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CORPORATE PROFILE

BOARD OF DIRECTORS

1. Mr. Iftikhar Shaffi	Chief Executive	(Executive)
2. Mr. Kaiser Sakeem Khan	Director	(Independent)
3. Mr. Imran Kabir	Director	(Independent)
4. Mr. Muhammad Sameer	Director	(Non-Executive)
5. Mrs. Seema Iftikhar	Director	(Non-Executive)
6. Mr. Hashim Aslam Butt	Director	(Non-Executive)
7. Mr. Mohib Hussain	Director	(Non-Executive)

COMPANY SECRETARY

- Mr. Zahoor Ahmad

CHIEF FINANCIAL OFFICE

- Mr. Munawar Hussain

AUDIT COMMITTEE

1. Mr. Imran Kabir	Chairman	(Independent Director)
2. Mr. Muhammad Sameer	Member	(Non-Executive Director)
3. Mr. Hashim Aslam Butt	Member	(Non-Executive Director)

HUMAN RESOURCE & REMUNERATION COMMITTEE

1. Mr. Imran Kabir	Chairman	(Independent Director)
2. Mr. Muhammad Sameer	Member	(Non-Executive Director)
3. Mr. Hashim Aslam Butt	Member	(Non-Executive Director)

LEGAL ADVISOR

- A.K. Minhas Law Associates

AUDITORS

HLB IJAZ TABUSSUM & CO. Chartered Accountants
Office No. 1, 3rd Floor, Madinah Heights, 87-E, Moulana Shoukat Ali Road,
Johar Town Lahore
Tel: 92-42-35173258
E.mail: mataabussum@hotmail.com

BANKERS

- Allied Bank Limited
- Askari Commercial Bank Limited
- Bank Alfalah Limited
- Habib Metropolitan Bank Limited
- Silk Bank Limited

REGISTERED OFFICE

- Plot No. 2, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa
Tel: 0938-270696, 270697

FACTORY

- Plot No. 2, Gadoon Amazai, Industrial Estate, Swabi, Khyber Pakhtoonkhwa
Tel: 0938-270697
E.mail: scil_gad@hotmail.com

PRINCIPLE OFFICE

- 23-Km, Multan Road, Mohlanwal, Lahore
Tel: 042-37540336-7
Fax: 042-37540335
E.mail: shaffichemical@diamondfoam.com

SHARE REGISTRAR

- M/s Corplink (Pvt) Limited
Wings Arcade, 1-K Commercial, Model Town, Lahore
Tel: 042-35916714, 35916719, 35839182
Fax: 042-35869037
E.mail: corplink786@yahoo.com



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of Shareholders of Shaffi Chemical Industries Limited will be held on Thursday October 27, 2022 at 10:00 A.M. at Company's Registered Office at Plot No. 2, Gadoon Amazai, Industrial Estate, Swabi, Khyber-Pakhtoonkhwa to transact the following business:

Ordinary Business

1. To confirm the minutes of last Annual General Meeting held on 27th October, 2021.
2. To receive, consider and adopt the Annual Audited Accounts of the Company together with the Auditors and Directors Reports thereon for the financial year ended June 30, 2022.
3. To appoint Auditors and to fix their remuneration for the next financial year ending June 30, 2023. The retiring auditors, being eligible have offered themselves for their reappointment. Audit Committee of the Board has also recommended for re-appointment of M/s HLB Ijaz Tabussum & Co. Chartered Accountants, Office No. 1, 3rd Floor, 87-E, Madina Heights, Maulana Shaukat Ali Road, Johar Town, Lahore, to be appointed as auditors of the company.
4. To consider any other transactions with the permission of the chair.

BY ORDER OF THE BOARD

Lahore: 04.10.2022

ZAHOOR AHMAD
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 20, 2022 to October 27, 2022 (both days inclusive). Transfers received at the office of the Company's Registrars, Messrs CORPLINK (PVT) LTD, Wing Arcade, 1-K, Commercial Area, Model Town, Lahore by close of business on October 19, 2022, will be treated in time.
2. A member entitled to attend and vote at the Meeting, may appoint another member as his / her proxy to attend, speak and vote on his/her behalf. Proxies effective must be received at the office of the company not less than 48 hours before holding of meeting.
3. A member, who has deposited his/her shares in Central Depository Company of Pakistan, must bring his/her Participant ID number and account/sub account number along with original CNIC or Passport at the time of attending the meeting.
4. In case of corporate entities, Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of attending the meeting.
5. To ensure compliance with the SECP Notification SRO 831(1)2012 dated July 05, 2012 read with Notification SRO 19(1)2014 dated January 10, 2014, all members who have not yet submitted their valid CNIC/NTN, are hereby once again requested to submit the same without further delay.
6. Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city. "I/We, _____ of _____, being a member of Shaffi Chemical Industries Limited, holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____." The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.



Chairman's Review Report

It is my privilege to be serving as the Chairman of Board of Directors of Shaffi Chemical Industries Limited (the Company). All the board members including leadership team of the Company are humbled by your overwhelming response and are determined to deliver as per your expectations soon. I would like to thank our esteemed shareholders for entrusting me with guiding direction of the Company and assure that all my efforts will continue to be aimed at steering the Company towards consistent qualitative and quantitative growth in future as well. We are committed towards fulfilling our mission for revival of business operations of the company.

The Board has played a pivotal role in achieving the Company's objectives and safeguarding interests of the shareholders. The Directors have rich and varied experience in the fields of business, finance, and regulations. The Board provides strategic direction to the management and is available for guidance. The Board approves the budget and ensures that a competent and energetic team is in position to achieve the goals set in future. The Board ensures compliance of all regulatory requirements by the Management. The board committees provided valuable input and assistance to the Board. The Audit Committee particularly focused on detailed review of financial statements and effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team. An important role of the Committee is succession planning.

In acknowledgment of the confidence and trust shown by our esteemed shareholders during suspension of business operations of the company. I would like to praise the management for its immense efforts in revival of business operations of the company and hope that the Company would continue as going concern in near future.

Seema Iftikhar
Chairman

**DIRECTORS' REPORT****Dear Shareholders,**

The Directors of **Shaffi Chemical Industries Limited** present before you Directors' Report together with the Auditors' Report and the audited Financial Statements for the year ended June 30, 2022.

Financial highlights...2022

The financial results of the company are numerated below:

	<u>2022</u>	<u>2021</u>
	(Rupees in Millions)	
- Sales-net	0.000	0.000
- Gross Profit/(Loss)	0.000	0.000
- Operating Expenses	(4.255)	(2.492)
- Operating Profit / (Loss)	(4.255)	(2.492)
- Other expenses and financial cost	(5.647)	(5.086)
- Adjustment of impairment on investment	(10.986)	-
- Share of Profit/(Loss) from Associated company	11.873	3.867
- Profit/(Loss) before Taxation	(9.015)	(3.711)
- Taxation	(1.389)	(0.443)
- Profit/(Loss) after Taxation	(10.404)	(4.155)

Year in review:

As the company has suspended all its industrial activities, resulting in no sales & Gross Profit thereon, However, the company has incurred certain operating expenses resulting an operating Loss of Rs. (4.255) million as compared to Rs. (2.495) million of the preceding year and Profit / (Loss) after taxation is Rs. (10.404) million as against of Rs. (4.155) million of the corresponding year.

The company has settled all its liabilities towards Allied Bank Limited and all pending litigations with ABL has been withdrawn by the both parties whereas on the basis of suspension of company's business activities, petition for winding up the company has been filed with Hon'ble High Court Peshawar by deputy registrar of companies Peshawar, which is being contested vigorously by the company. Now in order to revive the business operations of the company, the management has decided that initially the furniture business is to be started in the factory premises of the company and if was appreciated by the furniture market, then the furniture business will be expanded and for working capital requirement, the company will initiate the process for issuance of right shares to the existing shareholders by completing all legal formalities of the Companies Act 2017 and other applicable forms thereupon.

Vision and mission:

The statement reflecting the Vision and Mission of the Company is annex to the report.

Earning per share:

Earnings / (loss) per share for the year ended 30th June, 2022 is Rs. (0.87) compared to Rs. (0.35) per share for the preceding year.

Pattern of shareholding:

Pattern of shareholding is annexed to this report.

Board meetings:

Five meetings of Board of Directors were held during the year ended June 30, 2022 and the attendance of the Directors is as follows:



S.#	Name	Position	Attendance
1.	Mr. Iftikhar Shaffi	Chief Executive	05
2.	Mr Muhammad Sameer	Director	05
3.	Mr. Hashim Aslam Butt	Director	05
4.	Mr Mohib Hussain	Director	05
5.	Mr. Abdul Shakoor	Director	04
6.	Mr Qaiser Saleem Khan	Director	05
7.	Mr. Imran Kabir	Director	05
8.	Mrs. Seema Iftikhar	Director	01

Board committees:

The **Audit Committee** and **Human Resources & Remuneration Committee** are the standing committees of the board of directors.

Audit Committee is constituted by Board comprising of three members wherein two members are non executive directors and the chairman is an Independent director. Name of the members of audit committee appended at corporate profile of this annual report. The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible to recommend the BOD for the appointment of external auditors, and considers any question of resignation or removal of external auditors, audit fees and provision of any services provided to the Company for ensuring their independence review with respect to their audit performance. The terms and reference of the committee has formed and advised for its compliance.

Human Resources & Remuneration Committee is responsible to look into the requirements of manpower engaged by the company along with their remuneration and regularize the safety measures and environmental stewardship. Committee recommend the board for review, consider & approve the management policies, compensation matters (including retirement benefits) of COO, CFO, Company Secretary and head of internal audit and all such matters for key management position who report directly to CEO. The committee also ensures all elements of compensation and welfare for all its employees.

Future outlook:

As the company has settled all the disputes with Allied Bank Limited and all the longstanding issued / litigations with ABL has also been settled amicably. However keeping in view the current economic condition prevailing in the country and sharp devaluation of Pak Rupee against US dollar, it is not feasible to restart its core business activities, however initially the company has decided to start new furniture business in the factory premises to cope with saving the wealth of its minority shareholder and if feasible, the management will take necessary steps for increase of this furniture business and for required business operations, the working capital of the company shall be enhanced by issuing of right shares to the existing shareholders in due course of time in future. Meanwhile the company has requested to PSX to remove company name from defaulters' segment, so that trading in shares of the company may also be started to execute the right issuance process in near future.

Code of conduct:

Our code is built on a set of shared values based on principles of honesty, integrity, diligence, truthfulness and honour.

Pattern of shareholding:

Pattern of shareholding is annexed to this report.



