

SHAFFI CHEMICAL

Industries Limited

ANNUAL REPORT 2025



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CORPORATE PROFILE

BOARD OF DIRECTORS

1. Mr. Iftikhar Shaffi	Chief Executive	(Executive)
2. Mr. Nazir Ahmad	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.
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 Pakhtoon khwa
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: shaffichechemical@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 Monday 27th October, 2025 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 the last Extraordinary General Meeting held on 19th day of April, 2025.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30th June, 2025 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the financial year ending June 30, 2026 and to fix their remuneration.
4. To consider any other transactions with the permission of the chair.

BY ORDER OF THE BOARD

Lahore: 06-10-2025

ZAHOOR AHMAD
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 20, 2025 to October 27, 2025 (both days inclusive). Transfers received office of the at the Company's Registrars, M/s CORPLINK (PVT) LTD, Wing Arcade, 1-K, Commercial Area, Model Town, Lahore by close of business on October 19, 2025, will be treated in time.
2. A member may appoint another member as his / her proxy to attend and vote on his/her behalf. Proxies in order to be effective must be receive at the office of the company duly stamped and signed not less than 48 hours before holding of meeting. Copy of CNIC of member and proxy must be furnished with the proxy form.
3. 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.
4. 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 alongwith original CNIC or Passport 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/Dividend Mandate (bank account detail i.e. Name & Address of Bank and IBAN), are hereby once again requested to submit the same without further delay.
6. The shareholders intending to participate in the meeting via video link, are hereby requested to share the following information with the company secretary 10-days before the holding of Annual General Meeting.

Folio / CDC Account No.	Shareholder Name	Mobile No	Email address

The aforesaid information can be provided through the following modes:

- a) Mobile / WhatsApp : 0322-9001210
- b) Email : zahoor.ahmad@diamondfoam.com



Video link details and login credentials (Zoom Application) will be shared with those shareholders who provide their intent to attend the meeting containing all the particulars as mentioned above 5 days before the date of the Annual General Meeting.

7. 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.

8. As per Section 72 of the Act, all listed companies are required to replace shares issued by them in physical form to book-entry form within four years of the promulgation of the Act. Accordingly, all shareholders of Shaffi Chemical Industries Limited having physical folios / share certificates are requested to convert their shares into book-entry form at the earliest. Maintaining shares in book- entry form will make the process of share handling more efficient and risk free and will facilitate shareholders in the safe custody of shares. Shareholders may contact the Company or Share Registrar, M/s. Corplink (Pvt.) Ltd. 1-K Commercial, Model Town, Lahore, for the conversion of physical shares into book- entry form.
9. In accordance with Section 223 of the Companies Act 2017 and pursuant to the SRO 389(1)2023 of March 21, 2023 the audited financial statements of the company for the year ended June 30, 2025 together with Director’s Report, Auditor’s Report & the Chairman’s Review Report thereon have been placed at the Company’s website and can be accessed through following QR enabled code.



www.scil.com.pk/financial-report/

In addition to the above the printed copies of these financial statements can be provided to members upon request.



Chairman's Review Report

I am pleased to extend my greetings to our esteemed shareholders, the dedicated board of directors and our hardworking employees for their efforts for revival of business operation of Shaffi Chemical Industries Limited. In continuation of our revival plan submitted in the winding-up petition pending before the Hon'ble High Court Peshawar, an Extraordinary General Meeting (EOGM) held on April 19, 2025, where special resolutions were passed for:

- **Change in Principal Line of Business:** Shifting focus to furniture business and aligning the company's Memorandum and Articles of Association with the Companies Act 2017.
- **Change of Company Name:** Renaming the company to "Shaffi Industrial Enterprises Limited," pending SECP approval.
- **Increase in Authorized Capital:** Raising authorized capital from Rs. 120 million to Rs. 400 million to facilitate future fundraising through right shares.

Thereafter in compliance of Companies Act, 2017, necessary information on prescribed forms have been filed with Registrar of companies Peshawar (SECP) for approval and in compliance of PSX Regulations transmitted to PSX through PUCARS for intimation to shareholders.

However, In the fiscal year ended June 30, 2025, the sales revenue of Rs. 23.661 million, Gross Profit of Rs. 3.663 million and after adjustment of finance cost and other expenses the Profit/(loss) after tax was amounting to Rs. (29.107) million from the furniture trading business. Despite challenges, the Company remained resilient and, managed to reduce its liabilities and negative equity.

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 also 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 members have rich and varied experience in the fields of business, finance, and regulations and 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.

In acknowledged 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 I trust in the unwavering commitment of our management team and it is hoped that they will continue to steer the company with resolute leadership during these difficult times and guiding us toward a prosperous 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, 2025.

Financial Highlights	2025	2024
(Rs. in Millions)		
Sales (Net)	23.681	20.238
Gross Profit /(Loss)	3.653	4.240
Operating Expenses	(3.957)	(4.026)
Profit / (Loss) from Operation	(0.303)	0.213
Other Income	2.278	-
Other expenses and financial cost	(7.159)	(2.471)
Share of Profit/(Loss) of Associated Coys.	(23.485)	(5.019)
Profit / (Loss) before Taxation	(28.669)	(14.286)
Taxation	(0.438)	(0.697)
Profit / (Loss) after Taxation	(29.107)	(14.984)

Year in review :

The company has settled all liabilities and paid the outstanding annual listing fees to PSX to rectify the default under clause 5.11.1(e) of PSX Regulations. We have requested the removal of the company's name from the defaulter segment and its reclassification to the normal trading segment to restore trading in our shares.

Additionally, the winding-up petition filed by the Deputy Registrar of Companies Peshawar is being vigorously contested by the company. In line with our revival plan submitted before the Hon'ble High Court Peshawar, management has commenced furniture trading at the factory premises. We are optimistic that the furniture business will expand if it gains market acceptance. For working capital needs, the company plans to issue rights shares to existing shareholders in compliance with the Companies Act 2017 and other relevant legal provisions.

To support the revival of business operations, the management and shareholders, during the Extraordinary General Meeting (EGM) held on April 19, 2025, approved a special resolution to diversify into manufacturing and trading of furniture. The authorized capital was also increased from Rs.120 million to Rs.400 million, enabling to rights issue fundraising and equity expansion in the near future. We have also submitted the necessary information via PUCARS to PSX for shareholder notification and filed requisite documents with the Registrar of Companies Peshawar (SECP) for approval, which are currently under review.

Meanwhile, during the year under review, the company has secure sale revenue of Rs. 23.661 million from furniture business and earned operating profit of Rs. 3.653 million as against profit of Rs. 4.240 million of the preceding year ended June 30, 2024 whereas after adjustment of finance Cost of Rs. (7.159) million, share of Profit/(loss) from associated company of Rs. (23.485) million and tax liability of Rs. (0.438) million, the company sustained after tax loss at Rs. (29.107) million as compared to Loss of Rs. (14.984) million of the corresponding period ended June 30, 2024. The disputed cases relating to First Capital ABN AMRO equities (Pakistan) Ltd, Lahore Stock Exchange and others are being contested vigorously at its proper forums by your company and are explained in the latest annual financial statements for the P.E. June 30, 2024 under the title "Contingencies and Commitments

**Vision and mission:**

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

Earning per share:

Earnings per share for the year ended 30th June, 2025 is Rs. (2.43) as compared to Rs. (1.25) per share for the preceding year.

Pattern of shareholding:

Pattern of shareholding is annexed to this report.

