down Value" basis to arrive at fair depreciated market value on "Going Concern" basis.

Machinery (Textile)

Inquiries were made 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 7.50% per annum on written down value basis to arrive at a fair present / depreciated market value of the assets.

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

4.5 Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets as at June 30, 2011 would have been as follows:

	Cost Rupees	Accumulated depreciation Rupees	Book Value Rupees
Land	198,828,371	-	198,828,371
Building on free hold land	861,033,832	411,297,008	449,736,824
Plant and Machinery	5,199,749,041	2,146,832,646	3,052,916,395
2011	6,259,611,244	2,558,129,654	3,701,481,590
2010	6,045,420,987	2,095,539,153	3,949,881,834

4.6 The following assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of buyer
	Rupees					
Plant & Machinery						
Transformer 132/11-5KV	4,172,390	3,755,502	416,888	-	Sale of scrap	
Card machine - FA201	536,809	358,285	178,524	375,000	Negotiation	M. Amjad & Bros
Drawing machine - 400MT	435,000	320,015	114,985	170,000	Negotiation	M. Amjad & Bros
Flat grinding machine - 1984	50,000	36,764	13,236	40,000	Negotiation	M. Amjad & Bros
Vehicles						
Suzuki cultus vxr AGE-335	587,840	489,596	98,244	350,000	Negotiation	Mr. Ubaid A Khan
Toyota LZQ-8083	1,298,235	962,758	335,477	702,600	Negotiation	Car City Faisalababd
Toyota FSP-804	1,314,580	658,376	656,204	895,000	Negotiation	Maqbool Motors, Faisalababd
Hyundai shahzore FDS-1018	760,617	306,413	454,204	620,000	Insurance claim	Adamjee Insurance Company Ltd
Honda city FSH-2958	902,646	607,194	295,452	350,000	Negotiation	Kahdim Hussain Aga
Suzuki van FSG-4938	458,657	357,858	100,799	360,000	Negotiation	Ch Sadiq Ali s/o Ch Rahim Bukhsh
Honda city FSH-2952	902,725	608,345	294,380	600,000	Insurance claim	Adamjee Insurance Company Ltd
Suzuki cultus LZQ-2164	592,525	464,179	128,346	390,000	Negotiation	Mr. Shahid younus Gill
Honda CD-70 FDN-2509	49,990	23,974	26,016	37,000	Negotiation	Mr. Muhammd Akram
Others						
Aggregate of other items with individual book value not exceeding Rs. 20,000	1,856,531	1,445,286	411,245	140,090		
2011	13,918,545	10,394,545	3,524,000	5,029,690		
2010	47,575,784	32,633,525	14,942,259	14,417,916		

	Note	2011 Rupees	2010 Rupees
4.7 Capital work-in-progress			
Civil work		47,398,032	49,939,181
Plant and machinery including in transit		94,133,197	90,397,675
Advance for property, plant and equipment		27,193,445	45,851,700
Advance against purchase of land	4.7.1	816,126,890	-
		984,851,564	186,188,556

4.7.1 This advances is given to Sitara Developer (Private) Limited against purchase of land situated at 199 RB Faisalabad. 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. Rationale behind this acquisition of land is to fullfill the genuine demand of potentials buyers to create a compact block of land before development and subsequent sales to customers.

	Note	2011 Rupees	2010 Rupees
5. INVESTMENT PROPERTY			
Land	5.1	1,571,959,528	2,719,147,753
Building	5.2	4,896,093	5,440,103
		1,576,855,621	2,724,587,856
5.1 Land			
Balance at beginning of the year		2,719,147,753	2,699,760,341
Add: acquisitions during the year		30,811,775	19,387,412
Less: classified as held for sale	18	(1,178,000,000)	-
Balance at end of year		1,571,959,528	2,719,147,753
5.2 Building			
Cost		13,035,566	13,035,566
Accumulated depreciation			
At beginning of year		7,595,463	6,991,007
For the year	33	544,010	604,456
At end of year		8,139,473	7,595,463
Written down value at end of year		4,896,093	5,440,103

The fair value of the investment property as at June 30, 2010 is Rs. 2,729 million. The fair value has been arrived at on the basis of a valuation carried out by W.W. Engineering Services (Private) Limited, independent valuers 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. 5.126 million (2010: Rs. 5.222 million). Direct operating expenses arising on the investment property in the period amounted to Rs. Nil (2010 : Rs. Nil).

	Note	2011 Rupees	2010 Rupees
6. LONG TERM INVESTMENTS			
Investments in associates	6.1	91,480,134	80,509,388
Other Investment	6.2	5,000,000	5,000,000
		96,480,134	85,509,388

6.1 Investments in associates

	Note	2011 Rupees	2010 Rupees
Quoted companies			
Sitara Energy Limited	6.1.1	15,872,237	18,253,073
Sitara Peroxide Limited	6.1.2	59,260,957	44,368,467
		75,133,194	62,621,540
Unquoted company			
Takaful Pakistan Limited	6.1.3	16,346,940	17,887,848
		91,480,134	80,509,388

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.

6.1.1 Sitara Energy Limited

	2011 Rupees	2010 Rupees
Cost	23,274,442	23,274,442
Share of post acquisition profits	22,670,954	21,180,138
Dividend	(6,068,797)	(4,201,475)
Share of other comprehensive income	4,450	-
Accumulated impairment losses	(24,008,812)	(22,000,032)
Carrying amount of investment	15,872,237	18,253,073

		2011	2010
Market value per share	Rupees	17.00	21.50
No. of shares held	Number	933,661	933,661
Ownership interest	Percent	4.89%	4.89%

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

	At March 31, 2011 Rupees	At March 31, 2010 Rupees
Non-current assets	2,466,442,000	2,340,449,000
Current assets	1,192,831,000	1,215,830,000
Assets classified as held for sale	10,408,000	5,460,000
	3,669,681,000	3,561,739,000
Non-controlling interest	(5,000)	-
Non-current liabilities	(674,763,000)	(687,450,000)
Current liabilities	(1,802,680,000)	(1,755,755,000)
	(2,477,448,000)	(2,443,205,000)
Net assets	1,192,233,000	1,118,534,000

	Twelve months ended March 31, 2011 Rupees	Twelve months ended March 31, 2010 Rupees
Revenue	3,743,115,569	3,626,792,914
Profit for the period	110,729,098	123,786,051
Company's share of associate's profit for the year	5,414,653	6,053,138

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 nine months ended March 31, 2011 and for the quarter ended June 30, 2010.