Auditors:

The present auditors, M/s HLB Ijaz Tabussum & Co., Chartered Accountants are retiring at the conclusion of the forthcoming Annual General Meeting of the company. The Audit Committee has recommended their re-appointment of M/s HLB Ijaz Tabussum & Co., Chartered Accountants as the statutory auditors of the Company for the financial year ending June 30, 2022. The Board of Directors has endorsed this recommendation.

Corporate and financial reporting framework:

Company is committed to maintaining high standards of corporate governance without any exception. The Directors are pleased to state that the company is compliant with the provisions of the Code of Corporate Governance as required by SECP and formed as part of stock exchange listing regulations. Statement of Compliance with Code of Corporate Governance is as under.

The Directors confirm that:

- a. The financial statements prepared by the management of the company present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
- b. Proper books of accounts of the company have been maintained.
- c. Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- d. International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements; and any departure thereof has been adequately disclosed and explained.
- e. The system of internal control is sound in design and has been effectively implemented and monitored
- f. There are no significant doubts upon the company's ability to continue as a going concern
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations
- h. Statements regarding the following are annexed or disclosed in the notes to the accounts:
 - Key financial data for the last six years
 - Pattern of shareholdings
 - Number of Board meetings held during the year and attendance by each director

Acknowledgement:

The board joins me to thank all the staff members and management team for their concerted efforts and contribution.

IFTIKHAR SHAFFI
Chief Executive
Lahore:- 29th September, 2022

For and on behalf of the Board

IMRAN KABIR
Director



ڈائریکٹرز کی رپورٹ

بیارے شیئر ہولڈرز،

شفیع کیمیکل انڈسٹریز لمیٹڈ کے ڈائریکٹرز آپ کے سامنے ڈائریکٹرز کی رپورٹ کے ساتھ آڈیٹرز کی رپورٹ اور 30 جون 2022 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی بیانات پیش کرتے ہیں۔

مالیاتی جھلکیاں	2021 (ملین)	2022 (ملین)
سیلز	0.000	0.000
مجموعی منافع	0.000	0.000
آپریٹنگ خرچہ	(2.492)	(4.255)
آپریٹنگ منافع	(2.492)	(4.255)
دیگر اخراجات اور مالیاتی خرچہ	(5.086)	(5.647)
سرمایہ کاری میں کمی کی مطابقت	0.000	(10.986)
ایسوسی ایٹ کمپنی کے نفع / نقصان کا حصہ	3.867	11.873
نفع قبل از ٹیکس	(3.711)	(9.015)
ٹیکس	(0.443)	(1.389)
منافع بعد از ٹیکس	(4.155)	(10.404)

سال میں جائزہ:

چونکہ کمپنی نے اپنی تمام صنعتی سرگرمیاں معطل کر دی ہیں، جس کے نتیجے میں اس پر کوئی فروخت اور مجموعی منافع نہیں ہوا، تاہم، کمپنی نے کچھ آپریٹنگ اخراجات اٹھائے ہیں جس کے نتیجے میں (4.255) ملین روپے کا آپریٹنگ نقصان ہوا ہے۔ جو کہ پچھلے سال کے مقابلے میں (2.495) ملین اور ٹیکس لگانے کے بعد (10.404) ملین روپیہ منافع / (نقصان) روپے ہے جو کہ پچھلے سال (4.155) ملین تھا۔

کمپنی نے الائیڈ بینک لمیٹڈ پر اپنی تمام واجبات کا تصفیہ کر دیا ہے اور ABL کے ساتھ تمام زیر التواء قانونی چارہ جوئی دونوں فریقوں کی طرف سے واپس لے لی گئی ہے جبکہ کمپنی کی کاروباری سرگرمیوں کی معطلی کی بنیاد پر کمپنی کو سمیٹنے کی درخواست پشاور کے ڈپٹی رجسٹرار آف کمپنیز پشاور کی طرف سے معزز ہائی کورٹ میں دائر کر دی گئی ہے۔ جس کا کمپنی کی جانب سے بھرپور مقابلہ کیا جا رہا ہے۔ اب کمپنی کے کاروباری آپریٹرز بحال کرنے کے لیے انتظامیہ نے فیصلہ کیا ہے کہ ابتدائی طور پر فرنچیزنگ کا کاروبار کمپنی کے فیکٹری احاطے میں شروع کیا جائے گا اور اگر فرنچیز مارکیٹ نے اسے سربا تو فرنچیزنگ کے کاروبار کو مزید وسعت دی جائے گی۔ ورکنگ کپینٹل کی ضرورت کے مطابق، کمپنی کمپنیز ایکٹ 2017 اور اس پر دیگر قابل اطلاق فورمز کی تمام قانونی کارروائیوں کو مکمل کر کے موجودہ شیئر ہولڈرز کو رائٹ شیئرز جاری کرنے کا عمل شروع کرے گی۔

نظریہ اور مقصد:

کمپنی کے وژن اور مشن کی عکاسی کرنے والا بیان رپورٹ کے ساتھ ملحق ہے۔

فی حصص آمدنی:

30 جون 2022 کو ختم ہونے والے سال کے لیے فی حصص آمدنی / (نقصان) روپے ہے۔ (0.87) روپے کے مقابلے میں (0.35) پچھلے سال کے لیے فی شیئر۔

شیئر ہولڈنگ کا نمونہ:

شیئر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔



بورڈ کے اجلاس:

30 جون 2022 کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے اور ڈائریکٹرز کی حاضری حسب ذیل ہے:

نمبر شمار	نام	عہدہ	حاضری
1	افتخار شفیق	چیف ایگزیکٹو	05
2	محمد سمیر	ڈائریکٹر	05
3	ہاشم اسلم بٹ	ڈائریکٹر	05
4	محمد حسین	ڈائریکٹر	05
5	عبدالشکور	ڈائریکٹر	04
6	قیصر سلیم خان	ڈائریکٹر	05
7	عمران کبیر	ڈائریکٹر	05
8	سیما افتخار	ڈائریکٹر	01

بورڈ کمیٹیاں:

آڈٹ کمیٹی اور ہیومن ریسورسز اینڈ ریموونیشن کمیٹی بورڈ آف ڈائریکٹرز کی قائمہ کمیٹیاں ہیں۔

آڈٹ کمیٹی تین ممبران پر مشتمل بورڈ کے ذریعے تشکیل دی جاتی ہے جس میں دو ممبران نان ایگزیکٹو ڈائریکٹر ہوتے ہیں اور چیئر مین ایک آزاد ڈائریکٹر ہوتا ہے۔ اس سالانہ رپورٹ کے کارپوریٹ پروفائل میں شامل آڈٹ کمیٹی کے ارکان کے نام۔ کمیٹی وقتاً فوقتاً مالیاتی گوشواروں کا جائزہ لیتی ہے اور مالیاتی پالیسیوں اور طریقوں کی مناسبت کا جائزہ لیتی ہے تاکہ یہ یقینی بنایا جاسکے کہ اندرونی کنٹرول کا ایک موثر اور مضبوط نظام موجود ہے۔ کمیٹی اندرونی آڈٹ ڈیپارٹمنٹ کی طرف سے جاری کردہ آڈٹ رپورٹس اور آڈٹ مشاہدات کی تعمیل کی صورتحال کا بھی جائزہ لیتی ہے۔

آڈٹ کمیٹی بیرونی آڈیٹرز کی تقرری کے لیے BOD کو سفارش کرنے کی بھی ذمہ دار ہے، اور بیرونی آڈیٹرز کے استعفیٰ یا ہٹانے، آڈٹ فیس اور کمیٹی کو فراہم کردہ کسی بھی خدمات کی فراہمی کے سوال پر غور کرتی ہے تاکہ ان کے آڈٹ کے حوالے سے ان کی آزادی کے جائزے کو یقینی بنایا جاسکے۔ کارکردگی کمیٹی کی شرائط اور حوالہ اس کی تعمیل کے لیے تشکیل دیا گیا ہے اور مشورہ دیا گیا ہے۔

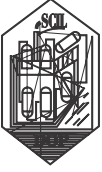
ہیومن ریسورس اینڈ ریموونیشن کمیٹی کمیٹی کی طرف سے کام کرنے والی افرادی قوت کی ضروریات کو ان کے معاوضے کے ساتھ دیکھنے اور حفاظتی اقدامات اور ماحولیاتی ذمہ داری کو باقاعدہ بنانے کی ذمہ دار ہے۔ کمیٹی بورڈ کو انتظامی پالیسیوں، سی او ایو، ایف او، کمیٹی سیکرٹری اور انٹرنل آڈٹ کے سربراہ کے معاوضے کے معاملات (بشمول ریٹائرمنٹ کے فوائد) کا جائزہ لینے، غور کرنے اور منظور کرنے کی سفارش کرتی ہے اور کلیدی انتظامی عہدے کے لیے ایسے تمام معاملات جو براہ راست سی ای او کو رپورٹ کرتے ہیں۔ کمیٹی اپنے تمام ملازمین کے لیے معاوضے اور بہبود کے تمام عناصر کو بھی یقینی بناتی ہے۔

مستقبل کا نقطہ نظر:

چونکہ کمیٹی نے الائیڈ بینک لمیٹڈ کے ساتھ تمام تنازعات اور ABL کے ساتھ تمام دیرینہ جاری/قانونی چارہ جوئی کو بھی خوش اسلوبی سے طے کر لیا ہے۔ تاہم ملک میں موجودہ معاشی صورتحال اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں تیزی سے کمی کے پیش نظر اپنی بنیادی کاروباری سرگرمیاں دوبارہ شروع کرنا ممکن نہیں ہے تاہم ابتدائی طور پر کمیٹی نے اس سے نمٹنے کے لیے فیکٹری کے احاطے میں فرنیچر کا نیا کاروبار شروع کرنے کا فیصلہ کیا ہے۔ اپنے اقلیتی شیئر ہولڈر کی دولت کو بچانے کے ساتھ اور اگر ممکن ہو تو، انتظامیہ فرنیچر کے اس کاروبار کو بڑھانے اور مطلوبہ کاروباری آپریشنز کے لیے ضروری اقدامات کرے گی، موجودہ حصص یافتگان کو مقررہ وقت میں رائٹ شیئرز جاری کر کے کمیٹی کے ورکنگ کیپیٹل میں اضافہ کیا جائے گا۔ مستقبل میں وقت کا کورس۔ دریں اثناء کمیٹی نے PSX سے کمیٹی کا نام ڈیفالٹرز کے حصے سے ہٹانے کی درخواست کی ہے، تاکہ مستقبل قریب میں کمیٹی کے حصص کی تجارت بھی شروع کی جاسکے۔