Board meetings:

Four meetings of Board of Directors were held during the year ended June 30, 2024 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. Imran Kabir	Director	05
6.	Mrs. Seema Iftikhar	Director	05
7.	Mr. Nazir Ahmed	Director	05

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:

The company is taking steps to revive its business operations by diversifying into furniture manufacturing and trading. This strategic move aims to protect minority shareholders' interests and generate revenue. In support of revival of business operations of the company, the management and



shareholders of the company by passing the special resolutions in EOGM being held on April 19, 2025 has approved to convert its principal line of business to carry on the manufacturing and trading of furniture business and to increase the authorized capital from Rs. 120 M to Rs 400 M enabling to initiate the right issue for fund raising and equity expansion in near future. However in compliance of PSX Regulations, the material information has been transmitted to PSX through PUCARS for intimation to shareholders and thereafter in compliance of Companies Act, 2017, necessary information on prescribed forms have been filed with Registrar of companies Peshawar (SECP) for approval which are currently under review of the competent authority and hopefully approval for same will be granted accordingly.

Code of conduct:

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

Auditors:

The present auditors, M/s Tabussum Saleem & Co., Chartered Accountants are retiring at the conclusion of the forthcoming Annual General Meeting of the company. The Audit Committee has recommended the re-appointment of M/s Tabussum Saleem & Co., Chartered Accountants as the statutory auditors of the Company for the financial year ending June 30, 2026. 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:

- 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.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- 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.
- 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
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations
- 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:- 02th October, 2025

For and on behalf of the Board

IMRAN KABIR
Director



ڈائریکٹرز کی رپورٹ

پیارے شیئر ہولڈرز،

شفیع کیمیکل انڈسٹریز لمیٹڈ کے ڈائریکٹرز آپ کے سامنے ڈائریکٹرز کی رپورٹ کے ساتھ آڈیٹرز کی رپورٹ اور 30 جون 2025 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی بیانات پیش کرتے ہیں۔

ڈی فنانشل ہائی لائٹس 2024 2025

مالیاتی جھلکیاں	2025 (ملین)	2024 (ملین)
سیلز	23.681	20.238
مجموعی منافع	3.653	4.240
آپریٹنگ خرچہ	(3.957)	(4.026)
آپریٹنگ منافع	(0.303)	0.213
دیگر اخراجات اور مالیاتی خرچہ	2.278	-
سرمایہ کاری میں کمی کی مطابقت	(7.159)	(2.471)
ایسوی ایٹ کمپنی کے نفع / نقصان	(23.485)	(5.019)
نفع قبل از ٹیکس	(28.669)	(14.286)
ٹیکس	(0.438)	(0.697)
منافع بعد از ٹیکس	(29.107)	(14.984)

جائزہ میں سال:

کمپنی نے تمام واجبات کا تصفیہ کر دیا ہے اور PSX کے ضوابط کی شق 5.11.1(e) کے تحت ڈیفالٹ کو درست کرنے کے لیے PSX کو بقایا سالانہ لسٹنگ فیس ادا کر دی ہے۔ ہم نے اپنے حصص کی تجارت کو بحال کرنے کے لیے ڈیفالٹر طبقہ سے کمپنی کا نام ہٹانے اور اسے عام تجارتی طبقہ میں دوبارہ درجہ بندی کرنے کی درخواست کی ہے۔

مزید برآں، کمپنی کی جانب سے ڈپٹی رجسٹرار آف کمپنیز پشاور کی جانب سے دائر کی گئی سمیٹنے کی درخواست کا بھرپور طریقے سے مقابلہ کیا جا رہا ہے۔ معزز ہائی کورٹ پشاور میں جمع کرائے گئے ہمارے بحالی کے منصوبے کے مطابق، انتظامیہ نے فیکٹری کے احاطے میں فرنیچر کی تجارت شروع کر دی ہے۔ ہم پر امید ہیں کہ اگر فرنیچر کا کاروبار مارکیٹ میں قبولیت حاصل کرتا ہے تو اس میں وسعت آئے گی۔ ورکنگ کپینٹل کی ضروریات کے لیے، کمپنی کمپنیز ایکٹ 2017 اور دیگر متعلقہ قانونی دفعات کی تعمیل میں موجودہ شیئر ہولڈرز کو حقوق کے حصص جاری کرنے کا ارادہ رکھتی ہے۔

کاروباری کارروائیوں کی بحالی میں مدد کے لیے، انتظامیہ اور شیئر ہولڈرز نے 19 اپریل 2025 کو منعقدہ غیر معمولی جنرل میٹنگ (EGM) کے دوران، فرنیچر کی تیاری اور تجارت میں تنوع لانے کے لیے ایک خصوصی قرارداد کی منظوری دی۔ مجاز سرمائے کو بھی 120



ملین روپے سے بڑھا کر 400 ملین روپے کر دیا گیا، جس سے مستقبل قریب میں رائٹس ایٹو فنڈ ریزنگ اور ایکویٹی میں توسیع کی جاسکتی ہے۔ ہم نے شیئر ہولڈر کے نوٹیفکیشن کے لیے PUCARS کے ذریعے PSX کو ضروری معلومات بھی جمع کرائی ہیں اور منظوری کے لیے رجسٹرار آف کمپنیز اور (SECP) کے پاس مطلوبہ دستاویزات جمع کرائی ہیں، جن کا فی الحال جائزہ لیا جا رہا ہے۔

دریں اثنا، زیر جائزہ سال کے دوران، کمپنی نے محفوظ سیل ریونیو Rs. فرنیچر کے کاروبار سے 23.661 ملین اور روپے کا آپریٹنگ منافع کمایا۔ 3.653 ملین روپے کے منافع کے مقابلے میں 30 جون 2024 کو ختم ہونے والے پچھلے سال کے 4.240 ملین جبکہ فنانس کی ایڈجسٹمنٹ کے بعد لاگت Rs. (7.159) ملین، منسلک کمپنی سے منافع / (نقصان) کا حصہ روپے (23.485) ملین اور ٹیکس واجبات روپے۔ (0.438) ملین، کمپنی ٹیکس خسارے کے بعد روپے میں برقرار رہی۔ (29.107) ملین روپے کے نقصان کے مقابلے میں 30 جون 2024 کو ختم ہونے والی اسی مدت کا (14.984) ملین۔ فرسٹ کیپیٹل AMROABN ایکویٹیز (پاکستان) لمیٹڈ، لاہور اسٹاک ایکسچینج اور دیگر سے متعلق تنازعہ کیسز کا آپ کی کمپنی کے مناسب فورمز پر بھرپور مقابلہ کیا جا رہا ہے اور P.E کے تازہ ترین سالانہ مالیاتی گوشواروں میں ان کی وضاحت کی گئی ہے۔ 30 جون 2024 کو عنوان کے تحت "ہنگامی حالات اور وعدے"

وژن اور مشن:

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

فی شیئر کمائی:

30 جون 2025 کو ختم ہونے والے سال کے لیے فی شیئر آمدنی روپے ہے۔ (2.43) روپے کے مقابلے میں (1.25) 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 2025 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 شفیع	چیف ایگزیکٹو	05
2	محمد سمیر	ڈائریکٹر	05
3	ہاشم اسلم بٹ	ڈائریکٹر	05
4	محب حسین	ڈائریکٹر	05
5	عمران کبیر	ڈائریکٹر	05
6	سیما افتخار	ڈائریکٹر	05
7	نذیر احمد	ڈائریکٹر	05

بورڈ کمیٹیاں:

آڈٹ کمیٹی اور ہیومن ریسورسز اینڈ ریمونریشن 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 چیئرمین 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 کمپنی کو فراہم کردہ کسی بھی خدمات کی فراہمی کے سوال پر غور کرتی ہے تاکہ ان کی آڈٹ کی کارکردگی کے حوالے سے ان کی آزادی کے جائزے کو یقینی بنایا جاسکے۔ کمیٹی کی شرائط اور حوالہ اس کی تعمیل کے لیے تشکیل دیا گیا ہے اور مشورہ دیا گیا ہے۔

ہیومن ریسورس اینڈ ریمونریشن کمیٹی کمپنی 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، CFO، COO، کمپنی سیکرٹری اور انٹرئل 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 CEO 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:

کمپنی فرنیچر مینوفیکچرنگ اور ٹریڈنگ میں تنوع پیدا کر کے اپنے کاروباری آپریشنز کو بحال کرنے کے لیے اقدامات کر رہی ہے۔ اس اسٹریٹجک اقدام کا مقصد اقلیتی حصص یافتگان کے مفادات کا تحفظ اور آمدنی پیدا کرنا ہے۔ کمپنی کے کاروباری آپریشنز کی بحالی کی حمایت میں، کمپنی کی انتظامیہ اور شیئرز بولڈرز نے 19 اپریل 2025 کو منعقد ہونے والی EOGM میں خصوصی قراردادیں منظور کر کے فرنیچر کے



کاروبار کی مینوفیکچرنگ اور ٹریڈنگ کو آگے بڑھانے کے لیے اپنی بنیادی لائن آف بزنس کو تبدیل کرنے اور مجاز سرمائے کو روپے سے بڑھانے کی منظوری دی ہے۔ M120 سے M400 روپے مستقبل قریب میں فنڈ ریزنگ اور ایکویٹی کی توسیع کے لئے صحیح مسئلہ شروع کرنے کے قابل بناتا ہے۔ تاہم، PSX کے ضوابط کی تعمیل میں، مواد کی معلومات کو PUCARS کے ذریعے حصص یافتگان کو اطلاع دینے کے لیے PSX کو منتقل کر دیا گیا ہے اور اس کے بعد کمینیز ایکٹ، 2017 کی تعمیل میں، تجویز کردہ فارمز پر ضروری معلومات رجسٹر آف کمینیز پشاور (SECP) کے پاس منظوری کے لیے جمع کرائی گئی ہیں جو کہ فی الحال اتھارٹی کے زیر نظر ہیں اور امید ہے کہ ایپ کو منظوری کے لیے منظوری دی جائے گی۔

ضابطہ اخلاق:

ہمارا ضابطہ ایمانداری، دیانتداری، مستعدی، سچائی اور عزت کے اصولوں پر مبنی مشترکہ اقدار کے مجموعے پر بنایا گیا ہے۔

آڈیٹرز:

موجودہ آڈیٹرز، میسرز تبسم سلیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کمپنی کے آئندہ سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو رہے ہیں۔ آڈٹ کمیٹی نے میسرز تبسم سلیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2026 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:

a کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کے معاملات کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیاں پیش کرتے ہیں۔

b کمپنی کے کھاتوں کی صحیح کتابیں رکھی گئی ہیں۔

c مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

d بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے اور مالیاتی بیانات کی تیاری میں کمینیز 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۔

e اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔



f کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل ہے
g مندرجہ ذیل سے متعلق بیانات اکاؤنٹس کے نوٹس میں منسلک یا ظاہر کیے گئے ہیں:

• پچھلے چھ سالوں کا اہم مالیاتی ڈیٹا

• شیئر ہولڈنگ کا نمونہ

• سال کے دوران منعقد ہونے والی بورڈ میٹنگز اور ہر ڈائریکٹر کی حاضری کی تعداد

اعتراف:

بورڈ تمام عملے کے اراکین اور انتظامی ٹیم کا ان کی ٹھوس کوششوں اور شراکت کے لیے شکریہ ادا کرنے کے لیے میرے ساتھ شامل ہوتا ہے۔
بورڈ کے لیے اور اس کی جانب سے

عمران کبیر
ڈائریکٹر

لاہور: 02 اکتوبر 2025

افتخار شفیع
چیف ایگزیکٹو

**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:- 30-06-2025

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. Nazir Ahmad * 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 committees 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 except following;



Sr. No	Mandatory Requirement	Explanation	Reg. No.
1	Independent director * Section 166 (2) (a) & (g) of the Companies Act, 2017 and Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.	The names do not appear in (PICG) databank of independent directors. The Company faced technical restrictions in appointing a director from the databank, primarily due to the suspension of trading in the Company's shares, which prevented the transfer of qualifying shares to a nominee. As a result, the Company could not fully comply with the requirement. The Board is committed to rectifying this matter and is considering the appointment of a Independent Director once appropriate guidance is sought from the (SECP) for the transfer of qualifying shares to a nominee, in light of the suspension in share trading.	6

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

SEEMA IFTIKHAR
Chairman

IMRAN KABIR
Director



**GENDER PAY GAP STATEMENT
UNDER SECP CIRCULAR 10 OF 2024**

Following is gender pay gap calculated for the year ended June 30, 2025

- I. Mean Gender Pay Gap: Nil
- II. Median Gender Pay Gap: Nil
- III. Any other data/ details are deemed relevant.

As the company is not operative, hence only male employees are working as security guards at factory premises.

On behalf of Board of Directors

IMRAN KABIR
Director

Dated: October 02, 2025

**INDEPENDENT AUDITOR'S REVIEW REPORT****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 prepared by the Board of Directors of Shaffi Chemical Industries Limited. (the Company) for the year ended June 30, 2025, in accordance with the requirements of regulation 36 of Regulations.

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

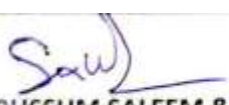
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2025.

Further we highlight below instance of non-compliance with the requirement of the regulation as reflected in the paragraph reference where it is stated in the statement of compliance:

Sr. #	Paragraph Reference	Description
1	2, 12(a) & 12(b)	Independent directors should be appointed from list issued by PICG data bank, but both of the directors' name do not appear in said database.


TABUSSUM SALEEM & COMPANY
CHARTERED ACCOUNTANTS
ENGAGEMENT PARTNER: Mr. Sarmad Ahmad Khan (FCA)
UDIN # CR202510933g7GI4zLio

Dated: October 03, 2025
Place: Lahore

**INDEPENDENT AUDITOR'S REPORT****To the members of Shaffi Chemical Industries Limited
Report on the Audit of the Financial Statements****Adverse 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, 2025, and the statement of profit or loss, the 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 and to the best of our information and according to the explanations given to us, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of the loss and comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse opinion

The financial statements of the Company for the year ended June 30, 2025 reflects a loss before taxation of Rs. 28.670 million (2024: Rs. 14.286 million), accumulated losses of Rs. 198.781 million (2024: 184.329 million), resulting in a net capital deficiency of Rs. 70.545 million (2024: 55.857 million) the company's current liabilities exceed its current assets by 64.633 million (2024: 64.451 million), the company is unable to ensure timely repayment of debt due to constrained capital facilities, and decision of application for winding up of the company by security and exchange commission of Pakistan is pending in Peshawar High court till date of this report. These conditions indicate that the Company is unable to generate sufficient resources to meet its obligations and therefore is not a going concern. In our judgment, the use of the going concern basis of accounting in the preparation of these financial statements is inappropriate. Accordingly, the financial statements do not give a true and fair view in accordance with the applicable financial reporting framework.