6.1.2 Sitara Peroxide Limited

		2011 Rupees	2010 Rupees
Cost		38,692,338	38,692,338
Share of post acquisition loss		(10,866,162)	(19,484,291)
Share of revaluation surplus		31,434,781	25,160,420
		59,260,957	44,368,467
Market value per share	Rupees	16.75	8.88
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, 2011 Rupees	At March 31, 2010 Rupees
Non-current assets	2,206,824,197	2,313,800,503
Current assets	562,527,460	536,715,585
	2,769,351,657	2,850,516,088
Non-current liabilities	(1,256,388,625)	(993,970,376)
Current liabilities	(638,154,197)	(1,083,794,310)
	(1,894,542,822)	(2,077,764,686)
Net assets	874,808,835	772,751,402

	Twelve months ended March 31, 2011 Rupees	Twelve months ended March 31, 2010 Rupees
Revenue	1,174,737,593	662,336,023
Profit / (loss) for the period	113,927,853	(193,888,373)
Company's share of associate's profit / (loss)	7,234,419	(12,311,912)

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 nine months ended March 31, 2011 and for the quarter ended June 30, 2010.

		2011 Rupees	2010 Rupees
6.1.3 Takaful Pakistan Limited			
Cost		30,000,000	30,000,000
Share of post acquisition loss		(13,653,060)	(12,112,152)
		16,346,940	17,887,848
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:

	2011 Rupees	2010 Rupees
Non-current assets	75,303,464	106,298,065
Current assets	376,193,841	364,927,762
	451,497,305	471,225,827
Non-current liabilities	(171,381,777)	(144,369,881)
Current liabilities	(145,655,694)	(176,993,760)
	(317,037,471)	(321,363,641)
Net assets	134,459,834	149,862,186
Revenue	155,042,164	167,657,411
Loss for the period	(15,402,352)	(29,846,376)

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 six months ended June 30, 2011 and for the six months ended December 31, 2010.

	2011 Rupees	2010 Rupees
6.2 Other Investment		
Available for sale (Unquoted - at cost)		
Dawood Family Takaful Limited 500,000 (2010: 500,000) fully paid ordinary shares of Rs.10/- each	5,000,000	5,000,000

	Note	2011 Rupees	2010 Rupees
7. LONG TERM LOANS AND ADVANCES			
Advance for investment property - considered good		22,572,865	6,061,546
Loans and advances	7.1	1,960,082	279,188
		24,532,947	6,340,734
7.1 Loans and advances			
Considered good			
Secured			
Executives - related parties			
Staff	7.1.1	2,819,066	628,860
Unsecured			
Staff		22,600	53,200
		2,841,666	682,060
Less: current portion shown in current assets	12	881,584	402,872
	7.1.2	1,960,082	279,188

7.1.1 These are secured by way of registration of vehicles in the name of the Company.

7.1.2 The maximum aggregate amount due at the end of any month during the year was Rs. 1.030 million (2010 : Rs. 2.234 million).

	2011 Rupees	2010 Rupees
8. LONG TERM DEPOSITS		
Security deposits for:		
Electricity	38,910,050	38,910,050
Gas	69,163,400	-
Others	55,400	55,400
	108,128,850	38,965,450

	Note	2011 Rupees	2010 Rupees
9. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		121,940,914	121,062,596
Spare parts:			
In hand		157,243,476	168,621,253
In transit		-	-
		157,243,476	168,621,253
Loose tools		763,551	695,221
		279,947,941	290,379,070
10. STOCK IN TRADE			
Raw and packing material	10.1	380,482,727	268,574,185
Work in process		72,438,789	22,218,508
Finished goods		429,041,556	207,963,771
Waste		3,120,268	3,535,818
		885,083,340	502,292,282

10.1 Raw and packing material includes stock in transit amounting to Rs. Nil (2010 : Rs. 32.389).

	Note	2011 Rupees	2010 Rupees
11. TRADE DEBTS			
Related parties - considered good			
Sitara Textile Industries Limited		19,201,607	23,822,394
Sitara Fabrics Limited		12,114,409	12,115,646
Sitara Peroxide Limited		2,567,288	1,758,844
Sitara Energy Limited		180,706	180,706
Sitara Spinning Mills Limited		10,387	9,485
Aziz Fatima Trust Hospital		3,380	-
	11.1	34,077,777	37,887,075
Others			
- Considered good			
Local - unsecured		436,198,650	391,556,278
Foreign - secured		42,121,483	4,013,772
- Considered doubtful			
Unsecured		3,987,348	4,294,064
		482,307,481	399,864,114
Provision for doubtful debts	11.5	(3,987,347)	(4,294,064)
		478,320,134	395,570,050
		512,397,911	433,457,125

11.1 These are recoverable in ordinary course of business.

11.2 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.

11.3 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.

11.4 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.

At the year end June 30, 2011 the Company's largest customers and sales to that customers were as follows:

	2011 Rupees	2010 Rupees
Azhar Corporation (Private) Limited	140,480,927	102,878,899
Nishat Mills Limited	102,821,971	82,997,101
Sapphire Finishing Mills Limited	93,758,420	61,623,377
Century Paper & Board Mills Limited	84,870,782	78,049,318
Rafhan Maize Products Limited	68,545,670	54,260,100
Pakistan PTA Limited	32,866,048	44,780,715
	523,343,818	424,589,510

Trade debts balances outstanding from largest customers are as follows:

	2011 Rupees	2010 Rupees
Azhar Corporation (Private) Limited	29,120,471	4,021,573
Sapphire Finishing Mills Limited	9,194,222	13,532,500
Century Paper & Board Mills Limited	8,517,524	10,974,526
Rafhan Maize Products Limited	7,570,463	4,324,800
Pakistan PTA Limited	5,287,777	3,443,060
Nishat Mills Limited	5,021,248	11,002,079
	64,711,705	47,298,538

11.5 Movement in provision for doubtful debts

	2011 Rupees	2010 Rupees
At beginning of the year	4,294,064	2,785,415
Impairment loss recognized	546,832	2,065,865
Amount recovered during the year	(853,549)	(557,216)
At end of the year	3,987,347	4,294,064

11.5.1 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	2011 Rupees	2010 Rupees
12. LOANS AND ADVANCES			
Loans - considered good			
Employees other than executives - related parties		724,175	311,535
Current portion of long term loans and advances	7.1	881,584	402,872
		1,605,759	714,407
Advance tax - net of provision for tax		52,957,444	97,740,636
Advances - considered good			
For expenses		6,640,207	6,412,237
Letters of credit fee, margin and expenses		2,880,863	35,570,457
Suppliers and contractors		29,199,660	16,240,445
Advances - considered doubtful			
For expenses		49,203	49,203
Suppliers and contractors		579,024	579,024
Provision for doubtful advances		(628,227)	(628,227)
		-	-
		93,283,933	156,678,182
13. TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits		6,322,801	4,716,831
Prepayments		10,488,601	10,699,083
		16,811,402	15,415,914
14. OTHER RECEIVABLES			
Unsecured - considered good			
Related parties	14.1	2,996,435	3,103,819
Insurance claim		1,007,370	4,281,933
Accrued profit		41,115	3,014,192
Others		3,728,460	1,754,117
		7,773,380	12,154,061