ضابطہ اخلاق:

ہمارا ضابطہ ایمانداری، دیانتداری، مستعدی، سچائی اور عزت کے اصولوں پر مبنی مشنر کہ اقدامات کے مجموعے پر بنایا گیا ہے۔
شیئر ہولڈنگ کا نمونہ:



شیر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

آڈیٹرز:

موجودہ آڈیٹرز، میسرز ایچ ایل بی ایچ اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کمپنی کے آئندہ سالانہ جزل اجلاس کے اختتام پر ریٹائر ہو رہے ہیں۔ آڈٹ کمیٹی نے میسرز ایچ ایل بی ایچ اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی سفارش کی ہے۔ بورڈ آف ڈائریکٹرز نے اس سفارش کی توثیق کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

کمپنی بغیر کسی رعایت کے کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لیے پرعزم ہے۔ ڈائریکٹرز کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ کمپنی کوڈ آف کارپوریٹ گورننس کی دفعات کی تعمیل کر رہی ہے جیسا کہ ایس ای سی پی کی ضرورت ہے اور اسٹاک ایکسچینج کی فہرست سازی کے ضوابط کے حصے کے طور پر تشکیل دی گئی ہے۔ کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان حسب ذیل ہے۔

ڈائریکٹرز تصدیق کرتے ہیں کہ:

- ۱ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔
- ۲ کمپنی کے کھاتوں کی صحیح کتابیں رکھی گئی ہیں۔
- ۳ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- ۴ بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے اور مالیاتی بیانات کی تیاری میں کمپنیز ایکٹ، 2017 کے تقاضوں پر عمل کیا گیا ہے۔ اور اس کی کسی بھی روانگی کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- ۵ اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے (f) کمپنی کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- ۶ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل دی گئی ہے۔

جی مندرجہ ذیل سے متعلق بیانات اکاؤنٹس کے نوٹس میں منسلک یا ظاہر کیے گئے ہیں:

☆ پچھلے چھ سالوں کا اہم مالیاتی ڈیٹا

☆ شیر ہولڈنگ کا نمونہ

☆ سال کے دوران منعقدہ بورڈ کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری

اعتراف:

بورڈ عملے کے تمام اراکین اور انتظامی ٹیم کا ان کی ٹھوس کوششوں اور شراکت کے لیے شکریہ ادا کرتا ہے۔

بورڈ کے لیے اور اس کی جانب سے

عمران کبیر
ڈائریکٹر

افتخار شعیب
چیف ایگزیکٹو

لاہور: 29 ستمبر 2022

**VISION / MISSION STATEMENT AND CORPORATE STRATEGY****Vision**

The Company's vision is to be a market leader as manufacturing organization and to play a meaningful role on sustainable basis in the economy of Pakistan in the best possible manners with customer satisfaction as its premier goal.

Mission

Its objects, as outlined in the mission statement are to conduct company business through good governance with responsibility to all our stake holders and foster a sound & dynamic team for maintaining professional standards and optimum use of resources while achieving the unique position in the market by meeting the requirements of high quality products for the customers and proving a stimulating environment to all the employees for their growth and development and fostering a feeling of job satisfaction, by following the highest of ethical and fiduciary standards and serving the interests of the society.

Corporate strategy

To produce and market high quality products, consistently exceeding customer expectations, ensure right usage of company's resources, create employment opportunities and protect the interest of stakeholders.

Note: The Company is in process of restructuring hence Mission, Vision and Corporate Strategy will be followed and implemented in letter and spirit when restructuring process is complemented and the Company starts its production and sales processes.

IFTIKHAR SHAFFI
Chief Executive

IMRAN KABIR
Director



**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019**

Name of Company:- SHAFFI CHEMICAL INDUSTRIES LIMITED
Year Ended:- 30-06-2022

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

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

- a) Male 6
- b) Female 1

2. The composition of Board is as follows:

Category	Names
Executive Director	Mr. Iftikhar Shaffi
Independent Director	Mr. Qaiser Saleem Mr. Imran Kabir
Non-Executive Directors	Mr. Muhammad Sameer Mr. Hashim Aslam Butt Mr. Mohib Hussain
Female Director	Mrs. Seema Iftikhar

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- 4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- 5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the company.
- 6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
- 7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
- 8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- 9. All Directors are Exempt from Director Training Program. All the directors of the company have 16 to 40 years of working experience in their respective areas of specialization and are well aware of their duties & responsibilities and powers as per code of Corporate Governance and the Companies Act, 2017 which are crucial to the running and development of companies. Directors of the company have inculcated good governance practices in the corporate sector and have more than 14 years of education as well and thus fall under the exemption available in the Code of Corporate Governance. Further Mr Iftikhar Shaffi Chief Executive of the company and Chairman of Diamond Group of Industries is well known industrialist with vast and rich experience of about 40 years in managing large industrial units.



10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration, terms, and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) **Audit Committee:-** It comprise three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

1	Mr. Imran Kabir	Chairman	Independent Director
2	Mr. Muhammad Sameer	Member	Non-Executive director
3	Mr. Hashim Aslam Butt	Member	Non-Executive director

b) **HR and Remuneration Committee:-** It comprise three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

1	Mr. Imran Kabir	Chairman	Independent Director
2	Mr. Muhammad Sameer	Member	Non-Executive director
3	Mr. Hashim Aslam Butt	Member	Non-Executive director

13. The terms of reference of the afore -said committees have been formed, documented and advice to the committee for compliance.
14. The frequency of meetings of the committee were duly been held as and when required but at least once of every quarter before approval of financial statements of the company.
15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that the partners of the firm involved in the audit are not a close relative (spouse, parents, dependent and non-dependent children) of the Chief Executive Officer, CFO, Head of Internal Audit, Company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below:



Sr. No	Non-Mandatory Requirement	Explanation	Reg. No.
1	Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation	No one intended to contest election as director representing minority shareholder.	5
2	Responsibilities of the Board and its members: Adoption of the corporate governance practices	Non-mandatory provisions of the CCG Regulations are partially complied.	10(1)
3	Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate Nomination Committee and the functions are being performed by the Executive Committee.	29(1)
4	Risk Management Committee: The Board may constitute the Risk Management Committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and the company's Chief Internal Auditor, performs the requisite functions and apprises the board accordingly.	30(1)

IFTIKHAR SHAFFI
Chief Executive

IMRAN KABIR
Director



To the members of SHAFFI CHEMICAL INDUSTRIES LIMITED

**Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) of the Regulations 2019.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach.

We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.



**HLB IJAZ TABUSSUM & COMPANY
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER:
Mrs. Saira Mudassar
UDIN # CR202210189jZyIWmNVK**

**Dated: 29th September 2022
Place: Lahore**



INDEPENDENT AUDITOR'S REPORT
To the members of Shaffi Chemical Industries Limited
Report on the Audit of the Financial Statements

Opinion

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

In our opinion because of the matters described in paragraph 1 of *Basis for opinion* section of our report and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Material Uncertainty relating to Going Concern

During the year company has accumulated losses and shareholders' equity before revaluation surplus amounting to Rupees (176.534) Million and Rupees (50.683) Million respectively as on June 30, 2022. Sales of company were Nil. Company remained closed the whole year. Management of the company had decided to go for delisting therefore all the employees were laid off in the year ended June 30, 2015. Deputy registrar of company has initiated the winding up proceeding in Peshawar high court since 2018. These factors have raised uncertainties that the company may not be able to continue as a going concern.

Therefore, these financial statements have been prepared on the basis of estimated realizable/ settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

Key Audit Matter

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



Following are the Key audit matters:

Key Audit Matters	How our audit addressed the key audit matters
1. Investment in associated companies under equity method	
<p>Shafi Chemical Industries (SCIL) owns 15.80% in Diamond Industries Limited (DIL), an entity listed on the Pakistan Stock Exchange .</p> <p>The carrying value of investment in associated Company DIL amounting to Rupees 32.446 Million which are accounted for under the equity method.</p> <p>Quoted value of investment is Rs. 22.81 per share.</p> <p>As at June 30, 2022, management conducted an impairment test to assess the recoverability of the carrying value of investment in associate. This was performed using a discounted cash flow model to calculate asset value in use. A number of key judgment were made in determining the input into discounted cash flow model which included expected future cash flows, growth rate and discount rate applied to the cash flows.</p> <p>We identified assessing the carrying value of investment in associate a key audit matter because of its significance in financial statement.</p>	<p>Our key audit procedure includes the following:</p> <ul style="list-style-type: none">• Identification and understanding of the significant controls implemented by the Company over the impairment testing process.• Identification and understanding of the significant judgments used to calculate carrying value of assets and impairment if any.• Verification that the carrying amount of the investment was determined properly and comparison with the value in use resulting from the impairment test.• Assessed the significant influence existed or not so to account for under equity method.• Verified accuracy of carrying amount of investment in associate using equity method
2. Valuation and presentation of Loan from Associated undertaking and persons.	
<p>Refer to note no. 11 & 12 annexed, the company has taken loan from directors and associated companies. The loan from directors are interest free whereas loan from associates is subject to effective interest rate of Kibor+2.5% with undetermined period of repayment. As the liability is significant therefore it is key audit matter.</p>	<p>Our key audit procedure include the following:</p> <ul style="list-style-type: none">• We asses sed the design and operating effectiveness of the company’s internal controls over recording the terms and conditions of borrowings including their classification and associated costs.• We have obtained confirmations of borrowings directly from lenders.• We tested the calculation of markup recognized as an expense in accordance with approved accounting standards.• Inquiry from management and board meetings• Adequacy of presentation and disclosure as per IAS 24 “<i>Related Party disclosures</i>”• Evaluated the appropriateness of arm’s length transactions.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our



knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



4. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, except for the significance of matters described in Basis of qualified opinion para above, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the Purpose of the Company's business; and
- d) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Mrs. Saira Mudassar.