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 adverse opinion.

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>Shaffi Chemical Industries (SCIL) owns 15.805% equity 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 27.928 million (2024: Rs 37.170 million) that is accounted for under the equity method.</p> <p>Quoted value of investment is Rs. 23.600 (2024: Rs. 25.03) per share.</p> <p>As at June 30, 2025, 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 judgments 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 its 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. 5 & 6 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 includes the following:</p> <ul style="list-style-type: none"> • We assessed 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 "Related Party disclosures" • 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.
4. 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.

5. 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 and because of the effects of the matters described in Basis for Adverse Opinion section, we further report that in our opinion:

- a) Proper books of account have not 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 comprehensive income, 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 Mr. Sarmad Ahmad Khan.


TABUSSUM SALEEM & COMPANY
CHARTERED ACCOUNTANTS
UDIN# AR202510933Y2iVLdDpk



Date: October 03, 2025

Place: Lahore



SHAFFI CHEMICAL INDUSTRIES LIMITED

ANNUAL REPORT 2025

SHAFFI CHEMICAL INDUSTRIES LIMITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	NOTE	2025 Rupees	2024 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
40,000,000 (2024: 12,000,000) ordinary shares of Rupees 10 each		<u>400,000,000</u>	<u>120,000,000</u>
Issued, subscribed and paid up share capital	3	120,000,000	120,000,000
FV Reserves	4	67,192	31,894
Accumulated Losses		(198,781,133)	(184,328,676)
Surplus on Revaluation of Land & Building		7,137,647	7,408,049
Surplus on Revaluation of Plant and Machinery (Held for Sale)		<u>1,030,955</u>	<u>1,030,955</u>
Total equity		<u>(70,545,339)</u>	<u>(55,857,778)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Payable to Associated Company	5	<u>44,696,519</u>	<u>40,214,841</u>
		44,696,519	40,214,841
CURRENT LIABILITIES			
Payable to Director's	6	<u>33,491,574</u>	<u>33,491,574</u>
Trade and other payables	7	<u>3,963,588</u>	<u>3,420,488</u>
Accrued Markup	8	<u>40,700,466</u>	<u>33,542,563</u>
Provision for Taxation	9	<u>296,012</u>	<u>252,983</u>
Total liabilities		<u>78,451,640</u>	<u>70,707,608</u>
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		<u>52,602,820</u>	<u>55,064,671</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



ASSETS	NOTE	2025 Rupees	2024 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	11	10,555,273	13,650,434
Long term investments	12	28,005,486	34,933,926
Long term deposits	13	223,560	223,560
		<u>38,784,319</u>	<u>48,807,920</u>
ASSETS CLASSIFIED AS HELD FOR SALE - CURRENT ASSETS			
	14	2,693,285	-
CURRENT ASSETS			
Stock-in-trade	15	5,703,839	1,125,058
Trade debts	16	2,671,630	2,745,666
Advance income tax - net	17	240,363	445,661
Other receivables	18	1,366,691	1,151,045
Cash and bank balances	19	1,142,693	789,321
		<u>11,125,216</u>	<u>6,256,751</u>
TOTAL ASSETS		<u>52,602,820</u>	<u>55,064,671</u>

Chief Executive

Chief Financial Officer

Director



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2025

	NOTE	2025 Rupees	2024 Rupees
REVENUE	20	23,681,012	20,238,606
COST OF SALES	21	(20,027,487)	(15,998,546)
GROSS PROFIT		3,653,525	4,240,060
ADMINISTRATIVE EXPENSES	22	(3,764,291)	(1,555,028)
OTHER EXPENSES	23	(193,140)	(2,471,392)
		(3,957,431)	(4,026,420)
		(303,906)	213,640
OTHER INCOME	24	2,278,252	-
PROFIT FROM OPERATIONS		1,974,346	213,640
FINANCE COST	25	(7,159,203)	(9,480,831)
		(5,184,857)	(9,267,191)
GAIN OR LOSS FROM DISCONTINUED OPERATIONS		-	-
SHARE OF INCOME/ (LOSS) FROM ASSOCIATED COMPANY		(23,485,100)	(5,019,798)
PROFIT BEFORE LEVY & TAXATION		(28,669,957)	(14,286,989)
LEVY			
- Current Year	26	(296,012)	(252,983)
- Share of Levy in associated company		(468,112)	(444,461)
		(764,124)	(697,444)
TAXATION			
- Current Year		-	-
- Share of Taxation in associated company		326,213	(463,953)
		326,213	
PROFIT AFTER TAXATION		(29,107,868)	(14,984,433)
EARNINGS PER SHARE - BASIC AND DILUTED	27	(2.43)	(1.25)

The annexed notes from 1 to 40 form an integral part of these financial statements.


Chief Executive


Chief Financial Officer


Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025**

	2025 Rupees	2024 Rupees
PROFIT AFTER TAXATION	(29,107,868)	(14,984,433)
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be reclassified to profit or loss:		
(Deficit) / surplus arising on re-measurement of investment at fair value through other comprehensive income	-	-
Items that may be reclassified subsequently to profit or loss		
Share in Unrealized gain/ (loss) arising on remeasurement of available for sale investments of associated companies	14,385,009	4,160,734
Unrealized gain arising on remeasurement of available for sale investments	35,298	15,978
Other comprehensive (loss) / income for the year	14,420,307	4,176,713
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(14,687,561)	(10,807,720)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Certified True Copy

Chief Executive



Chief Financial Officer

Director



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	NOTE	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	26	5,356,834	10,532,181
Finance cost paid		(7,159,203)	(9,480,831)
Income tax paid		(47,685)	(64,592)
Impairment loss / (Reversal) of investment in associates		(2,278,252)	2,278,252
Net cash (used in) / generated from operating activities		(4,128,306)	3,265,010
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		-	-
Proceeds from disposal of operating fixed assets		-	-
Profit on deposit accounts received		-	-
Dividend income received		-	-
Net cash from / (used in) investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Short Term Borrowings paid		-	-
Loan from associated company		4,481,678	(3,705,084)
Loan from Director		-	-
Net cash used in financing activities		4,481,678	(3,705,084)
NET INCREASE IN CASH AND CASH EQUIVALENTS		353,372	(440,074)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		789,321	1,229,395
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		1,142,693	789,321

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES		Surplus on revaluation of property, plant and equipment	TOTAL RESERVES	TOTAL EQUITY
		Fair Value Reserve	(Accumulated Loss) /	Unappropriate			
(Rupees)							
Balance as at 01 July 2023	120,000,000	15,916	(176,018,703)		8,838,188	(167,164,599)	(47,164,599)
Effect of items directly credited in equity by the associated companies	-	-	2,114,540		-	2,114,540	2,114,540
Revaluation surplus arising during the period	-	-	-		-	-	-
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	399,185		(399,185)	-	-
Profit for the period	-	-	(14,984,433)		-	(14,984,433)	(14,984,433)
Other comprehensive income for the period	-	15,978	4,160,734		-	4,176,713	4,176,713
Total comprehensive loss for the period	-	15,978	(10,823,698)		-	(10,807,720)	(10,807,720)
Balance as at 30 June 2024	120,000,000	31,894	(184,328,676)		8,439,003	(175,857,779)	(55,857,779)
Balance as at 01 July 2024	120,000,000	31,894	(184,328,676)		8,439,003	(175,857,779)	(55,857,779)
Incremental depreciation on surplus on revaluation of property, plant & equipment	-	-	270,402		(270,402)	-	-
Profit for the period	-	-	(29,107,868)		-	(29,107,868)	(29,107,868)
Other comprehensive income for the period	-	35,298	14,385,009		-	14,420,307	14,420,307
Total comprehensive loss for the period	-	35,298	(14,722,859)		-	(14,687,561)	(14,687,561)
Balance as at 30 June 2025	120,000,000	67,192	(198,781,133)		8,168,601	(190,545,340)	(70,545,340)