	Note	2011 Rupees	2010 Rupees
14.1 It represents the following balances due from related parties:			
Aziz Fatima trust Hospital		-	-
Sitara Peroxide Limited		2,230,135	1,419,622
Sitara Chemtek (Private) Limited		300,000	-
Sitara Spinning Mills Limited		232,281	1,568,127
Sitara Fabrics Limited		124,087	94,387
Sitara Textile Industries Limited		107,031	18,782
Sitara Trade and Services (Private) Limited		2,901	2,901
Sitara Developers (private) Limited		-	-
		2,996,435	3,103,819

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

15. OTHER FINANCIAL ASSETS

	Note	2011 Rupees	2010 Rupees
Available for sale financial assets	15.1	68,642,950	52,356,851
Term deposit certificates	15.2	80,000,000	149,500,000
		148,642,950	201,856,851

15.1 Available for sale financial assets

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

2011 No. of shares / units	2010 No. of shares / units		2011 Rupees	2010 Rupees
416,022	361,759	Al-Meezan Investment Bank Limited	7,267,904	5,263,593
197,000	197,000	D.G Khan Cement Company Limited	4,529,030	4,653,140
352,505	352,505	Descon Oxychem Limited	2,146,755	1,607,423
446,250	350,000	Engro Polymer & Chemical Limited	4,609,763	3,514,000
300,000	300,000	Fauji Cement Company Limited	1,236,000	1,365,000
43,750	35,000	Fauji Fertilizer Bin Qasim Limited	6,577,813	3,607,450
100,000	100,000	Hub Power Company Limited	3,750,000	3,196,000
36,000	36,000	Ittehad Chemicals Limited	1,059,480	1,181,520
100,000	100,000	Kohat Cement Company Limited	611,000	660,000
50,000	50,000	Maple Leaf Cement Factory Limited	103,000	155,500
326	100	Meezan Cash Fund (Units having face value of Rs. 50 each)	16,315	5,000

2011	2010		2011	2010
No. of shares / units			Rupees	Rupees
9,500	9,500	National Refinery Limited	3,346,470	1,737,075
185,000	1,585,000	Nimir Industrial Chemical Limited (Face value Rs. 5 each)	518,000	2,520,150
150,000	150,000	Pace (Pakistan) Limited	327,000	535,500
68,000	68,000	Pakistan Oilfield Limited	24,412,680	14,681,200
12,000	12,000	Pakistan Petroleum Limited	2,484,840	1,841,200
15,000	15,000	Pakistan State Oil Company Limited	3,968,700	3,903,000
50,000	50,000	Pakistan Telecommunication Limited	711,000	890,000
10,000	10,000	Pakistan Tobacco Company Limited	967,200	1,040,100
			68,642,950	52,356,851

15.2 These represent deposits made in different commercial banks. These are subject to profit margin ranging from 5.24% to 12.60% per annum receivable quarterly. These are maturing at various dates falling within one year.

	Note	2011 Rupees	2010 Rupees
16. TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax		-	24,274,299
17. CASH AND BANK BALANCES			
Cash in hand		5,896,995	9,006,872
Cash at banks			
In current accounts		8,532,493	13,830,443
In saving accounts	17.1	126,347,502	120,132,258
		134,879,995	133,962,701
		140,776,990	142,969,573

17.1 Effective mark-up rate in respect of deposit accounts range from 5.99% to 7.16% (2010 : 5.04% to 12.60%) per annum.

18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

In December 2010, management has decided to dispose off land measuring in total 2,301 Kanal and 16 Marla of the chemical division and accordingly it has been classified as held for sale and measured at its carrying amount being the lower of carrying amount and fair value less cost to sell.

19. SHARE CAPITAL

2011	2010		2011	2010
No. of shares			Rupees	Rupees
		Authorised		
		Ordinary shares of Rs. 10 each		
40,000,000	40,000,000	"A" class	400,000,000	400,000,000
20,000,000	20,000,000	"B" class	200,000,000	200,000,000
		Issued, subscribed and paid up		
		"A" class 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	9,783,950	- issued as fully paid bonus shares	108,043,980	97,839,500
		- issued as fully paid under scheme		
1,985,009	1,985,009	of arrangement for amalgamation	19,850,090	19,850,090
21,429,407	20,408,959		214,294,070	204,089,590

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

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

19.3 The reconciliation of "A" class ordinary shares is as follows:

	2011	2010
	Number of shares	
Opening balance	20,408,959	20,408,959
Add: shares issued during the year	1,020,448	-
Closing balance	21,429,407	20,408,959

	Note	2011 Rupees	2010 Rupees
20. RESERVES			
Capital			
Share premium		97,490,410	97,490,410
Revenue			
General reserve	20.1	1,225,000,000	1,225,000,000

	Note	2011 Rupees	2010 Rupees
Other			
Reserve on re-measurement of	20.2		
available for sale investments		9,716,741	(9,097,330)
Share of revaluation surplus		4,450	-
		1,332,211,601	1,313,393,080

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

	Note	2011 Rupees	2010 Rupees
20.2 Reserve on re-measurement of available for sale investments			
Valuation losses charged to other comprehensive income		8,452,270	(11,420,655)
Loss realized during the year on sale of investments		1,264,471	2,323,325
		9,716,741	(9,097,330)
21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
At beginning of the year		944,619,268	1,006,548,026
Transfer to un-appropriated profit in respect of incremental depreciation charged during the year – (net of deferred tax)	21.1	55,432,425	61,928,758
		889,186,843	944,619,268
Share from associate		31,434,781	25,160,420
At end of the year		920,621,624	969,779,688
21.1 Incremental depreciation charged during the year transferred to un-appropriated profit		85,280,654	94,825,724
Less: deferred tax liability relating to incremental depreciation		29,848,229	32,896,966
		55,432,425	61,928,758

22. LONG TERM FINANCING

	Note	2011 Rupees	2010 Rupees
From banking companies and other financial institution - secured			
Diminishing Musharka	22.1	1,245,117,789	1,615,323,332
Redeemable capital (issued to various institutions and individuals)	22.2	274,999,997	719,791,666
Term finances	22.3	290,125,000	400,125,000
		1,810,242,786	2,735,239,998