HLB IJAZ TABUSSUM & COMPANY
CHARTERED ACCOUNTANTS
UDIN # AR202210189IINq6V1sy



Date: September 29, 2022
Place: Lahore



STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	June 30, 2022		June 30, 2021	
		Book value	Estimated Realisable/ settlement value	Book value	Estimated Realisable/ settlement value
ASSETS					
Cash and bank balances	3	1,620,419	1,620,419	572,196	572,196
Loan and Advances	4	542,238	542,238	677,598	677,598
Other Receivables	5	2,942,461	2,942,461	2,655,894	2,655,894
Security Deposits	6	223,560	223,560	223,560	223,560
Investments	7	32,468,766	31,829,375	33,441,879	36,201
Property, Plant and Equipment	8	11,738,736	11,953,432	12,404,574	10,103,545
TOTAL ASSETS		49,536,179	49,111,485	49,975,700	14,268,995
LIABILITIES					
Accrued and other payables	9	3,208,396	3,208,396	2,985,873	2,985,873
Unclaimed Dividend		-	-	-	2,690,056
Accrued Markup	10	14,814,200	14,814,200	9,360,879	9,360,879
Payable to Director & Sponsors	11	33,491,574	33,491,574	33,491,574	33,491,574
Payable to associated company	12	48,705,584	48,705,584	43,945,350	43,945,350
Deferred liabilities	13	-	-	-	-
Provision for taxation	14	-	-	-	-
TOTAL LIABILITIES		100,219,754	100,219,754	89,783,676	92,473,732
NET ASSETS		(50,683,575)	(51,108,269)	(39,807,976)	(78,204,737)
REPRESENTED BY:-					
Authorized share capital					
12,000,000 Ordinary shares of Rs. 10/- each		120,000,000	120,000,000	120,000,000	120,000,000
Issued, subscribed and Paid Up Capital	15	120,000,000	120,000,000	120,000,000	120,000,000
Fair Value Reserves		12,494	12,494	22,024	22,024
Accumulated Losses		(176,533,722)	(176,533,722)	(165,949,679)	(165,949,679)
		(56,521,228)	(56,521,228)	(45,927,655)	(45,927,655)
Surplus on Revaluation of property, Plant and equipment	16	5,837,653	-	6,119,680	-
Share Holders' Equity		(50,683,575)	(56,521,228)	(39,807,976)	(45,927,655)
Net surplus on estimated realisable/settlement value		-	5,412,958	-	(32,277,082)
Contingencies & Commitments	17	-	-	-	-
		(50,683,575)	(51,108,269)	(39,807,976)	(78,204,737)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	June 2022 Rupees	June 2021 Rupees
Sales - net		-	-
Cost of Sales		-	-
Gross Profit / (Loss)		<u>-</u>	<u>-</u>
Operating Expenses			
Administrative Expenses	18	(4,255,617)	(2,492,140)
Other Operating Income	19	151	113
		(4,255,466)	(2,492,027)
Operating Profit / (Loss)		<u>(4,255,466)</u>	<u>(2,492,027)</u>
Other Operating Expenses	20	(193,140)	(193,140)
		(4,448,606)	(2,685,167)
Finance Cost	21	(5,453,881)	(4,893,807)
		(9,902,487)	(7,578,974)
Recognition of financial liabilities	11.1	-	-
		(9,902,487)	(7,578,974)
Reversal of impairment/(Impairment) on long term investment in associated company	7.1	(10,986,154)	-
		(20,888,640)	(7,578,974)
Share of Profit/ (Loss) from associated company	7.1	11,873,375	3,867,285
Profit / (loss) before Taxation		<u>(9,015,265)</u>	<u>(3,711,689)</u>
Taxation			
Taxation-Prior Year		-	-
Share of tax of associated company	7.1	(1,388,939)	(443,638)
		(1,388,939)	(443,638)
Profit / (loss) after Taxation		<u>(10,404,204)</u>	<u>(4,155,327)</u>
Earning/(loss) per Share	23	<u>(0.87)</u>	<u>(0.35)</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.


Chief Executive
Chief Financial Officer
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	June 2022 Rupees	June 2021 Rupees
PROFIT / (LOSS) FOR THE YEAR		(10,404,204)	(4,155,327)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Gain/ (Loss) on remeasurement of staff retirement benefit of associated companies	7.1	-	-
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associate	7.1	191,497	2,239,831
Surplus/ (deficit) arising on re-measurement of investment at fair value through other comprehensive income	7.2	(9,529)	(3,991)
Other Comprehensive income for the year		181,968	2,235,840
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(10,222,236)	(1,919,487)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive**Chief Financial Officer****Director**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	June 2022 Rupees	June 2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	24	(3,646,811)	(8,648,206)
Taxes paid		(64,640)	(40,205)
Finance cost paid/adjusted		(560)	(22,366)
Net Cash generated from operating activities		(3,712,011)	(8,710,777)
CASH FLOW FROM INVESTING ACTIVITIES			
Disposal of vehicles		-	-
Net Cash Generated from / (used in) Investing Activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Short Term Borrowings paid		-	-
Loan from associated company		4,760,234	8,840,000
Loan from Director		-	-
Net Cash generated from / (used in) financing activities		4,760,234	8,840,000
Net Increase / (Decrease) in Cash & Cash Equivalents		1,048,222	129,223
Cash & Cash Equivalents at the Beginning of the Year		572,197	442,974
Cash & Cash Equivalents at the End of the Year		1,620,419	572,197

The annexed notes from 1 to 35 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	CAPITAL RESERVES		REVENUE RESERVES		Surplus on revaluation of property, plant and equipment	TOTAL RESERVES	TOTAL EQUITY
	SHARE CAPITAL	Fair Value Reserve	(Accumulated Loss) / Unappropriated Profit				
Balance as at 01 July 2020	120,000,000	26,015	(165,678,090)	6,424,275	(159,227,800)	(39,227,800)	
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	304,595	(304,595)	-	-	
Effect of items directly credited in equity by the associated companies	-	-	(4,155,327)		(4,155,327)	(4,155,327)	
Profit for the year	-	(3,991)	1,339,312		1,339,312	1,339,312	
Other comprehensive income for the year	-	(3,991)	2,239,831		2,235,840	2,235,840	
Total comprehensive loss for the year	-	(3,991)	(576,184)	-	(580,175)	(580,176)	
Balance as at 30 Jun 2021	120,000,000	22,024	(165,949,679)	6,119,680	(159,807,975)	(39,807,976)	
Balance as at 01 July 2021	120,000,000	22,024	(165,949,679)	6,119,680	(159,807,975)	(39,807,976)	
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	282,027	(282,027)	-	-	
Profit for the year	-	-	(10,404,204)		(10,404,204)	(10,404,204)	
Effect of items directly credited in equity by the associated companies	-	-	(653,363)		(653,363)	(653,363)	
Other comprehensive income for the year	-	(9,529)	191,497		181,968	181,968	
Total comprehensive loss for the year	-	(9,529)	(10,866,070)	-	(10,875,599)	(10,875,599)	
Balance as at 30 June 2022	120,000,000	12,494	(176,533,722)	5,837,653	(170,683,575)	(50,683,575)	

(Rupees)

Balance as at 01 July 2020

Incremental depreciation on surplus on revaluation of property, plant & equipment
Effect of items directly credited in equity by the associated companies
Profit for the year
Other comprehensive income for the year
Total comprehensive loss for the year

Balance as at 01 July 2021

Incremental depreciation on surplus on revaluation of property, plant & equipment
Profit for the year
Effect of items directly credited in equity by the associated companies
Other comprehensive income for the year
Total comprehensive loss for the year

Balance as at 30 June 2022

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2022****1 STATUS AND NATURE OF BUSINESS**

The Company was incorporated under the Companies Ordinance, 1984 as Public Limited Company on 27th September 1994. The shares of the company are quoted on Karachi and Lahore Stock Exchanges. The main activity of the company is to manufacture and process of Di-Octyle-Ortho Phthalates (DOP) Chemicals. In the current years, the company to produce Lith and Diltex Binder. The registered office of the company is situated at Gadoon Amazai, Industrial Estate, Swabi (Kyberpakhtoonkhwan).

1.2 GOING CONCERN ASSUMPTION

During the year ended June 30, 2022, the company reported gross loss of Rupees = Nil. The company has accumulated losses and shareholders' equity Rupees (176.534) Million and Rupees (50.684) Million respectively as on June 30, 2022. During the year ended Sales of company was Nil. Company remained closed for the period. Management of the company had decided to go for delisting therefore all the employees has been laid off since 2015. These factors have raised uncertainties that the company may not be able to continue as a going concern. Therefore these financial statements have been prepared on the basis of estimated realisable/ settlement values of assets and liabilities respectively in addition to historical cost convention. All assets and liabilities in these financial statements have been presented in the order of liquidity.

1.3 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANIES FINANCIAL POSITION AND PERFORMANCE

There is no reportable significant event or transaction during the year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of Preparation

Keeping in view the fact that company may not be able to continue as going concern, these financial statements are prepared on the basis of realisable/ settlement values of assets and liabilities respectively. In realisable/ settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

Realisable/settlement values of assets and liabilities respectively as disclosed in the balance sheet are based on the managements' estimate,

In addition to the accounting convention of realisable / settlement values of assets and liabilities, these financial statements have also been prepared under historical cost convention.

2.2 Statement of Compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and



directives issued under the Companies Act, 2017 have been followed

2.3 Significant accounting judgments and estimates

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

- i) Realizable / settlement values of assets and liabilities respectively
- ii) Useful lives, patterns of economic benefits and impairments
- iii) Provisions
- iv) Inventories
- v) Employees' retirement benefit

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 30 June 2015 and recorded adjustments to account for differences between the Company's recognized assets and the measurement of its assets and liabilities (including measurement changes resulting from changes in assumptions). Subsequently, at each reporting date the Company re-measures its assets and liabilities to reflect changes in value since the previous date. Expected profit on disposal of items of property, plant and equipment of the Company, whose fair value was not determined shall be Rupees 0.215 million. Hence, there is an upside of Rupees 0.215 million not recognized in the profit or loss on property, plant and equipment.

Staff retirement benefits

The Company's net obligation in respect of a defined benefit plan is calculated by estimating an amount of future benefit that employees have earned in return for their services in current and prior periods and that benefit is discounted to determine present value.

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The net defined benefit liability recognized in the statement of financial position is the present value of the defined benefit obligation computed at the reporting date. The liability relating to defined benefit plan is determined through actuarial valuation using the Projected Unit Credit Method.

Remeasurement changes which comprise actuarial gains and losses are recognized in the statement of financial position immediately, with a charge or credit to other comprehensive income in the period of occurrence.

Company has laid off all its employees in 2015, therefore no actuarial valuation and calculation since then.

Property, plant and equipment

The company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might effect the remaining amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Impairment of investment in an associated company

In making an estimate of recoverable amount of the Company's investment in associated company, the management considers future cash flows and an estimate of the terminal value of this investment.