Balance as at 01 July 2023

Effect of items directly credited in equity by the associated companies

Revaluation surplus arising during the period

Incremental depreciation on surplus on revaluation of property, plant & equipment

Profit for the period

Other comprehensive income for the period

Total comprehensive loss for the period

Balance as at 30 June 2024

Balance as at 01 July 2024

Incremental depreciation on surplus on revaluation of property, plant & equipment

Profit for the period

Other comprehensive income for the period

Total comprehensive loss for the period

Balance as at 30 June 2025

The annexed notes from 1 to 40 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director



NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2025

1.0 STATUS AND NATURE OF BUSINESS

The Company was incorporated under the Companies Ordinance, 1984 (now Companies Act, 2017) as Public Limited Company on 27th December 1994. The shares of the company are quoted on Karachi and Lahore Stock Exchanges. The principal activity of the company was to manufacture and process of Di-Octyle-Ortho Phthalates (DOP) Chemicals which has been changed with trading of furniture, foam and mattresses. The registered office of the company is situated at Gadoon Amazai, Industrial Estate, Swabi (Kyberpaktoonkhwan).

1.1 GOING CONCERN ASSUMPTION

During the year company reported net loss before tax of Rupees 28.67 Million. The company has accumulated losses and shareholders' equity Rupees 198.78 Million and Rupees 70.55 Million respectively. Management of the company had decided to go for delisting therefore all the employees has been laid off since 2015, regional office of SECP in Peshawar High court for winding up of the company. Company has shut down its production since many years. From 2022-2023 board decided to trade in furniture which may probably make the company be a going concern in future. All of above negative factor, management believe that company will revive in future.

The Company anticipates that it will remain operative and restore the equity of its shareholders. Consequently, the financial statements have been prepared on a going concern basis without any adjustment to the assets and liabilities. The management holds the expectation that these challenging factors are temporary, will be reversed in the foreseeable future, and the unit will be able to continue its operations.

1.2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANIES FIANANCIAL POSITION AND PERFORMANCE

Management of the company has increased authorized capital and intend to issue right shares to improve liquidity of the Company..

There is on other significant event during the year

1.3 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:

1.4 Basis of Preparation

a) 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.

b) Accounting convention

These financial statements have been prepared using going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realizable / 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, which are the undiscounted amount of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

c) Critical accounting estimates and judgments

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)- Provisions
- iii)- Employees' Retirement benefit

Inventories

These are valued at the lower of moving average and net realizable value. Items considered obsolete are carried at nil value and items in transit are value at cost comprising invoice value plus other charges paid thereon. Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make a sale.

Income tax

Current

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. he Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax has been made in the financial statements accordingly. However, tax on other income is based on taxable income at the current rates after considering the rebates and tax credits available, if any.



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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Impairment of investment in associate

In making the estimates of recoverable amount of the Company's investment in associate, the management considers future cash flows.

Changes / Amendments in Accounting Standards

1.5 Standards, amendments to approved accounting standards 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 :
IFRS 3	Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01,2022
IAS 16	Amendments to IAS 16 'Property Plant and Equipment' - Proceeds before intended use	January 01,2022
IAS 37	Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - cost of fulfilling a contract	January 01,2022
IFRS 9/IFRS 16/IAS 41	Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01,2022
Amendments/ Improvements to Accounting Standards that are not yet effective but adopted early		
	Accounting Standard for non-Going Concern Basis of Accounting issued by SECP vide SRO 69(I)/2024.	January 01,2024

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)
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 12	Amendments to 'IAS 12 Income Taxes' - International Tax Reform - Pillar Two Model Rules.	January 01,2023
IFRS 16	Amendments to IFRS 16 - 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transaction.	January 01,2024
IFRS 10 & IAS 28	Amendments to IFRS 10 and IAS 28 - 'Sale or Contribution of Assets between an investor and its associate or Joint Venture	Deferred Indefinitely

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.
IFRS 17	Insurance contracts.

January 01, 2018
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.

1.6 Provisions

Provisions are recognized when the Company has a 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.

1.7 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 11. 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 derecognized 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 (calculated as the difference between the net disposal proceeds and carrying value of the asset) is included in the income statement in the year the asset is derecognized.

1.8 Discontinued Operations

A discontinued operation is a component of the Group that has either been disposed of or is classified as held for sale and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss. The post-tax profit or loss of discontinued operations, together with the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets/disposal group constituting the discontinued operation, are disclosed as a single line item: "Profit/(loss) from discontinued operations". Comparative information in the statement of profit or loss is re-presented for all periods presented, to classify operations that have been discontinued in the current year separately from continuing operations. The cash flows attributable to discontinued operations are presented separately in the statement of cash flows or disclosed in the notes to the financial statements.

1.9 IFRS 16 "Leases"

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of IFRS 16 has no financial impact on the financial statements of the Company.

Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.



Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities. since the Going Concern assumption of Company is not valid therefore Right to use assets, if any, shall be measured at net realizable value.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.0 Investment and other financial assets

a) Classification

The investments made by the company are classified for the purpose of measurement into the following categories:

those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

those to be measured at amortized cost

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments 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, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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 these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the 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 the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements 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 recognized in profit or loss. When the financial asset is derecognised, 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 using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

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 to 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, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

2.1 Financial liabilities - classification and measurement

Company classifies its financial liabilities at amortized cost or fair value to profit or loss (FVTPL). The classification depends on the Company's business model for managing financial assets and financial liabilities and the contractual term of cash flows.

2.2 Impairment of financial assets

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

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.3 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes 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. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes 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 expires.

2.4 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.

2.5 Investment in associate – (with significant influence)

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the associates's share of the post-acquisition profits or losses of the investee in profit or loss, and the associates's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the associates's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee company.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Associates.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in relevant note.

2.6 Trade debts and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses



2.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at book value which approximates their fair value. For the purposes of the cash flow statement, cash equivalents comprise cash in hand, cash at banks 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.

2.8 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Profit on deposits with banks is recognized on a time proportion basis taking into account the principal outstanding and rate of profit / interest applicable thereon.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) Contract assets

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

iii) Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, 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.

vii) Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.9 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.10 Share capital

Ordinary shares are classified as equity.



2.11 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.12 Earnings per share

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

2.13 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.14 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.15 Borrowing

Financing and borrowings are initially recognized at fair value of the consideration received, net of transaction costs. They are subsequently measured at amortized cost using the effective interest method.

2.16 Retirement Benefits

The company operates an unfunded and unapproved gratuity scheme for its employees, which is a defined benefit plan based upon the last salary drawn by an employee. Present value of defined benefit obligation is calculated on the basis of actuarial valuation at the end of the year. The valuation in these accounts is worked out on the Projected Unit Credit Actuarial Cost method basis.

Actuarial valuation of defined benefit scheme was not conducted because there was no employee in the company as at December 30, 2017.

Actuarial gains and losses are accounted for in accordance with the revised IAS-19 "Employee benefits".

2.17 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.

2.18 Functional and presentation currency

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.