22.1 Diminishing Musharka (from financial institutions - secured)

Description	Note	Profit	Security	Repayment	2011 Rupees	2010 Rupees
The Bank of Punjab	22.1.1	Average three months KIBOR plus 150 (2010: Average three months KIBOR plus 150) basis points payable on quarterly basis. KIBOR will be set three working days prior-to each quarterly period.	First pari-passu charge of Rs. Nil (2010: Rs. 494) million over specific fixed assets of Chemical Division.	Repayable in 20 equal quarterly installments commenced from January 01, 2006 and ending on October 01, 2010. This facility was early matured by the company at September 14, 2009.	-	90,218,250
Meezan Bank Limited	22.1.1	Three months KIBOR plus 1.25 % with a floor of 10.0 % and ceiling of 22.0 % (2010: Three months KIBOR plus 1.25 % with a floor of 10.0 % and ceiling of 20.0 %) payable on quarterly basis.	First specific and exclusive charge (2010: First specific and exclusive charge) over Calcium Chloride Plant & Chlorinated Paraffin Wax Plant.	Repayable in 16 quarterly installments commenced from September 28, 2009 and ending on June 28, 2013.	150,000,000	200,000,000
National Bank of Pakistan	22.1.1	Three months KIBOR plus 2.5 % (2010: Three months KIBOR plus 2.5 %) per annum payable on quarterly basis.	Exclusive charge by way of hypothecation over specific fixed assets of all the project assets of 7.56 MW Gas fired power project with 25% margin (2010: 25% margin).	Repayable in 12 quarterly installments commencing from July 06, 2010 and ending on July 05, 2013.	215,000,000	215,000,000
Faysal Bank Limited	22.1.1	Three months KIBOR plus 2.5 % (2010: Three months KIBOR plus 2.5 %) per annum payable on quarterly basis.	First pari-passu charge (2010: First specific and exclusive charge) amounting to Rs. 700 million (2010: Rs. 700 million) over Membrane -III.	Repayable in 20 quarterly installments commencing from September 29, 2010 and ending on June 29, 2015.	220,000,000	220,000,000
Faysal Bank Limited	22.1.1	Three months KIBOR plus 2.5 % (2010: Three months KIBOR plus 2.5 %) per annum payable on quarterly basis.	First pari-passu charge (2010: First specific and exclusive charge) amounting to Rs. 700 million (2010: Rs. 700 million) over Membrane -III.	Repayable in 20 equal quarterly installments commencing from July 31, 2011 and ending on April 12, 2016.	250,000,000	250,000,000
Standard Chartered Bank (Pakistan) Limited	22.1.1	Three months KIBOR plus 2.5 % (2010: Three months KIBOR plus 2.5 %) per annum payable on quarterly basis.	"Specific and exclusive charge (2010: Specific and exclusive charge) on existing setup of Membrane - II plant comprising of 06 Electrolyzes and its allied accessories. Specific and exclusive charge (2010: Specific and exclusive charge) on Caustic Solidification Plant - II."	Repayment in 16 quarterly installments commencing from September 24, 2010 and ending on June 24, 2014.	275,000,000	275,000,000
Syndicated Facility	22.1.1	Three months KIBOR plus 1.93 % per annum payable on quarterly basis.	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 & 2 amounting to Rs.1,200(Million).	This bridge finance facility is part of syndicated Diminishing Musharka facility amounting to 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. Facility is repayable in 16 quarterly installments commencing from September 24, 2010 and ending on June 24, 2014.	825,001,500	713,340,000
					1,935,001,500	1,963,558,250
Less: paid during the year					208,016,668	140,218,250
Current portion					481,867,043	208,016,668
					689,883,711	348,234,918
					1,245,117,789	1,615,323,332

22.1.1 Effective rate of profit for the year is ranging from 13.54% to 16.30% (2010 : 13.72% to 14.98%) per annum.

22.2 Redeemable capital (participatory - secured)

Description	Note	Profit	Security	Repayment	2011 Rupees	2010 Rupees
2nd Tranche	22.2.1	Rental payments shall be equivalent to benchmark rate plus incremental rental and service agency charges incurred by the trustee during the previous quarter. Bench mark rate is defined as 3 months KIBOR (2010: 3 months KIBOR) and incremental rental is defined as margin of 1.70% (2010: 1.70%) plus servicing agency expenses subject to floor of 2% and a cap of 28% (2010: floor of 2% and a cap of 28%) per annum.	Exclusive and specific hypothecation charge (2010: Exclusive and specific hypothecation charge) in respect of Musharka assets which includes gas fired Power Generation Plant located at Caustic Soda Plant at 32 Km Faisalabad - Sheikhupura Road, Faisalabad.	Repayable in 16 equal quarterly installments commenced from March 04, 2008 and ending on December 04, 2011.	234,375,000	390,625,000
3rd Tranche	22.2.1	Rental payments shall be calculated to provide return equivalent to bench mark rate plus incremental rental and service agency charges incurred by the trustee during the previous quarter. Bench mark rate is defined as 3 months KIBOR (2010: 3 months KIBOR) and incremental rental is defined as margin of 1.00% (2010: 1.00%) plus servicing agency expenses.	Exclusive and specific hypothecation charge (2010: Exclusive and specific hypothecation charge) in respect of Musharka assets which include all fixed assets of BMR and expansion of 210 MTD Caustic Soda Plant at 32 Km Faisalabad - Sheikhupura Road, Faisalabad and to the extent of beneficial rights of certificate holders.	Repayable in 12 equal quarterly installments commenced from April 02, 2010 and ending on January 2, 2013.	1,008,333,333	1,100,000,000
					1,242,708,333	1,490,625,000
Less: Paid during the year					601,041,669	247,916,667
Current portion					366,666,667	522,916,667
					967,708,336	770,833,334
					274,999,997	719,791,666

22.2.1 Effective rate of profit for the year is from 13.29% to 15.30% (2010 : from 13.57% to 14.32%) per annum.

22.3 Term finances

Description	Note	Profit	Security	Repayment	2011 Rupees	2010 Rupees
Saudi Pak Industrial and Agricultural Investment Company Limited	22.3.1	Three months KIBOR plus 4 % (2010: Three months KIBOR plus 4 %) per annum payable on quarterly basis.	A pari-passu ranking charge by way of hypothecation on present and future current assets with 25% margin (2010: 25% margin) which will be upgraded in first pari-passu charge of current assets of the Company with 25% margin with in 90 days from the date of disbursement.	Repayable in 2 installments of Rs. 200 million each, First such installment will be due on September 16, 2010 and the second installment will be made on December 16, 2010. This facility was early matured by the company at December 16, 2009.	-	400,000,000
Saudi Pak Industrial and Agricultural Investment Company Limited	22.3.1	Three months KIBOR plus 4 % (2010: Three months KIBOR plus 4 %) per annum payable on quarterly basis.	Equitable mortgage of the land measuring 122 Kanals and 12 Marlas situated at Muza Biadanwala, chak 61/R.B. Tehsil Jaranwala, District Faisalabad.	Repayable in 04 quarterly installments commenced from November 14, 2009 and ending on August 14, 2010.	15,000,000	60,000,000
Saudi Pak Industrial and Agricultural Investment Company Limited	22.3.1	Three months KIBOR plus 2.75 % per annum payable on quarterly basis.	First pari-passu charge amounting to Rs. 260 million over Membrane -III.	Repayable in 16 equal quarterly installments commencing from April 28, 2011 and ending on January 28, 2015.	150,000,000	150,000,000
Pak Oman Investment Company Limited	22.3.1	Three months KIBOR plus 2.6 % per annum payable on quarterly basis.	First pari-passu charge amounting to Rs. 266.67 million over Membrane -III.	Repayable in 16 equal quarterly installments commencing from June 19, 2011 and ending on March 19, 2015.	200,000,000	200,000,000
The Bank of Punjab		Three months KIBOR plus 1.0 % (2010 : KIBOR plus 1.5 %) per annum payable on quarterly basis.	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.	90,000,000	90,000,000
					455,000,000	900,000,000
Less: paid during the year					59,375,000	445,000,000
Current portion					105,500,000	54,875,000
					164,875,000	499,875,000
					290,125,000	400,125,000