**2.4 Changes / Amendments in Accounting Standards****a)-Standards, interpretations and amendments to published accounting standards that are effective in the current year**

The following standards and amendments are either not relevant to the company's operations and are not expected to have significant impact on the company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after :
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
IFRS 16 Leases- Amendment to provide lessees with an exemption from assessing whether a Covid-19 related rent concession extended beyond June 30, 2021.	April 01, 2021

b)- Amendments/ Improvements to Accounting Standards that are not yet effective

The following amendments and interpretations with respect to the approved accounting standards as applicable would be effective from the dates mentioned below against the respective standard or interpretation.

Effective date(annual periods beginning on or after)

IFRS 3	Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01,2022
IFRS 9	Financial Instruments- For the purpose of performing the ' ten per cent test' for derecognition of financial liabilities.	January 01,2022
IFRS 16	Amendment to IFRS 16 'Leases' Illustrative Example 13, removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	January 01,2022
IAS 1	Presentation of financial Statements- Amendments regarding - Disclosure of accounting policies.	January 01,2023
IAS 1	Presentation of financial Statements- Amendments regarding the classification of liabilities as current or non-current.	January 01,2023
IAS 8	Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' The IASB clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.	January 01,2023
IAS 12	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01,2023
IAS 16	Property Plant and Equipment- Amendments prohibiting a company from deducting from the cost of Property Plant and Equipment amounts received from selling items produced while the company is preparing for its intended use	January 01,2022
IAS 37	Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the	



	contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits	January 01, 2022
IAS 41	Amendment to IAS 41 'Agriculture', removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in IAS 41 with those in IFRS 13 'Fair Value Measurement'. Certain annual improvements have also been made to a number of IFRSs.	January 01, 2022

c)- Standards, Interpretations and amendments to approved accounting standards that are not yet effective

The following new standards and interpretation have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by Securities and Exchange Commission of Pakistan.

IASB effective date (annual periods beginning on or after)

IFRS 1	First time adoption of international financial reporting standards.	January 01, 2018
IFRS 17	Insurance contracts.	January 01, 2021

The management anticipates that the adoption of the above standards and amendments in future periods will have no material impact on the company's financial statements.

2.5 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss. Cost of property, plant and equipment consists of historical cost and other directly attributable costs of bringing the assets to working condition.

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

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the assets charged to the statement of profit or loss and depreciation based on the asset's original cost, is reclassified from surplus on revaluation of property, plant and equipment to accumulated loss. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 8. The Company charges the depreciation on additions from the month of acquisition and on deletions up to the month preceding the disposal when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

Capital work-in-progress

Capital work-in-progress is stated at cost less any recognized impairment loss and is transferred to the property, plant and



equipment as and when asset is available for use.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

2.6 Financial Instruments

i)- Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii)- Classification and measurement of financial instruments

a)- Classification

The Company classifies its financial assets in following measurement categories:

- Those to be measured subsequently at fair value (either through other Comprehensive Income or Through Profit & Loss, and
- Those to be measured at amortized Cost.

The classification depends on the Company's business model for managing the financial assets and financial liabilities and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit and loss or other comprehensive income. For investment in debt instruments, this will depend on the business model in which the investment is held. For investment in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b)- Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

• Amortized Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from those financial assets is included in other income using the effective interest rate method. any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/ (other expense) together with foreign exchange gains and losses. impairment losses are presented as separate line item in statement of profit or loss.

• Fair Value Through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where assets' cash flows represent solely payments of principal and interest are measured at FVTOCI. Movement in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment



losses), Interest income and foreign exchange gains and losses which are recognised in profit or loss. when financial assets de-recognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income/ (other expenses). Interest income from these financial assets is included in other income/ (other expense) and impairment loss are presented as separate line item in the statement of profit or loss.

• Fair Value Through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income/ (other expenses) in the period in which it arises.

• Equity Instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (Level 1). For financial instruments, that are not quoted in an active market, the fair value is determined using valuation techniques including reference recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2) or discounted cash flow analysis including, to the greatest possible extent, assumption consistent with observable market data (level 3).

Dividends from such investments to be recognised in profit or loss as other income when Company's right to receive payment is established

iii)- Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost, measured at FVTOCI and contract assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

iv)- Financial liabilities- Classification and Measurement

Financial liabilities are classified as measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

v)- De-recognition of financial assets and financial liabilities**Financial assets**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

vi)- Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a



legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously

2.7 Investments in Associates - (With significant influence)

Investment in associate over which the Company has significant influence is accounted for using the equity method. In case of investment accounted for under the equity method. The method is applied from the date when significant influence is established until the date when that significant influence ceases

2.8 Inventories

These are valued at the lower of moving average cost and net realizable value. Items considered obsolete are carried at nil value and items in transit are valued at cost comprising invoice value plus other charges paid thereon. Provision for obsolete and slow moving stores, spares and loose tools is determined based on yearly valuation carried out by an independent valuer. However there is no inventory to value during the year.

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

2.9 Trade & other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss. Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.11 Taxation Current

The provision for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available under the law. However the Company has no taxable income, therefore, no provision for current tax has been recognized in these financial statements.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.



Deferred tax has not been provided in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future.

2.12 Provisions

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

2.13 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.14 Borrowing cost

Interest, mark-up, and other charges on long term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long term finances. All other interest mark-up and other charges are recognized in statement of profit or loss.

2.15 Foreign Currency Transactions

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.16 Related party transactions

All transactions with related parties are carried out by the Company at arm's length prices using the method prescribed under the Companies Act 2017.

2.17 Trade and Other Payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.18 Impairment of non-Financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and



value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.19 Revenue from contracts with customers

Revenue recognition

Revenue is recognized at the time of transfer of risk and reward to customers.

Contract assets

Contract assets arise when the Company performs its performance obligations by supplying electricity to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment.

Contract liability

Contract liability is the obligation of the Company to provide electricity to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company provides electricity, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.



	2022	2021
	Rupees	Rupees
3 CASH & BANK BALANCES		
Cash in hand	151,683	61,184
Cash at banks:		
Current Accounts	1,468,736	511,012
	<u>1,620,419</u>	<u>572,196</u>
4 LOANS AND ADVANCES		
Advances : Considered good		
Other Advances	9,451	209,451
Advance income tax	532,787	468,147
	<u>542,238</u>	<u>677,598</u>
5 OTHER RECEIVABLES		
Sales Tax Receivable	2,242,461	1,955,894
Receivables from First Capital ABN AMRO Equities (Pak) Ltd.	5.1 -	-
Margin against Bank Guarantee (Sui Gas)	700,000	700,000
	<u>2,942,461</u>	<u>2,655,894</u>
5.1 Receivables from First Capital ABN AMRO Equities (Pak) Ltd.		
Receivables from First Capital ABN AMRO Equities (Pak) Ltd.	157,950,240	157,950,240
Provision for Bad Debts	5.2 (157,950,240)	(157,950,240)
Amount Recovered	-	-
	<u>(157,950,240)</u>	<u>(157,950,240)</u>
	<u>-</u>	<u>-</u>
5.2		
This represents amount receivable from First Capital ABNAMRO' Equities (Pak) Ltd., member Karachi & Lahore Stock Exchange, which illegally and without lawful 'authority withdrew the share from sub account of the company.		
The company had filed an application before the Securities & Exchange Commission of Pakistan for recovery of the same and proceedings of the case is still pending since the year 2000 due to continued in action on the part of Securities & Exchange Commission of Pakistan the company has made a provision against doubtful debt.		
6 SECURITY DEPOSITS		
Utilities	70,760	70,760
Gas	127,800	127,800
Central Depository Co. Ltd.	25,000	25,000
	<u>223,560</u>	<u>223,560</u>



		2022 Rupees	2021 Rupees
7 INVESTMENTS			
Investment in associate (with significant influence) - under equity Method	7.1	32,446,085	33,409,668
Other Investment - at FVTOCI	7.2	22,681	32,211
		32,468,766	33,441,879
7.1 Investment in associate (with significant influence) - under Equity Method			
Diamond Industries Limited.			
1,422,450 fully paid ordinary shares of Rs.10 each			
Equity held 15.80 % (2021: 15.80 %)			
Market value as on 30 Jun 2022, is Nil/-			
(2021: Rs. Nil/-)			
Share in net assets at the end of the period		43,432,238	33,409,668
Less: Impairment loss at the end of the period		(10,986,154)	-
		32,446,085	33,409,668
Share in net assets at the beginning of the period		33,409,668	26,406,878
Add: Share in profit / (loss) before taxation		11,873,375	3,867,285
Share in taxation		(1,388,939)	(443,638)
Retained Earning change due to revaluation surplus		1,523,156	4,833,026
Share of transfer from Surplus on revaluation of fixed assets		(1,523,156)	
on account of incremental depreciation		-	(800,446)
Effect of prior year adjustments/other adjustments		(653,363)	(2,693,268)
Share of gain/(loss) arising on measurement of available for sale investment		191,497	2,239,831
		10,022,570	7,002,790
		43,432,238	33,409,668
Accumulated impairment loss at the beginning of the period		-	-
Impairment loss charged during the period		(10,986,154)	-
Reversal of impairment loss during the period		-	-
Net (impairment loss)/reversal for the period		(10,986,154)	-
Accumulated impairment loss at the end of the period		(10,986,154)	-
Share in net assets at the end of the period		32,446,085	33,409,668



	Un-audited Mar-22	Un-audited Mar-21
7.1.1 Summarized financial information of associated company		
Assets:		
Current Assets	388,964,318	91,899,685
Non-Current Assets	309,421,398	329,587,098
Liabilities:		
Current Liabilities	209,040,462	12,740,515
Non-Current Liabilities	214,544,628	197,359,566
Net Assets	274,800,626	211,386,702
Reconciliation to carrying amount		
As at 01, July	235,256,549	192,757,752
Income/ (Loss) after income tax	43,523,807	10,702,563
Other Comprehensive Income	(3,979,729)	7,926,387
As at 30, June	274,800,627	211,386,702
Company's Share (%age)	15.81%	15.81%
Company's Share	43,432,238	33,409,667
Goodwill	-	
Carrying Amount	43,432,238	33,409,667
Summarized statement of comprehensive income		
Revenue	1,277,045,551	-
Income/ (Loss) for the year	43,523,807	10,702,563
Other Comprehensive Income	(3,979,729)	(3,938,862)
Total Comprehensive Income	39,544,078	6,763,701

	Country of incorporation	% of Ownership Interest	Measurement Method	Quoted fair value	Carrying amount
2022	Pakistan	15.80%	Equity	32,446,085	32,446,085
2021	Pakistan	15.80%	Equity	32,204,268	33,409,668

Diamond Industries Limited is engaged in manufacture and sale of foam, foam products various industrial chemical / chemical binders used in textile, leather and wood industries.