2.19 Foreign Currency Transactions

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.

2.20 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.

2.21 Loans, Advances and other Receivables

Loans, advances and other receivables are recognized initially at cost and subsequently measured at amortized cost.



2.22 Long Term Loans and Short Term Borrowings

Loans and borrowings are initially recorded at the time proceeds are received and subsequently at amortized cost. Financial charges are accounted for on accrual basis and are either added to the carrying amount of the instruments or included in the creditors, accrued and other liabilities to the extent of the amount remaining unpaid. Exchange gain and losses (if any) arising in respect of loan or borrowings in foreign currency are added to the carrying amount of the instrument.

2.23 Trade and Other Payables

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

2.24 Impairment

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 statement of financial position 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 assets 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.



SHAFFI CHEMICAL INDUSTRIES LIMITED

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3	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		NOTE	2025 Rupees	2024 Rupees	
	2025	2024				
	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	
	12,000,000	12,000,000		120,000,000	120,000,000	
	4,336,242 (2024 : 4,336,242 Nos) Ordinary Shares of Rs. 10 each were held by associate companies at year end. Details as follows			Jun-25 Nos	Jun-24 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 Industries Enterprises (Private) Limited			21,002	21,002	
	Diamond Product (Private) Limited			130,000	130,000	
				4,336,242	4,336,242	
4	SURPLUS ON REVALUATION OF FIXED ASSETS			NOTE	2025 Rupees	2024 Rupees
	Surplus on Land					
	Opening balance			2,000,000	2,000,000	
	Add: Revaluation during the year			-	-	
	Revaluation surplus on land			2,000,000	2,000,000	
	Surplus on Buildings					
	Opening balance			12,833,843	12,833,843	
	Add: Revaluation during the year			-	-	
	Total revaluation surplus on building			12,833,843	12,833,843	
	Less: Incremental depreciation charged in previous years			7,425,794	7,141,160	
	Less: Incremental depreciation charged in current years			270,402	284,634	
				7,696,196	7,425,794	
	Revaluation surplus on building net off incremental depreciation			5,137,647	5,408,049	
	Surplus on Plant and Machinery-Held for Sale					
	Opening balance			18,900,925	18,900,925	
	Add: Revaluation during the year			-	-	
	Total revaluation surplus on plant and machinery			18,900,925	18,900,925	
	Less: Incremental depreciation charged in previous years			17,869,970	17,755,419	
	Less: Incremental depreciation charged in current years			-	114,551	
				17,869,970	17,869,970	
	Revaluation surplus on plant and machinery net off incremental depreciation			1,030,955	1,030,955	
	Closing balance			8,168,602	8,439,004	
4.1	Building and Plant & Machinery were revalued by Fairwater Property Valuers & Surveyors (Pvt.) Ltd as on September 22, 2022. Previously it was revalued by M/S Zafar Iqbal & Company on June 22, 2016 on the basis of current replacement values. Revaluation surplus was credited to surplus on revaluation of Fixed Assets account.					
5	Payable to associated company					
	From Banking Companies - Secured			-	-	
	From Associated Companies - Un-Secured			44,696,519	40,214,841	
				44,696,519	40,214,841	
5.1	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	40,214,841	4,481,678	44,696,519
				40,214,841	4,481,678	44,696,519
6	PAYABLE TO DIRECTORS			NOTE 6.1	33,491,574	33,491,574
	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	
6.1	The Loan from Director does not have a fixed repayment term and is repayable on demand at the discretion of the director, therefore the loan from director have been reclassified from non current liability to current liability					



7	Trade and Other Payables	June 2025 Rupees	June 2024 Rupees		
	Unsecured :				
	Trade creditors and other payables	766,239	320,228		
	Sales tax payable	38,863	30,447		
	Accrued expenses	468,430	379,757		
	Payable to Mr Iftikhar Shaffi (Dividend)	2,690,056	2,690,056		
		3,963,588	3,420,488		
8	ACCRUED MARK UP				
	Markup on loan from associated concern	40,700,466	33,542,563		
		40,700,466	33,542,563		
8.1	This is Interest payable on loan received from Associated Concern as explained in note5.				
8.2	There is no difference in coupon rate and effective interest rate, therefore , winding or unwinding in not applicable				
9	PROVISION FOR TAXATION & LEVY	June 2025 Rupees	June 2024 Rupees		
	Balance at the beginning of the year	252,983	235,212		
	Payments made during the year	(252,983)	(235,212)		
		-	-		
	Provision for the year	296,013	252,983		
		296,012	252,983		
9.1	Current status of Tax assessment is completed under self assessment scheme.				
9.2	Audit selection for the tax year 2010 u/s 177 is challenged by us before honorable Lahore High Court and the proceeding are stopped by the Honorable High Court. Favourable outcome is expected. No quantum of tax involved.				
9.3	Order u/s 122(5) passed by Additional Commissioner of tax year 2010 & 2011 are annulled by the commissioner IR (A).				
9.4	No any unfavourable outcome is expected.				
9.5	No other matter which is feel to aware of by the users of financial statements				
9.6	DEFERRED LIABILITIES				
	Deferred Taxation	-	-		
9.6.1	Provision for Deferred Taxation				
		2025			
		Balance at the beginning of the year	Recognized in profit & loss account	Balance at end of the year	
	Deferred taxation liability comprises as follows :				
	Taxable temporary differences				
	Accelerated tax depreciation allowance	2,330,432	(103,393)	2,227,039	
	Surplus arising on revaluation of property, plant and equipment	-	-	-	
		2,330,432	(103,393)	2,227,039	
	Net temporary differences	2,330,432	(103,393)	2,227,039	
	Effect of accumulated tax losses	(14,637,501)	(680,676)	(15,318,177)	
		(12,307,070)	(784,068)	(13,091,138)	
	Non recognition of Deferred tax asset	9.6.2	12,307,070	784,068	13,091,138



Deferred taxation liability comprises as follows :

Taxable temporary differences

Accelerated tax depreciation allowance

Surplus arising on revaluation of property, plant and equipment

Net temporary differences

Effect of accumulated tax losses

Non recognition of Deferred tax asset

2024		
Balance at the beginning of the year	Recognized in profit & loss account	Balance at end of the year
3,305,055	(974,623)	2,330,432
-	-	-
3,305,055	(974,623)	2,330,432
3,305,055	(974,623)	2,330,432
(14,120,235)	(517,266)	(14,637,501)
(10,815,180)	(1,491,890)	(12,307,070)
9.6.2 10,815,180	1,491,890	12,307,070
-	-	-

9.6.2 Deferred tax asset of Rs. 13.091 million (2024: 12.307 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.

10 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. 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. 2928/2013 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.

III. PESHAWAR HIGH COURT

Deputy Registrar of companies Vs SCIL (Winding Up Petition)

The Deputy Registrar Companies has initiated the titled winding up proceedings before Peshawar High Court, 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 withdrawn 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, which is under consideration.

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.