22.3.1 Effective rate of profit for the year is from 13.76% to 16.53% (2010 : from 13.84% to 16.44%) per annum.

22.4 The aggregate un-availed long term financing facilities available amounted to Nil (2010: 186.660 million).

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

	Note	2011 Rupees	2010 Rupees
Maturity			
6 months or less		477,016,855	389,466,667
6 - 12 months		477,016,855	396,341,667
1 - 5 years		1,810,242,786	2,735,239,999
Over 5 years		-	-
		2,764,276,496	3,521,048,333

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

23. LONG TERM DEPOSITS

	Note	2011 Rupees	2010 Rupees
From customers		8,401,651	7,135,695
Others	23.1	2,117,000	1,670,000
		10,518,651	8,805,695

23.1 These represent interest free security deposits received from transporters and are repayable on cancellation or withdrawal of contracts.

24. DEFERRED LIABILITIES

	Note	2011 Rupees	2010 Rupees
Deferred taxation	24.1	998,170,535	1,126,225,072
Staff retirement benefits - gratuity	24.2	5,880,243	6,712,776
		1,004,050,778	1,132,937,848

	Note	2011 Rupees	2010 Rupees
24.1 Deferred taxation			
This comprises the following:			
Deferred tax liability on taxable temporary differences arising in respect of:			
Tax depreciation allowance		828,482,024	834,914,813
Surplus on revaluation of property, plant and equipment		172,560,999	294,262,477
		1,001,043,023	1,129,177,290
Deferred tax asset on deductible temporary difference arising in respect of:			
Provision for employee benefits		1,290,535	1,463,745
Provision for doubtful debts		1,581,953	1,488,473
		2,872,488	2,952,218
		998,170,535	1,126,225,072

24.2 Staff retirement benefits - gratuity

		2011 Rupees	2010 Rupees
Movement in liability			
At beginning of year		6,712,776	5,206,002
Charge for the year		3,762,494	4,222,727
Benefits paid during the year		(4,595,027)	(2,715,953)
		5,880,243	6,712,776
Balance sheet reconciliation as at June 30			
Present value of unfunded obligation		8,490,872	10,536,595
Unrecognized actuarial losses		(2,610,629)	(3,823,819)
Net liability recognized in the balance sheet		5,880,243	6,712,776
Charge to profit and loss account:			
Current service cost		1,768,027	1,984,157
Interest cost		1,071,080	1,296,364
Net actuarial loss recognized during the year		923,387	942,206
		3,762,494	4,222,727

	2011	2010
Principal actuarial assumptions		
Discount rate (per annum)	14%	13%
Expected rate of increase in salaries (per annum)	12%	13%
Expected average remaining working lives of employees (years)	3	4

25. TRADE AND OTHER PAYABLES

	Note	2011 Rupees	2010 Rupees
Creditors	25.1	113,797,644	170,072,037
Accrued liabilities	25.2	246,476,459	191,826,288
Advances from customers		46,059,013	30,582,113
Murabaha payable	25.3	855,106,191	124,920,583
Payable to provident fund - related party	25.4	1,010,803	1,179,680
Unclaimed dividend		9,343,947	21,108,740
Retentions / security deposits		30,463,479	22,704,775
Withholding tax		1,600,697	2,619,812
Workers' profit participation fund	25.5	27,469,782	14,172,807
Workers' welfare fund		24,846,680	12,448,203
Others		73,765	50,000
		1,356,248,460	591,685,038

25.1 It includes Rs. 22.084 million (2010: Rs. 101.662 million) due to associated undertakings.

25.2 It includes Rs. 9.255 million (2010: Rs. 11.424 million) due to associated undertakings.

25.3 The aggregate unavailed facilities available to the Company from banking companies amounted to Rs. 1,741 million (2010: Rs. 2,528 million). These are subject to profit margin ranging from 13.35% to 15.98% (2010: 13.03% to 14.67%) 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.

25.4 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	2011 Rupees	2010 Rupees
25.5 Workers' profit participation fund			
Workers' profit participation fund	25.5.1	27,048,182	13,870,428
Unclaimed Workers' profit participation fund		421,600	302,379
		27,469,782	14,172,807
25.5.1 Movement			
At beginning of year		13,870,428	52,906,790
Less:			
Amount paid to workers on behalf of the fund		14,503,085	36,889,535
Amount deposited in workers' welfare fund		-	16,017,255
		14,503,085	52,906,790
		(632,657)	-
Allocation for the year	34	27,680,839	32,758,428
Paid to WPPF Trust out of current liability		-	18,888,000
At end of year		27,048,182	13,870,428
26. PROFIT / FINANCIAL CHARGES PAYABLE			
Long term financing		76,802,033	82,152,405
Murabaha financing		43,574,535	6,857,779
		120,376,568	89,010,184
27. SHORT TERM BORROWINGS			
Secured			
From banking companies	25.3	1,269,000,000	662,000,000
28. CONTINGENCIES AND COMMITMENTS			
28.1 Contingencies			
Sales tax demand not acknowledged in view of pending appeals		3,398,316	3,398,316
Suppliers' claim not acknowledged in view of pending case in Civil Court		889,867	889,867
Guarantees issued by banks on behalf of the Company		289,744,840	188,289,879

	Note	2011 Rupees	2010 Rupees
28.2 Commitments			
Outstanding letters of credit for raw material and spares		41,633,452	17,390,366

29. SALES - NET

	Note	2011 Rupees	2010 Rupees
Local			
Chemical products		4,494,249,639	4,363,677,193
Textile products		1,496,001,347	1,316,974,759
		5,990,250,986	5,680,651,952
Export			
Chemical products		226,628,968	55,143,541
		6,216,879,954	5,735,795,493