Diamond Industries Limited holds 31.285% equity in Shaffi Chemical Industries and Shaffi Chemical industries Ltd. hold 15.81% share holding in Diamond Industries Ltd. Therefore carrying value is calculated on unaudited financial statement for the period ended March 31, 2022

Forced sale value of investment as on June 30, 2022 is 31.797 Million.

7.2 Other Investment - at FVTOCI

Sui Northern Gas Pipelines

663 (2021: 663) Ordinary shares of Rupees 10 each		32,211	36,203
Add: Fair Value Adjustment	7.2.1	(9,529)	(3,991)
		22,681	32,211



Un-audited
Mar-22

Un-audited
Mar-21

7.2.1 Fair Value Adjustment

Opening Balance

Gain/ (Deficit) on re-measurement

22,024	26,015
(9,529)	(3,991)
<u>12,495</u>	<u>22,024</u>

2022
Rupees

2021
Rupees

9 Trade and Other Payables**Unsecured :**

Trade creditors and other payables

Income tax deducted at source - payable

Accrued expenses

Payable to sponsors and associates

377,223	182,282
7,276	488
133,841	113,047
2,690,056	2,690,056
<u>3,208,396</u>	<u>2,985,873</u>

10 ACCRUED INTEREST ON BORROWINGS

Markup on loan from associated concern

10.1

14,814,200	9,360,879
<u>14,814,200</u>	<u>9,360,879</u>

10.1 This is Interest payable on loan received from Associated Concern as explained in note 12.

11 LOAN FROM DIRECTORS

<u>33,491,574</u>	<u>33,491,574</u>
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This is interest free contractual loan, payable on demand by the company, without any agreed definite time of repayment from following directors:-

Name of Director	Designation	Opening Balance	Transactions (Net)	Closing Balance
Mr. Mudassar Iftikhar	Director	33,491,574	-	33,491,574

12 From Associated Concern - Un-Secured

<u>48,705,584</u>	<u>43,945,350</u>
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This Represents the short term unsecured loan received from Associated Concern. This Carries Markup rate 3 Months Kibor + 2.5% with floor of 13% and no cap in current year.



8.2 The depreciation charged for the year has been allocated as follows:

	Jun-22	Jun-21
	Rupees	Rupees
Cost of sales	-	-
Administrative expenses	665,839	722,594
	<u>665,839</u>	<u>722,594</u>

8.3 Realisable value of property, plant and equipment as on June 30, 2022 is Rupees 11,953,432/- (2021:10,103,545 /-) Forced sale value for year ended June 30, 2022 is based on revaluation report by "M/s Fairwater Property Valuers & Surveyors" who issued their report as on September 22, 2022. Management has strong opinion that there was no material difference in forced sale value after June 30, 2022 to September 22, 2022.

8.4 Particular of immovable property (i.e land and building) in the name of Company are as follows

Location	Usage of immovable property	Total area
Gadoon , Amazai, Industrial Estate, Swabi, KP	Manufacturing facility	1.0 Acre



12.1 Detail of Associated concern/ Related Parties

Name of Associated Concerns	Nature of transaction	Relationship	Opening	During the year	Closing
Capital Industries Enterprises (pvt) ltd	Against working capital	Associated company	43,945,350	4,760,234	48,705,584
			43,945,350	4,760,234	48,705,584

13 DEFERRED LIABILITIES

Deferred Taxation	13.1		
		Balance at the beginning of the year	Recognized in profit & loss account
			Balance at end of the year

13.1 Provision for Deferred Taxation

				2022		
Deferred taxation liability comprises as follows :						
<u>Taxable temporary differences</u>						
Accelerated tax depreciation allowance			1,055,676	(211,361)	844,315	
Surplus arising on revaluation of property, plant and equipment			-	-	-	
			1,055,676	(211,361)	844,315	
Net temporary differences			1,055,676	(211,361)	844,315	
Effect of accumulated tax losses			(4,270,074)	(8,092,447)	(12,362,521)	
			(3,214,398)	(8,303,808)	(11,518,206)	
Non recognition of Deferred tax asset	13.1.1		3,214,398	8,303,808	11,518,206	
			-	-	-	
				2021		
Deferred taxation liability comprises as follows :						
<u>Taxable temporary differences</u>						
Accelerated tax depreciation allowance			1,265,229	(209,553)	1,055,676	
Surplus arising on revaluation of property, plant and equipment			-	-	-	
			1,265,229	(209,553)	1,055,676	
Net temporary differences			1,265,229	(209,553)	1,055,676	
Effect of accumulated tax losses			(4,270,074)	-	(4,270,074)	
			(3,004,845)	(209,553)	(3,214,398)	
Non recognition of Deferred tax asset	13.1.1		3,004,845	209,553	3,214,398	
			-	-	-	



	2022	2021
	Rupees	Rupees
13.1.1		
Deferred tax asset of Rs. 11.518 million (2021: 3.214 million; 2020: 3.005 million) has not been recognised because the company is continuously sustaining losses and in the future years sufficient taxable profits will not be available against which they can be utilized.		
14		
PROVISION FOR TAXATION		
Opening Balance	-	-
Taxation for the year	-	-
Paid / Adjusted against advance income tax	-	-
	<u>-</u>	<u>-</u>
14.1		
Current status of Tax assessment is completed under self assesment scheme.		
14.2		
No any unfavourable outcome is expetced.		
14.3		
No other matter which is feel to aware of by the auditors.		
15		
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
	2022	2021
	Number of shares	
	12,000,000	12,000,000
Ordinary shares of Rupees 10 each fully paid up in cash	120,000,000	120,000,000
	<u>12,000,000</u>	<u>12,000,000</u>
	<u>120,000,000</u>	<u>120,000,000</u>
15.1		
4,336,242 (2021 : 4,336,242 Nos.) Ordinary shares of Rs 10/- each were held by Associated companies at the year end. Detail is as follows:		
	Nos.	Nos.
Diamond Industries Limited	3,754,240	3,754,240
Diamond Corporation (Private) Limited	176,000	176,000
Diamond Home Textile (Private) Limited	255,000	255,000
Capital Industrial Enterprises (Private) Limited	21,002	21,002
Diamond Product (Private) Limited	130,000	130,000
	<u>4,336,242</u>	<u>4,336,242</u>
16		
SURPLUS ON REVALUATION OF FIXED ASSETS		
Surplus on Land		
Opening balance	1,800,000	1,800,000
Add: Revaluation during the year	-	-
Revaluation surplus on land	<u>1,800,000</u>	<u>1,800,000</u>



	2022	2021
	Rupees	Rupees
Surplus on Buildings		
Opening balance	9,731,569	9,731,569
Add: Revaluation during the year	16.1 -	-
Total revaluation surplus on building	9,731,569	9,731,569
Less: Incremental depreciation charged in previous years	6,732,760	6,574,928
Less: Incremental depreciation charged in current year	149,940	157,832
	6,882,700	6,732,760
Revaluation surplus on building net off incremental depreciation	2,848,869	2,998,809
Surplus on Plant and Machinery		
Opening balance	18,819,214	18,819,214
Add: Revaluation during the year	16.1 -	-
Total revaluation surplus on plant and machinery	18,819,214	18,819,214
Less: Incremental depreciation charged in previous years	17,498,343	17,351,580
Less: Incremental depreciation charged in current year	132,087	146,763
	17,630,430	17,498,343
Revaluation surplus on plant and machinery net off incremental depreciation	1,188,784	1,320,871
Closing balance	5,837,653	6,119,680

16.1 Building and Plant & Machinery were revalued by Zafar Iqbal & Company as on June 22, 2016. Previously it was revalued by M/S RBS Associates (Pvt.) Ltd. on June 28, 2014 on the basis of current replacement values. Revaluation surplus was credited to surplus on revaluation of Fixed Assets account.

17 CONTINGENCIES AND COMMITMENTS

I. HIGH COURT OF SINDH AT KARACHI

a. First Capital ABN Amro Equities etc. Vs Iftikhar Shaffi etc. (Suit No. 808/2000)

M/s First Capital ABN AMRO Equities (Pakistan) Ltd and others filed a Suit for Recovery of Rs.552,344,051/- against Mr. Iftikhar Shaffi and five others including this Company before the High Court of Sindh at Karachi. The case is now at the stage of evidence.

b. SCIL Vs Arif Habib and others. (Suit No. 639/2003)

The company filed a Suit for Declaration, Injunction and Recovery of Damages amounting to Rs.1,701,035,843/- against Arif Habib Ex-Chairman Karachi Stock exchange (KSE) and others before High Court of Sindh at Karachi. The case is still pending adjudication before the Court.



**c. Aqeel Karim Dhedhi Securities Vs Iftikhar Shaffi etc.
(Suit No 607/2003)**

M/s. Aqeel Karim Dhadhi Pvt Ltd filed a Suit for Recovery of Rs.80.297 million against Mr. Iftikhar Shaffi and five others including this company before High Court of Sindh at Karachi and the Suit is still pending.

**d. Muhammad Hanif Moosa Vs Iftikhar Shaffi etc.
(Suit No. 843/2003)**

Muhammad Hanif Musa Ex Member KSE filed a Suit for Recovery, Damages, Declaration and Injunction amounting to Rs.447,587,159/- against Mr. Iftikhar Shaffi and five others including this company and the Suit is still pending.

**II. LAHORE HIGH COURT LAHORE
Diamond Industries Ltd and Shaffi Chemical Industries Ltd. Vs Lahore Stock Exchange".
(Civil Revision No.1847 of 2003)**

The Company filed a Revision Petition against an interim order of the Civil Judge Lahore passed in Civil Suit No. 297/2003. The case is still pending adjudication before the Court for argument

**.III. CIVIL COURT LAHORE.
Lahore Stock Exchange (G) Ltd. Vs. Iftikhar Shaffi etc.**

The Lahore Stock Exchange filed suit No. 297 of 2003 against Mr. Iftikhar Shaffi and five others including this company for recovery of Rs. 190,704,373/- The said case was consolidated with the suit titled as "Iftikhar Shaffi Vs LSE & Others" and the proceedings of joint evidence were being conducting in the said cases. An order dated 13-9-2013 was passed by the Civil Judge refusing an application for summoning of certain witnesses filed by Mr. Iftikhar Shaffi and the said order was challenged in the Lahore High Court through Civil Revision No. 2928/2014 and the Honorable Judge was pleased to issue the notice to the other side and in the meanwhile proceedings of the civil cases are pending for summoning of records.