Operating fixed assets

10,555,273	13,650,434
10,555,273	13,650,434



PROPERTY, PLANT AND EQUIPMENT

NOTE

2025
Rupees

2024
Rupees

11 PROPERTY, PLANT AND EQUIPMENT

Leasehold Land	Building on Leasehold Land	Plant and Machinery	Furniture and Fixtures	Office Equipment	Vehicles	TOTAL
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As at 01 July 2024

Cost	3,000,000	23,405,555	50,299,633	582,842	943,878	-	78,231,908
Accumulated depreciation	-	(15,528,774)	(47,606,348)	(553,228)	(893,124)	-	(64,581,474)
Net book value	3,000,000	7,876,781	2,693,285	29,615	50,754	-	13,650,434

Period ended 30 Jun 2025

Opening net book value	3,000,000	7,876,781	2,693,285	29,615	50,754	-	13,650,434
Additions/Revaluation	-	-	-	-	-	-	-
Adjustment							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Disposal/Transfer							
Cost	-	-	(50,299,633)	-	-	-	(50,299,633)
Accumulated depreciation	-	-	47,606,348	-	-	-	47,606,348
	-	-	(2,693,285)	-	-	-	(2,693,285)
Depreciation charge	-	(393,839)		(2,961)	(5,075)	-	(401,876)
Closing net book value	3,000,000	7,482,941	-	26,653	45,678	-	10,555,273

As at 30 Jun 2025

Cost	3,000,000	23,405,555	-	582,842	943,878	-	27,932,275
Accumulated depreciation	-	(15,922,613)	-	(556,189)	(898,200)	-	(17,377,002)
Net book value	3,000,000	7,482,941	-	26,653	45,678	-	10,555,273

Annual rate of depreciation - 5% 10% 10% 10% 20%

11.1 Building and Plant & Machinery were revalued by Fairway Water Property Valuers & Surveyors (Pvt.) Ltd as on September 22, 2022 on the basis of Current replacement values. Previously, it was revalued by M/s Zafar Iqbal & Company on June 22, 2016. Revaluation was credited to surplus on revaluation of Fixed Assets account.

If there had been no revaluation, the cost, accumulated depreciation and book value of the revalued assets at June 30, 2025 would have been as follows:

Particulars	June 2025			June 2024		
	Cost	Accumulated Depreciation	Written Down Value	Cost	Accumulated Depreciation	Written Down Value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Building on Leasehold Land	10,571,710	7,248,300	3,323,410	10,571,710	7,073,384	3,498,326
Plant and Machinery-Held for sale	31,398,708	16,993,266	14,405,442	31,398,708	15,392,661	16,006,047
R u p e e s	41,970,418	24,241,566	17,728,852	41,970,418	22,466,045	19,504,373

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

	Jun 2025 Rupees	June 2024 Rupees
Cost of sales	-	-
Administrative expenses	401,876	722,751
	401,876	722,751

11.3 Realisable value of property, plant and equipment as on June 30, 2025 is Rupees 11,078,321/- (2024: 14,496,427/-) Forced sale value for year ended June 30, 2025 is based on market survey and quotations called from related parties, which is not materially different from revaluation report issued by fairway water property valuers and surveyors (Pvt.) Limited as on September 22, 2022. Management has strong opinion that there was no material difference in forced sale value after June 30, 2025 to September 30, 2025.

11.4 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, Awabi, PKP	Manufacturing facility	1.0 Acre



12 INVESTMENTS

Investment in Associated Company -Lower of NRV or equity
Other Investment (FVTOCI)

NOTE	2025 Rupees	2024 Rupees
12.1	27,928,107	34,891,845
12.2	77,379	42,081
	<u>28,005,486</u>	<u>34,933,926</u>

12.1 Associated Company-(with significant Influence)- Equity Method Diamond Industries Limited.

1,422,450 (2024: 1,422,450 fully paid ordinary shares of Rs.10 each
Equity held 15.80 % (2024: 15.80 %)
Market value as on June 30, is 33,569,820/-
(2024: 35,603,924/-)

Share in net assets at the end of the period
Less: Impairment loss at the end of the period

27,928,107	37,170,097
-	(2,278,252)
<u>27,928,107</u>	<u>34,891,845</u>

Share in net assets at the beginning of the period

37,170,097 36,359,081

Add: Share in profit / (loss) before taxation

(23,485,100)	(5,019,798)
326,213	(463,953)

Share in taxation

Share in Levy

(468,112) 19,493

Effect of prior year adjustments/other adjustments

- 2,114,540

Share of gain/(loss) arising on measurement of available for sale investment

14,385,009 4,160,734

(9,241,990) 811,016

27,928,107 37,170,097

Accumulated impairment loss at the beginning of the period

(2,278,252) -

Impairment loss charged during the period

- (2,278,252)

Reversal of impairment loss during the period

2,278,252 -

Net (impairment loss)/reversal for the period

2,278,252 (2,278,252)

Accumulated impairment loss at the end of the period

- (2,278,252)

Share in net assets at the end of the period

27,928,107 34,891,845

12.1.1 Summarized financial information of associated company

Assets

Current Assets

Non Current Assets

Liabilities

Current Liabilities

Non Current Liabilities

Net Assets

Reconciliation to Carrying amounts:

As at 01 march

Profit After Income Tax

Other Comprehensive income /(Loss)

As at 30 September

	March 2025	March 2024
	Un-Audited	Un-Audited
Current Assets	43,249,086	214,024,353
Non Current Assets	407,949,924	308,842,934
Current Liabilities	(82,432,168)	(109,622,925)
Non Current Liabilities	(192,062,582)	(178,065,002)
Net Assets	<u>176,704,260</u>	<u>235,179,360</u>
As at 01 march	235,179,359	230,047,975
Profit After Income Tax	(149,494,657)	(34,572,972)
Other Comprehensive income /(Loss)	91,019,546	39,704,357
As at 30 September	<u>176,704,248</u>	<u>235,179,359</u>



SHAFFI CHEMICAL INDUSTRIES LIMITED

Company's Share	15.805%	15.805%
Goodwill	-	-
Carrying Value	27,928,107	37,170,097
Summerised Statement of Comprehensive Income		
Revenue	-	-
Profit for the Year	(151,347,924)	(26,090,611)
Other Comprehensive Income for the Year	81,365,108	29,784,960
Total Comprehensive Loss	(69,982,816)	3,694,348
Dividend received from the associates	-	-
Interest in Diamond Industries Limited associated Company		

Country of	% of ownership		Measurement		Quoted fair value		Carrying amount	
	2025	2024	2025	2024	2025	2024	2025	2024
					-----Rupees-----		-----Rupees-----	
Pakistan	15.805%	15.805%	Equity Method	Equity Method	See Note No 12.1.4		27,928,107	34,891,845

12.1.2 There was no significant transaction or event occurred in associated company between March 31, 2025 and September 30, 2025, therefore there is no need to take any adjustment.

12.1.3 It is impracticable to use same date financial statements for calculating breakup value of shares because diamond industries Limited also have shares in Shaffi Chemicals Industries Limited therefore a loop is created to calculate breakup value of both company shares therefore the most recent available financial statements of the associate is being used, with adjustments made for the effects of any significant transactions or events occurring between the accounting period ends. The difference between the reporting date of the associate and that of the investor cannot be longer than three months. Therefore unaudited financial statement of March 2025 is used for calculating value of share under equity method.

12.1.4 The shares of Diamond industries Limited is at market price of Rs. 23.6 (2024: 25.03) per share, therefore market value of share is Rupees 33,569,820 (2024: 35,603,924). whereas forceable value of these shares are 31,891,329/- (2024: 34,891,845)

12.2 Sui Northern Gas Pipelines limited

663 (2024: 663) Ordinary shares of Rupees 10 each
Add: Fair Value Adjustment

42,081	26,102
35,298	15,978
77,379	42,081

2025
Rupees

2024
Rupees

12.2.1 Fair Value Adjustment

Opening Balance
Increase /Deficit on re-measurement

31,894	15,916
35,298	15,978
67,192	31,894

Adjustment on disposal of investment:
Fair value reserve transferred to retained earnings

-	-
67,192	31,894



13 SECURITY DEPOSITS

Security deposits against :

Utilities

Gas

Central Depository Co. Ltd.