30. COST OF SALES

	Note	2011 Rupees	2010 Rupees
Raw material consumed	30.1	1,673,402,252	1,138,193,667
Fuel and power		2,260,610,837	1,919,270,076
Salaries, wages and benefits	30.2	235,839,946	217,447,828
Stores and spares		138,385,614	135,934,344
Repair and maintenance		70,736,851	61,585,886
Vehicle running and maintenance		25,856,606	24,967,697
Traveling and conveyance		19,096,172	16,402,889
Insurance		18,165,028	14,548,319
Depreciation	4.2	487,173,415	420,344,771
Others		4,691,122	9,889,642
		4,933,957,843	3,958,585,119
Work-in-process			
Opening stock		22,218,508	26,239,677
Closing stock		(72,438,789)	(22,218,508)
		(50,220,281)	4,021,169
Cost of goods manufactured		4,883,737,562	3,962,606,288
Finished stocks			
Opening stock		211,499,589	445,964,047
Closing stock		(432,161,824)	(211,499,589)
		(220,662,235)	234,464,458
Cost of goods sold - own manufactured products		4,663,075,327	4,197,070,746
- outside purchases		163,586	-
		4,663,238,913	4,197,070,746

	2011 Rupees	2010 Rupees
30.1 Raw material consumed		
Opening stock	268,574,185	301,765,933
Purchases	1,785,310,794	1,105,001,919
	2,053,884,979	1,406,767,852
Closing stock	(380,482,727)	(268,574,185)
	1,673,402,252	1,138,193,667

30.2 Salaries, wages and benefits include Rs. 4,895,552 (2010: Rs. 5,424,736) in respect of employee retirement benefits.

	2011 Rupees	2010 Rupees
31. OTHER OPERATING INCOME		
Income from financial assets		
Profit on term deposits certificate	10,422,170	5,616,484
Profit on bank deposits	7,079,242	7,886,060
Dividend income	3,421,625	1,050,750
Gain on sale of available for sale investments	1,479,488	2,918,023
	22,402,525	17,471,317
Income from other than financial assets		
Sale of scrap and waste	12,245,403	4,251,893
Rent income	5,126,432	4,242,641
Gain on disposal of property plant and equipment	1,505,690	-
Exchange gain	-	104,254
Others	1,373,322	1,322,324
	20,250,847	9,921,112
	42,653,372	27,392,429

	Note	2011 Rupees	2010 Rupees
32. DISTRIBUTION COST			
Staff salaries and benefits	32.1	13,172,857	14,383,716
Freight, octroi and insurance		95,761,233	34,973,927
Advertisement		279,675	620,272
Vehicles running and maintenance		8,373,105	5,906,371
Traveling and conveyance		1,568,717	1,681,235
Postage and telephone		635,892	953,684
Printing and stationery		234,988	243,548
Others		3,067,993	4,189,205
		123,094,460	62,951,958

32.1 Staff salaries and benefits include Rs. 418,242 (2010 Rs. 437,978) in respect of employee retirement benefits.

	Note	2011 Rupees	2010 Rupees
33. ADMINISTRATIVE EXPENSES			
Directors' remuneration		31,322,709	30,445,102
Staff salaries and benefits	33.1	75,856,454	84,851,758
Postage, telephone and telex		4,144,306	4,512,801
Vehicles running and maintenance		8,563,560	8,979,572
Printing and stationery		3,132,239	3,479,444
Electricity		4,365,616	3,700,571
Rent, rates and taxes		1,207,103	1,175,600
Traveling and conveyance		9,318,212	12,406,312
Advertisement		6,311,963	7,297,069
Books and periodicals		104,645	147,243
Fees and subscription		15,655,399	13,190,251
Legal and professional		2,512,935	4,296,929
Repairs and maintenance		6,008,932	3,827,149
Auditors' remuneration	33.2	2,070,000	2,070,000
Entertainment		6,348,317	4,409,638
Donations	33.3	24,857,053	27,887,108
Insurance		1,244,335	1,290,800
Depreciation	4.2	12,714,635	14,812,879
Depreciation on investment property	5.2	544,010	604,456
Provision for bad debts and doubtful advances		546,832	1,055,733
Other		1,127,663	1,340,886
		217,956,918	231,781,301

33.1 Staff salaries and benefits include Rs. 3,302,794 (2010: Rs. 2,976,759) in respect of employee retirement benefits.

33.2 Auditors' remuneration

	2011 Rupees	2010 Rupees
Annual statutory audit	1,200,000	1,200,000
Half yearly and CoCG compliance reviews	300,000	300,000
Out of pocket	70,000	70,000
Tax advisory services	500,000	500,000
	2,070,000	2,070,000

33.3 It includes Rs. 19.592 million (2010: Rs. 21.909 million) donated to Aziz Fatima Trust (AFT), Faisalabad which is primarily running a charitable hospital for needy and poor people. Mr. Haji Bashir Ahmed, Mr. Javed Iqbal, Mr. Muhammad Adrees & Imran Ghafoor, the directors of the Company are also the Trustees of the AFT.

	Note	2011 Rupees	2010 Rupees
34. OTHER OPERATING EXPENSES			
Worker's profit participation fund	25.5.1	27,680,839	32,758,428
Worker's welfare fund		12,398,477	12,448,203
Impairment loss on investment in associated company		2,008,780	5,579,904
Loss on disposal of property, plant and equipment		-	524,343
		42,088,096	51,310,878
35. FINANCE COST			
Long term financing		475,459,347	437,823,607
Long term murabaha		-	-
Murabaha payable		226,360,914	153,658,559
Bank charges and commission		1,673,322	9,389,133
		703,493,583	600,871,299
36. PROVISION FOR TAXATION			
Current		218,292,609	86,362,472
Prior years		-	(66,953,242)
Deferred		(128,054,537)	127,835,284
		90,238,072	147,244,514

	2011 %	2010 %
36.1 Numerical reconciliation between the applicable and effective tax rate		
Applicable tax rate	35.00	35.00
Prior year adjustments	-	(11.00)
Effect of deferred tax	(11.59)	-
Tax credit of donations	(2.00)	(1.00)
Income taxed at different rates	(4.00)	1.00
Effective tax rate	17.41	24.00

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:

		2011	2010
Profit for the year	Rupees	427,991,321	462,717,421
Weighted average number of ordinary shares outstanding during the year	Number	21,429,407	21,429,407
Earnings per shares	Rupees	19.97	21.59

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 investments

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

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:

	2011 Rupees	2010 Rupees
Trade debts	512,397,911	433,457,125
Loans and advances	36,564,042	22,964,217
Other receivables	7,773,380	12,154,061
Other financial assets	148,642,950	201,856,851
Bank balances	134,879,995	133,962,701
	840,258,278	804,394,955

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:

	2011 Rupees	2010 Rupees
Chemical - local	411,557,243	402,217,857
Textile - local	96,865,273	30,351,083
Agri chemical - local	3,975,395	888,185
	512,397,911	433,457,125