**IV. PESHAWAR HIGH COURT
Deputy Registrar of companies Vs SCIL (Winding Up Petition)**

The Deputy Registrar Companies has initiated the winding up proceedings through C.C 1/2018 on the basis suspension of its business since 2014. In 2005 the company was dragged into frivolous litigation by ABL on account of which the business of the company suffered immensely. In the recent past, the ABL and the company has mutually entered into a settlement and consequently all pending cases have been withdrawan by both sides. The management of the company is now vigorously trying for revival of the company and has presented proposed revival plan in the court.

Commitments

There are no commitments in respect of outstanding Letters of Credit.

The management of the company is strongly and vigorously contesting all these cases and there is every likelihood that these cases will be decided in favour of the Company soon.



		2022 Rupees	2021 Rupees
18	ADMINISTRATIVE EXPENSES		
	Salaries, Wages & Benefits	18.1 240,000	168,000
	Communications	78,600	39,714
	Fees & Taxes	1,461,485	186,641
	Utilities	1,617,310	1,197,454
	Insurance	135,999	153,496
	Printing & Stationery	56,384	24,241
	Depreciation	8.2 665,839	722,594
		<u>4,255,617</u>	<u>2,492,140</u>
18.1	This includes gratuity amounting to Rs. Nil/- (2021: Nil)		
18.2	The manufacturing expenses reclassified as administrative expenses are disclosed in Note 31 .		
19	OTHER OPERATING INCOME		
	Interest income	<u>151</u>	<u>113</u>
		<u>151</u>	<u>113</u>
20	OTHER OPERATING EXPENSES		
	Auditors' Remuneration	20.1 193,140	193,140
		<u>193,140</u>	<u>193,140</u>
20.1	Auditors' Remuneration		
	Audit Fee	135,000	135,000
	Half yearly review	31,500	31,500
	Punjab sales tax	26,640	26,640
		<u>193,140</u>	<u>193,140</u>
21	FINANCE COST		
	Markup on Short Term Loans	5,453,321	4,871,441
	Bank Charges	560	22,366
		<u>5,453,881</u>	<u>4,893,807</u>
22	TAXATION		
	Current tax for the year	22.1 -	-
	Prior year tax adjusted	-	-
	Share of Tax of associated company	1,388,939	443,638
		<u>1,388,939</u>	<u>443,638</u>
22.1	Due to carry forward tax losses and no turnover during the year, tax liability is nil whether computed under normal tax regime or vide alternative corporate taxation or tax liability under section 113 of the Income Tax Ordinance, 2001, therefore tax provision is nil during the year.		



22.2 Relationship between tax expenses and accounting profit

No reconciliation is required between the accounting profit and tax profit in the current year since the company has no income tax provision due to fact explained in 22.1.

		2022 Rupees	2021 Rupees
23 EARNING/ (LOSS) PER SHARE-BASIC			
(Loss) for the year after taxation	(Rupees)	(10,404,204)	(4,155,327)
Average No. of ordinary shares	(Numbers)	12,000,000	12,000,000
		<u>(0.87)</u>	<u>(0.35)</u>

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

24 CASH GENERATED FROM OPERATIONS

Profit before taxation		(9,015,265)	(3,711,689)
Adjustments for:			
Depreciation on property, plant and equipment		665,839	722,594
Impairment/(Reversal) of impairment on long term investment		10,986,154	-
Share of profit/(loss) of associated company		(11,873,375)	(3,867,285)
Recognition of financial liabilities			
Finance cost		5,453,881	4,893,807
Working capital changes	24.1	135,956	(6,685,633)
		<u>5,368,454</u>	<u>(4,936,517)</u>
		<u>(3,646,811)</u>	<u>(8,648,206)</u>

24.1 Working Capital Changes

(Increase) / Decrease in Current Assets

Loans and Advances		200,000	-
Other Receivables		(286,567)	(205,228)
		(86,567)	(205,228)

Increase / (Decrease) in Current Liabilities

Trade and Other Payables		222,523	(6,480,405)
Changes in Working Capital		<u>135,956</u>	<u>(6,685,633)</u>



25 FINANCIAL RISK MANAGEMENT

25.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risks (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

25.1.1 Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to currency risks.

(ii) Sensitivity analysis

if the functional currency, at reporting date, had weakened / strengthened by 5% against the foreign currency with all other variable held constant, the impact on profit after taxation would be nil.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

(iv) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is geared only to the extent of borrowings as mentioned in **Note 26** and since these borrowings are under litigation so for the time being the company is exposed to the interest rate risk only to the extent of calculation of mark-up on loan from related party. Financial instruments at variable rates expose the company to cash flow interest rate risk. Financial instruments at fixed rate expose the company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

	2022 Rupees	2021 Rupees
Floating rate instruments		
Financial liabilities		
Short Term Borrowings - Un secured	82,197,158	77,436,924

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 or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

**25.1.2 Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022 Rupees	2021 Rupees
Investments	32,468,766	33,441,879
Long Term Deposits	223,560	223,560
Loans and Advances	542,238	677,598
Other Receivables	2,942,461	2,655,894
Cash and Bank Balances	1,620,419	572,196
	37,797,444	37,571,126

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2022	2021
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	21,425	21,945
Allied Bank Limited	A1+	AAA	PACRA	-	-
Silk Bank	A-2	A-	JCR-VIS	1,441,549	483,305
Askari Bank Limited	A1+	AA+	PACRA	2,094	2,094
Bank Alfalah Limited	A1+	AA+	PACRA	970	970
Summit Bank		Suspended		2,698	2,698
				1,468,736	511,012

The Company's exposure to credit risk and impairment losses related to trade debts is Nil due to no trade receivable during the year.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

25.1.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company manages liquidity risk by maintaining sufficient cash. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. Following are the contractual maturities of financial liabilities. The amounts disclosed in the table are undiscounted cash flows.



Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
-----------------	------------------------	-----------------	------------	----------	-------------------

----- (Rupees) -----

Contractual maturities of financial liabilities as at 30 Jun 2022

Non-derivative financial liabilities:

Short Term Borrowings	-	-	-	-	-
Unclaimed Dividend	-	-	-	-	-
Payable to Director & Sponsors	33,491,574	33,491,574	33,491,574	-	-
Payable to associated company	48,705,584	48,705,584	48,705,584	-	-
Mark-up on Borrowings	14,814,200	14,814,200	14,814,200	-	-
Trade and Other Payables	3,208,396	3,208,396	3,208,396	-	-
	<u>100,219,754</u>	<u>100,219,754</u>	<u>100,219,754</u>	-	-

Contractual maturities of financial liabilities as at 30 June 2021

Non-derivative financial liabilities:

Short Term Borrowings	-	-	-	-	-
Unclaimed Dividend	-	-	-	-	-
Payable to Director & Sponsors	33,491,574	33,491,574	33,491,574	-	-
Payable to associated	43,945,350	43,945,350	43,945,350	-	-
Mark-up on Borrowings	9,360,879	9,360,879	9,360,879	-	-
Trade and Other Payables	2,985,873	2,985,873	2,985,873	-	-
	<u>89,783,676</u>	<u>89,783,676</u>	<u>89,783,676</u>	-	-

25.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

25.3 Financial instruments by categories

	Fair value through profit & loss account	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2022				
Assets as per balance sheet				
Long Term Investment - Equity Method	32,446,085	-	-	32,446,085
Long Term Investment - Available for sale	-	-	22,681	22,681
Long Term Deposits	-	223,560	-	223,560
Loans and Advances	-	542,238	-	542,238
Other Receivables	-	2,942,461	-	2,942,461
Bank Balances	-	1,468,736	-	1,468,736
	<u>32,446,085</u>	<u>5,176,995</u>	<u>22,681</u>	<u>37,645,761</u>

Financial liabilities at amortized cost

Liabilities as per balance sheet

Long Term Loan from associated concern	48,705,584
Payable to Director	33,491,574
Mark-up on loan from associated concern	14,814,200
Trade and other payables	3,208,396
	<u>100,219,754</u>



	Fair value through profit & loss account	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
As at 30 June 2021				
Assets as per balance sheet				
Long Term Investment - Equity Method	33,409,668	-		33,409,668
Long Term Investment - Available for sale			32,211	32,211
Long Term Deposits		223,560		223,560
Loans and Advances		677,598		677,598
Other Receivables		2,655,894		2,655,894
Bank Balances		511,012		511,012
	33,409,668	4,068,063	32,211	37,509,942

Financial liabilities at amortized cost

Rupees

Liabilities as per balance sheet

Long Term Loan from associated concern	43,945,350
Payable to Director & Sponsors	33,491,574
Mark-up on loan from associated concern	9,360,879
Trade and other payables	2,985,873
	89,783,676

26 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2022	Level 1	Level 2	Level 3	Total
Rupees.....			

Financial assets

Fair value through profit & loss financial asset	32,446,085	-	-	32,446,085
Available for sale financial asset	22,681	-	-	22,681
Total financial assets	32,468,766	-	-	32,468,766



Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
Rupees.....			
Financial assets				
Fair value through profit & loss financial asset	33,409,668	-	-	33,409,668
Available for sale financial asset	32,211	-	-	32,211
Total financial assets	<u>33,441,879</u>	<u>-</u>	<u>-</u>	<u>33,441,879</u>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to be safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.



	2022 Rupees	2021 Rupees
Total borrowings	82,197,158	77,436,924
Cash and bank balances	(1,620,419)	(572,196)
	<u>80,576,739</u>	<u>76,864,728</u>
Total equity	(50,683,575)	(39,807,975)
	<u>29,893,164</u>	<u>37,056,753</u>
Gearing ratio	269.55%	207.42%

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

No remuneration/other allowances were paid to the Directors (No. 6) of the company. The Chief Executive of the company is only entitled to a fixed remuneration, the detail of which is as follows:

Remuneration	-	-
--------------	---	---

29 NUMBER OF EMPLOYEES

Number of employees as at year end

1	1
---	---

There is no employee except security guard of factory at daily wages.

Other officers of the Company like Company secretary, Chief Financial officer etc. are not drawing salary.

30 INSTALLED CAPACITY**DOP PLANT**

	2022	2021
Installed Capacity Per Annum (Tons)	17,500	17,500
Actual Capacity Utilized (Tons)	-	-

LITH - DILTEX BINDER PLANT AND SUPER BOND

Installed Capacity Per Annum (Tons)	2,060	2,060
Actual Capacity Utilized (Tons)	-	-

Non utilization of DOP Plant and Diltex Binder Plant is mainly due to closure of manufacturing & trading activities & operations.