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:

	2011 Rupees	2010 Rupees
Textile	96,865,273	30,351,083
Chemicals	415,532,638	403,106,042
	512,397,911	433,457,125

38.1.3 Impairment losses

The aging of trade receivables at the reporting date is:

	Gross 2011	Impairment 2011	Gross 2010	Impairment 2010
	Rupees			
Not past due	129,509,312	-	139,901,847	-
Past due 0-30 days	95,865,920	-	106,194,326	-
Past due 30-60 days	15,378,960	-	36,854,524	-
Past due 60-90 days	9,624,041	-	26,688,179	-
Over 90 days	115,246,802	3,987,347	116,002,150	4,294,064
	365,625,035	3,987,347	425,641,026	4,294,064

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

	2011 Rupees	2010 Rupees
Balance at 1 July	4,294,064	2,785,415
Impairment loss (reversed) / recognized	(306,717)	1,508,649
Balance at 30 June	3,987,347	4,294,064

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	2011 Rupees	2010 Rupees
At beginning of year		628,227	1,450,697
Impairment loss (recovered) / recognized		-	(463,112)
Amount written off		-	(359,358)
At end of year	12	628,227	628,227

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 22.3 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	
	2011 Rupees	2010 Rupees
Trade and other payables		
Maturity up to one year	501,142,269	466,764,455
Short term borrowings		
Maturity up to one year	2,124,106,191	786,920,583
Long term financing		
Maturity up to one year	954,033,710	785,808,335
Maturity after one year and up to five years	1,810,242,786	2,735,239,999
Maturity after five years	-	-
	5,389,524,956	4,774,733,372

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:

	2011 US dollar	2010 US dollar
Trade debts	491,613	47,602

Commitments outstanding at year end amounted to Rs. 41.633 million (2010: Rs. 17.390 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	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
US$ 1	85.75	83.15	85.85	84.32

Sensitivity analysis

A 10 percent strengthening of the Pak Rupee against the USD at June 30, 2011 would have increased (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, 2010.

Decrease in profit and loss account	4,220,498	401,380

A 10 percent weakening of the Pak Rupee against the US $ at June 30, 2011 would have had the equal but opposite effect on US $ to the amounts shown above, on the basis that all other variables remain constant.

38.4 Interest rate risk

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

Profile

At the reporting date the interest rate profile of the Company's interest bearing financial instruments is:

	2011 %	2010 %	2011 Rupees	2010 Rupees
Fixed rate instruments				
Financial assets	-	-	-	-
Financial liabilities				
Long term financing	-	-	-	-
			-	-

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss; therefore, a change in interest rate would not affect profit or loss.

Floating rate instruments	2011	2010	2011	2010
	%		Rupees	
Financial assets				
Bank balances	5.99% to 7.61%	5.04% to 12.60%	126,347,502	120,132,258
Term deposits	5.71% to 9.13%	7.99% to 12.60%	80,000,000	149,500,000
Financial liabilities				
Long term financing	13.29% to 16.44%	13.57% to 16.44%	1,810,242,786	2,735,239,998
			(1,603,895,284)	(2,465,607,740)

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
2011		
Short term borrowings	1.25%	18,193,917
Long term financing		39,283,280
		57,477,198
2010		
Short term borrowings	1.25%	11,486,692
Long term financing		42,011,822
		53,498,514

38.5 Equity Price Risk Management

The Company's listed 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. The Company's Board of Directors reviews and approves all equity investment decisions.

At the balance sheet date, the exposure to various listed equity securities at fair value is Rs. 68,462,950 (2010: 52,356,851).

38.6 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 presneted at fair value by using quoted prices at Karachi Stock Exchange as at June 30, 2010. The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

38.7 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.

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:

	2011			2010		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees					
Remuneration	10,000,008	4,400,016	28,016,075	10,000,008	4,800,012	33,677,936
Retirement benefits	-	-	1,751,217	-	-	1,581,716
Perquisites						
House rent	3,999,996	1,759,980	8,404,843	3,999,996	1,979,988	10,179,625
Utilities	99,996	440,004	2,801,512	999,996	420,000	3,291,411
Medical allowance	-	-	2,801,737	-	-	3,367,910
Special allowance	-	-	278,391	-	-	316,160
Income tax	2,834,412	1,223,775	-	3,432,777	1,541,414	22,800
	16,934,412	7,823,775	44,053,775	18,432,777	8,741,414	52,437,558
Number of persons	1	2	32	1	3	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. 4.45 million (2010: Rs. 3.271 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	2011 Rupees	2010 Rupees
Associated undertakings	Sales	113,402,779	51,373,397
	Purchases	1,750,013	377,212
	Organizational expenses recovered	3,444,369	5,054,601
	Organizational expenses paid	5,156,582	3,449,860
	Power charges paid	717,224,842	837,620,397
	Dividend received	1,867,322	1,867,322
	Donation	19,547,864	21,908,758
Key management personnel	Remuneration to Executives	76,439,704	79,611,749
	Post-employment benefits	4,738,722	8,839,473

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

41. PLANT CAPACITY AND PRODUCTION

Chemical Division

	Designed capacity		Actual production		
	2011	2010	2011	2010	Reason of variation
	Tons				
Caustic soda	201,300	201,300	102,946	105,479	Due to electricity shutdown and lack of demand
Sodium hypochlorite	66,000	66,000	29,530	26,800	Due to increase in demand
Liquid chlorine	9,900	9,900	7,678	8,329	Due to electricity shutdown and lack of demand
Ammonium chloride	6,600	6,600	1,561	3,230	Lack of demand
Bleaching powder	7,500	7,500	4,586	4,629	Lack of demand
Hydrochloric acid	212,200	212,200	153,787	133,887	Due to increase in demand

Textile Division	2011	2010
Ring Spinning		
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)	9,499,729	9,124,358

42. WORKING CAPITAL CHANGES

	2011 Rupees	2010 Rupees
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	10,431,129	(24,803,154)
Stock in trade	(382,791,058)	271,469,240
Trade debts	(79,487,618)	229,512,518
Loans and advances	18,611,057	(2,380,939)
Trade deposits and short-term prepayments	(1,395,488)	7,076,643
Other receivables	4,380,681	3,489,179
Tax refunds due from government	24,274,299	-
	(405,976,998)	484,363,487
Decrease in current liabilities		
Trade and other payables	764,563,422	(1,062,735,127)
Sales tax payable	32,242,778	-
	390,829,202	(578,371,640)

43. RECLASSIFICATION

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purposes of comparison. Significant reclassifications made are as follows:

From	**To**	**Reason**	**Amount Rupees**
Tax refund due from government	Loans and advances	"For better presentation"	97,740,636
Share of revaluation surplus	Share of other comprehensive income of	"For better presentation"	25,160,420

The above re-arrangements / reclassifications do not affect retained earnings for the year ended June 30, 2010. Therefore, the balance sheet for the year ended June 30, 2009 has not been prepared.