31 RECLASSIFICATION OF EXPENSES

The following manufacturing expenses are reclassified as administrative expenses:

	Rupees	Rupees
Salaries, Wages & Other Benefits	240,000	168,000
Utilities	1,617,310	1,197,454
Insurance Expenses	135,999	153,496
Depreciation	665,839	722,594
	<u>2,659,148</u>	<u>2,241,544</u>

31.1 The manufacturing expenses are reclassified as administrative expenses because the production activities are not carried on during the period.

32 TRANSACTIONS WITH RELATED PARTIES.

Transactions and contracts with the related parties are carried out at arm's length prices determined in accordance with comparable uncontrolled price method except in circumstances where it is in the interest of the Company to do so with prior approval of the board of directors.



The related parties comprise associated companies, key management personnel and staff retirement fund. Detail of transactions with the related parties whether especially disclosed elsewhere in these financial statements are as follows:

	2022	2021
	(Rupees in Million)	
Loan from Associated Concern		
Capital Industrial Enterprises (Private) Limited	(48.706)	(43.945)
Mark-up on loan from Associated Concern		
Capital Industrial Enterprises (Private) Limited	(14.814)	(9.361)
Loan from Director	(33.492)	(33.492)

33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **29 September, 2022** by the board of directors of the company.

34 CORRESPONDING FIGURES

Corresponding figures have been rearranged wherever necessary for the purpose of comparison.

35 GENERAL

Figures have been rounded off to nearest Rupee, if required.

Chief Executive

Chief Financial Officer

Director



Operating Highlights

		2017	2018	2019	2020	2021	2022
KEY INDICATORS							
OPERATING							
GROSS MARGIN	%						
OPERATING MARGIN	%						
PRE TAX MARGIN	%						
NET MARGIN	%						
PERFORMANCE							
RETURN ON ASSETS	%	0.1110	(2.6867]	(0.1301)	(0.1654)	(0.0831)	(0.2100)
ASSETS TURNOVER	Times						
FIXED ASSETS TURNOVER	Times						
INVENTORY TURNOVER	Times						
RETURN ON EQUITY	%	235.338S	(105.5826)	(17.3870)	(15.7008)	(9.0475)	(15.9502)
RETURN ON CAPITAL EMPLOYED	%	s5.1305	(119.0192)	(2s.48s9)	(18.5110)	(9.3240)	(17.7874)
LEVERAGES							
DEBT:EQUITY	Times	1.7299	(1.1602)	(2.0417)	(1.7487)	(1.9453)	(1.6218)
LIQUIDITY							
CURRENT QUICK	Times	0.0652	0.0463	0.0439	0.0428	0.0435	0.0509
	Times	0.0652	0.0463	0.0439	0.0428	0.0435	0.0509
VALUATION							
EARNING PER SHARE(PRE TAX)	Rs.	0.7S75	(4.8966)	(0.6152)	(0.6051)	(0.3093)	(0.7513)
EARNING PER SHARE(AFTER TAX)	Rs.	0.4987	(4.9693)	(0.5176)	(0.5973)	(0.3463)	(0.8670)
BREAK UP VALUE	Rs.	0.2119	(4.7066)	(2.9769)	(3.8043)	(3.8273)	(4.7101)
HISTORICAL TRENDS							
TRADING RESULTS							
TURNOVER	Rs.	-	-	-	-	-	-
GROSS PROFIT/(LOSS)	Rs.	-	-	-	-	-	-
OPERATING PROFIT	Rs.	(2,866)	(3,544)	(2,563)	(2,451)	(2,492)	(4,255)
PROFIT/(LOSS) BEFORE TAX	Rs.	9,089	(58,759)	(7,383)	(7,261)	(3,712)	(9,015)
PROFIT/(LOSS) AFTER TAX	Rs.	5,984	(59,632)	(6,211)	(7,168)	(4,155)	(10,404)
FINANCIAL POSITION							
SHAREHOLDERS FUNDS	Rs.	2,543	(56,479)	(35,722)	(45,652)	(45,928)	(56,521)
PROPERTY, PLANT AND EQUIPMENT	Rs.	15,692	14,766	13,912	13,127	12,405	11,738
NET CURRENT ASSETS	Rs.	(40,803)	(68,251)	(73,3S2)	(79,022)	(85,878)	(95,114)
LONG TERM ASSETS	Rs.	51,064	18,882	44,384	39,794	46,070	44,431
LONG TERM LIABILITIES	Rs.	-	-	-	-	-	-
TOTAL ASSETS	Rs.		22,195	47,751	43,325	49,976	49,536
TOTAL CURRENT ASSETS	Rs.		3,314	3,368	3,531	3,906	5,105
TOTAL LIABILITIES	Rs.		71,565	76,720	62,553	89,784	100,219



2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	1,297,450	10.8121%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	4,336,242	36.1354%
2.3.3 NIT and ICP	500	0.0042%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	--	--
2.3.5 Insurance Companies	--	--
2.3.6 Modarabas and Mutual Funds	--	--
2.3.7 Shareholders holding 10% or more	5,760,240	48.0020%
2.3.8 General Public		
a. Local	6,348,633	52.9053%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	17,175	0.1431%

**Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022**

Sr. No.	Name	No. of Shares Held	Percentage
---------	------	--------------------	------------

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1	DIAMOND CORPORATION (PVT) LTD.	176,000	1.4667
2	DIAMOND HOME TEXTILE (PVT) LTD.	255,000	2.1250
3	DIAMOND PRODUCTS (PVT) LIMITED	130,000	1.0833
4	DIAMOND INDUSTRIES LIMITED	3,754,240	31.2853
5	CAPITAL INDUSTRIAL ENTERPRISES (PVT) LTD (CDC)	21,002	0.1750

Mutual Funds (Name Wise Detail)

- -

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. IFTIKHAR A. SHAFFI	899,950	7.4996
2	MR. MUHAMMAD SAMEER	500	0.0042
3	MR. HASHIM ASLAM BUTT	500	0.0042
4	MR. MOHIB HUSSAIN	500	0.0042
5	MR. ABDUL SHAKOOR	500	0.0042
6	MR. QAISER SALEEM KHAN	500	0.0042
7	MR. IMRAN KABIR	500	0.0042
8	MRS. SEEMA IFTIKHAR W/O MR. IFTIKHAR A SHAFFI	394,500	3.2875

Executives:

- -

Public Sector Companies & Corporations:

- -

**Banks, Development Finance Institutions, Non Banking Finance
Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

-

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

1	DIAMOND INDUSTRIES LTD.	3,754,240	31.2853
2	MR. SHARIQ IFTIKHAR	2,006,000	16.7167
3	MR. IFTIKHAR A. SHAFFI	899,950	7.4996
4	MR. MUBASHAR IFTIKHAR	752,300	6.2692

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
	NIL		



FORM OF PROXY SHAFFI CHEMICAL INDUSTRIES LIMITED

I/We _____

of _____

being a member of SHAFFI CHEMICAL INDUSTRIES LIMITED, hereby appoint

_____ of _____ another member of the Company or failing him/her

_____ of _____ another member of the Company (being a member of the company) as my/our proxy to attend and vote for and on my/our behalf, at the Annual General Meeting of the Company to be held at its registered office, Plot # 2, Gadoon Amazai Industrial Estate, Swabi Khyber Pakhtoonkhwa on Thursday 27th October, 2022 at 10:00 a.m. and any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2022.

1) Witness:

Signature _____

Name _____

Signature of Member

Address _____

2) Witness:

Signature _____

Name _____

Address _____

Shares Held _____

Shareholder's Folio No. _____

CDC A/c No. _____

CNIC No. _____

Note :

- Proxies, in order to be effective, must be received at the Company's Registrar office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- CDC shareholders, entitled to attend and vote at this meeting, must bring with them their Computerised National Identity Cards/Passport in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
- **For CDC Account Holders / Corporate Entities**

In addition to the above the following requirements have to be met.

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- (iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



پراکسی کا فارم
شفیع کیمیکل انڈسٹریز لمیٹڈ

میں / ہم _____ کے
_____ کے
شفیع کیمیکل انڈسٹریز لمیٹڈ کا ممبر ہونے کے ناطے بطور پراکسی تقرر کرتا ہوں / کرتے
_____ کے

کمپنی سالانہ اجلاس عام جو کہ 27 اکتوبر 2022 بروز جمعرات صبح 10 بجے ہمارے رجسٹرڈ آفس، پلاٹ نمبر، 2 کدون انازے انڈسٹریل اسٹیٹ اسٹیٹ صوابی خیبر پختونخواہ میں منعقد ہو گا میں کمپنی کا کوئی روممبر (کمپنی کے ممبر ہونے کے ناطے) جو میری / ہماری پراکسی کے طور پر شرکت کرے گا اور میری / ہماری جانب سے ووٹ دے گا۔

گواہی میں نے / ہم نے بقلم خودی _____ بروز _____ 2022

(1) گواہ

دستخط

نام

پتہ

ممبر کے دستخط

دستخط

نام

پتہ

زیر ملکیت حصص

شیتزر ہولڈرز کا فوئیو نمبر

سی ڈی سی اے / اے سی نمبر

کمپیوٹرائزڈ شناختی کارڈ نمبر

نوٹ:

پراکسیز کو موثر بنانے کے لئے دستخط شدہ تصدیق شدہ پراکسیز کا کمپنی رجسٹرار کے دفتر میں اجلاس شروع ہونے سے 48 گھنٹے قبل پہنچ جانا ضروری ہے

سی ڈی سی شیتزر ہولڈرز جو کہ اس اجلاس عام سے شرکت اور ووٹ دینے کا حق رکھتے ہیں، اپنی شناخت کی تصدیق کے ہمراہ اپنا اصل کمپیوٹرائزڈ شناختی کارڈ / پاسپورٹ لانا ضروری ہے اور پراکسی کی صورت میں اس کے اس کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل جمع کروانی ضروری ہے۔ کارپوریٹ ممبرز کے نمائندے اپنے ہمراہ کاغذات لائیں گے جو اس مقصد کے لئے درکار ہیں۔

کارپوریٹ اداروں / سی ڈی سی اکاؤنٹ ہولڈرز کے لئے درج بالا کے ساتھ ساتھ نیچے دی گئی ضروریات بھی پوری کرنا ضروری ہے

(i) پراکسی فارم تصدیق دو افراد سے کرانا ہوگی، جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔

(ii) مالکان کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اجلاس کے وقت فراہم کرے گا۔

(iii) پراکسی اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ اجلاس کے وقت فراہم کرے گا۔

کارپوریٹ ادارہ ہونے کی صورت میں کمپنی کو بورڈ آف ڈائریکٹرز / پاور آف اٹارنی کے ساتھ نمونے کے دستخط جمع کروانے ہوں گے (جب تک یہ پہلے فراہم نہیں کئے گئے)۔