44. OPERATING RESULTS

	Chemical		Textile		Total	
	2011	2010	2011	2010	2011	2010
			Rupees			
Sales:						
Local						
Caustic soda	3,888,744,023	3,876,542,350	-	-	3,888,744,023	3,876,542,350
Sodium hypochlorite	493,052,834	412,639,102	-	-	493,052,834	412,639,102
Bleaching powder	114,192,537	106,016,880	-	-	114,192,537	106,016,880
Liquid chlorine	112,269,758	121,484,668	-	-	112,269,758	121,484,668
Hydrochloric acid	437,165,886	314,806,557	-	-	437,165,886	314,806,557
Ammonium chloride	40,621,181	55,801,116	-	-	40,621,181	55,801,116
Magnesium chloride and others	91,660,197	104,518,686	-	-	91,660,197	104,518,686
Agri chemicals	91,762,236	59,810,104	-	-	91,762,236	59,810,104
Yarn	-	-	1,487,373,588	1,310,679,929	1,487,373,588	1,310,679,929
Waste	-	-	8,627,759	6,294,830	8,627,759	6,294,830
Export						
Caustic soda flakes	198,628,870	5,962,632	-	-	198,628,870	5,962,632
Liquid chlorine	10,275,183	10,518,929	-	-	10,275,183	10,518,929
Hydrochloric acid	1,540,300				1,540,300	
Bleaching powder	-	1,956,908	-	-	-	1,956,908
Ammonium chloride	1,766,784	21,697,760	-	-	1,766,784	21,697,760
Others	14,417,831	15,007,312	-	-	14,417,831	15,007,312
	5,496,097,620	5,106,763,004	1,496,001,347	1,316,974,759	6,992,098,967	6,423,737,763
Less:						
Commission and discount	183,839,973	150,815,418	-	-	183,839,973	150,815,418
Sales tax	541,752,822	505,497,285	-	-	541,752,822	505,497,285
Excise duty	49,626,218	31,629,567	-	-	49,626,218	31,629,567
Sales - net	4,720,878,607	4,418,820,734	1,496,001,347	1,316,974,759	6,216,879,954	5,735,795,493

	Chemical		Textile		Total	
	2011	2010	2011	2010	2011	2010
	Rupees					
Sales - net	4,720,878,607	4,418,820,734	1,496,001,347	1,316,974,759	6,216,879,954	5,735,795,493
Cost of sales	(3,365,958,010)	(3,074,845,909)	(1,297,280,903)	(1,122,224,837)	(4,663,238,913)	(4,197,070,746)
Gross profit	1,354,920,597	1,343,974,825	198,720,444	194,749,922	1,553,641,041	1,538,724,747
Other operating income	31,436,583	23,198,156	11,216,789	4,194,273	42,653,372	27,392,429
Distribution cost	(120,901,905)	(60,877,426)	(2,192,555)	(2,074,532)	(123,094,460)	(62,951,958)
Administrative expenses	(194,849,077)	(210,729,982)	(21,037,841)	(18,981,319)	(215,886,918)	(229,711,301)
Finance cost	(687,852,013)	(580,659,267)	(15,641,570)	(20,212,032)	(703,493,583)	(600,871,299)
	(972,166,412)	(829,068,519)	(27,655,177)	(37,073,610)	(999,821,589)	(866,142,129)
Reportable segments profit before tax	382,754,185	514,906,306	171,065,267	157,676,312	553,819,452	672,582,618
Unallocated income / (expenses)						
Administrative expenses					(2,070,000)	(2,070,000)
Other operating expenses					(42,088,096)	(51,310,878)
Share of loss of associated company					8,568,037	(9,239,805)
Profit before taxation					518,229,393	609,961,935
Provision for taxation					90,238,072	147,244,514
Profit after taxation					427,991,321	462,717,421
Other information						
Segment assets	6,766,392,655	6,639,891,168	1,085,046,245	940,911,083	7,851,438,900	7,580,802,251
Unallocated corporate assets					3,412,307,475	2,729,655,686
					11,263,746,375	10,310,457,937
Segment liabilities	388,812,655	341,676,551	58,055,096	84,175,091	446,867,751	425,851,642
Unallocated corporate liabilities					10,816,878,624	9,884,606,295
					11,263,746,375	10,310,457,937
Capital expenditure	201,087,652	1,087,305,734	23,115,214	580,920	224,202,866	1,087,886,654
Depreciation	469,517,950	400,921,933	30,370,100	34,235,717	499,888,050	435,157,650

44.1 Inter-segment pricing / sales

There is no purchase and sale between the segments.

44.2 Products and services from which reportable segments derive their revenues

For management purposes, the Company is organised into business units based on their products and services and has the following three 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 produce yarn.

The Company do not have any geographical segment.

44.3 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.

45. GENERAL

Figures have been rounded of to the nearest Rupee.

46. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on September 24, 2011 by the Board of Directors of the Company.

MUHAMMAD ADREES
CHIEF EXECUTIVE OFFICER

HASEEB AHMED
DIRECTOR

Form of Proxy

IMPORTANT
This form of Proxy, in order to be effective, must be deposited duly completed, at the Company's Share Registrar's Office at M/s Noble Computer Services (Pvt) Limited, Mezzanine Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Coperative Housing Society, Main Shahrah-e-Faisal, Karachi not less than 48 hours before the time of holding the meeting. A Proxy must be a member of the Company. Signature should agree with the specimen registered with the company.
Please quote Registered Folio Number / CDC Account Number

I/We ____

of ____

being a member of Sitara Chemical Industries Limited entitled to vote and holder __________

of ordinary shares hereby appoint ______________________________

of ____

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the 29th Annual General Meeting of the Company to be held at Dr. Abdul Qadeer Khan Auditorium, Haji Abdullah Haroon Muslim Gymkhana, Near Shaheen Complex, Aiwan-e-Sadr Road, Karachi on Saturday, October 22, 2011 at 5:00 p.m. and at any adjournment thereof.

As witness my/our hand this ____________ day of ____________________ 2010

Signed by the said ______________________________ in the presence

of ____

____
Member's Signature

Place ____________________

Date ____________________

____
Witness's Signature

AFFIX Rs.5/-
Revenue Stamp which must be cancelled either by signature over it or by some other means

Sitara Chemical
Industries Limited

AFFIX
CORRECT
POSTAGE

C/O
M/s Noble Computer Services (Pvt)
Limited, Mezzanine Floor, House of Habib
Building (Siddiqsons Tower), 3-Jinnah
Coperative Housing Society, Main
Shahrah-e-Faisal, Karachi

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