2025
Rupees

2024
Rupees

70,760

70,760

127,800

127,800

25,000

25,000

223,560

223,560

14 NON-CURRENT ASSETS HELD FOR SALE

	Cost immediate before held for sale	Acc. Depreciation immediate before held for sale	Fair Value 2025	Carring Value 2025	Carring Value 2024
Plant and Machinery					
Opening Balance	50,299,633	(47,606,348)	2,763,285	2,693,285	2,693,285
Impairment during year				-	-
Less: Cost to Sell			(24,650)	-	
Closing Balance			2,738,635	2,693,285	2,693,285

14.1 The principal activity of the company was to manufacture and process of Di-Octyle-Ortho Phthalates (DOP) Chemicals. In 2015 company seized its operations and laid off all its employees, it was intention of the Company to continue its manufacturing operations any time, but in 2023 company changed its operations from manufacturing to trading. In current year management of the company decided to sell its plant and machinery installed for manufacturing of Di-Octyle-Ortho Phthalates (DOP) chemical in foreseeable future at arms length, therefore held for sale.

In accordance with IFRS 5, Non-Current Asset classified as held for sale are required to be measured at the lower of their Carring Value and Fair Value less Cost to Sell. The asset currently classified as held for sale has been recognised at its Carring Value, as this amount lower then Fair Value less Cost to Sell.

15 STOCK-IN-TRADE

Raw materials

Less: Provision for slow moving stock

Finished goods

-

-

-

-

5,703,839

1,125,058

5,703,839

1,125,058

16 TRADE DEBTS

Considered good:

Other than related parties - unsecured

16.1

2,671,630

2,745,666

2,671,630

2,745,666

16.1 As at 30 June 2025, Trade debts of Rupees 2,671,630 (2024: Rupees 2,745,666) were not past due date. These relate to a number of independent customers from whom there is no recent history of default. Further more Provision against bad debts has been provided in the accounts against accounts receivable beyond a period of three years. The ageing analysis of these trade debts is as follows:

	NOTE	2025 Rupees	2024 Rupees
Upto 3 month		2,671,630	2,745,666
3 to 6 months		-	-
More than 6 months		-	-
		2,671,630	2,745,666



	NOTE	2025 Rupees	2024 Rupees
17 ADVANCE INCOME TAX - NET			
Advance income tax		240,363	445,661
Less: Provision for taxation		-	-
		<u>240,363</u>	<u>445,661</u>
18 OTHER RECEIVABLES	NOTE	2025 Rupees	2024 Rupees
Sales Tax Receivable		666,691	451,045
Prepayments form first capital ABN AMRO Equities(Pak)Ltd	18.1	-	-
Margin against bank guarantees (Sui Gas)		700,000	700,000
		<u>1,366,691</u>	<u>1,151,045</u>
18.1 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		(157,950,240)	(157,950,240)
Amount recovered		-	-
Cost of investment in Sui Northern Gas Pipeline Limited		-	-
18.2	This represents amount receivable from First Capital ABN AMRO 'Equities (Pak) Ltd., member Karachi & Lahore Stock Exchange, which illegally and without lawful 'authority withdrew the share from sub account of the 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 Security and Exchange Commission of Pakistan the company has made a provision against doubt		
19 CASH AND BANK BALANCES			
Cash in hand		563,606	324,216
Cash with banks:			
Current accounts		579,087	465,105
Deposit accounts		-	-
		<u>579,087</u>	<u>465,105</u>
		<u>1,142,693</u>	<u>789,321</u>
20 REVENUE			
Revenue from contracts with customers:			
Local Sales		27,943,595	23,881,559
Less: Sales Tax		(4,262,583)	(3,642,953)
		<u>23,681,012</u>	<u>20,238,606</u>



20.1 Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition:

Countries

Pakistan

23,681,012	20,238,606
<u>23,681,012</u>	<u>20,238,606</u>

Timing of revenue recognition

Products and services transferred at a point in time

23,681,012 20,238,606

Products and services transferred over time

-	-
<u>23,681,012</u>	<u>20,238,606</u>

Major products / service lines

Foams & furniture

23,681,012 20,238,606

Other products

-	-
<u>23,681,012</u>	<u>20,238,606</u>

20.2 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with

NOTE

2025

2024

21 COST OF SALES

Rupees

Rupees

Purchases

20,728,148 12,448,300

Salaries, Wages & Benefits

21.1 2,750,000 2,400,000

Fuel & Power

1,052,403 1,485,871

Misc. Expenses

75,717 -

Depreciation

-	-
24,606,268	16,334,171

Add: Finished Goods-Opening

1,125,058	789,433
<u>25,731,326</u>	<u>17,123,604</u>

Less: Finished Goods-Closing

(5,703,839)	(1,125,058)
<u>20,027,487</u>	<u>15,998,546</u>

21.1 This includes gratuity amounting to Rs. Nil/- (2024: Rs. Nil/-)



	NOTE	2025 Rupees	2024 Rupees
22 ADMINISTRATIVE EXPENSES			
Salaries ,Wages & Benefits	22.1	-	-
Communications		128	1,332
Fees & Taxes		2,851,962	404,252
Insurance		408,243	407,793
Printing & Stationery		7,282	18,500
Other Expenses		94,800	400
Depreciation		401,876	722,751
		<u>3,764,291</u>	<u>1,555,028</u>
22.1	This includes gratuity amounting to Rs. Nil/- (2024: Rs. Nil/-)		
	NOTE	2025 Rupees	2024 Rupees
23 OTHER OPERATING EXPENSES			
Auditor's remuneration	23.1	193,140	193,140
Impairment of Investment in associates		-	2,278,252
		<u>193,140</u>	<u>2,471,392</u>
23.1 Auditor's 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>
24 OTHER OPERATING INCOME			
Reversal of Impairment in associates previously charged in Profit and Loss		2,278,252	-
		<u>2,278,252</u>	<u>-</u>
25 FINANCE COST			
Markup on short term loans		7,157,903	9,477,931
Bank charges		1,300	2,900
		<u>7,159,203</u>	<u>9,480,831</u>
26 TAXATION			
Current		296,013	252,983
Prior year adjustment		-	-
Deferred Tax		-	-
Share of Tax of Associated Company		326,213	(444,461)
		<u>326,213</u>	<u>(444,461)</u>



26.1 Reconciliation between tax expense and accounting profit

No reconciliation is required between the accounting profit and tax profit in the current year since the company falls under minimum tax regime under section 113

27 EARNINGS PER SHARE - BASIC AND DILUTED

Loss for the year after taxation	(Rupees)	(29,107,868)	(14,984,433)
Average no of shares	(Numbers)	12,000,000	12,000,000
		<u>-2.43</u>	<u>-1.25</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.

28 CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before taxation	(28,669,957)	(14,286,989)
------------------------	--------------	--------------

Adjustments for:

Depreciation on operating fixed assets	401,876	722,751
Impairment/Reversal of Long term Investments	-	-
Share of Profit/(Loss) of associated company	23,485,100	5,019,798
Finance Cost	7,159,203	9,480,831
Working Capital Changes	2,980,612	9,595,790
	<u>34,026,791</u>	<u>24,819,170</u>
	<u>5,356,834</u>	<u>10,532,181</u>

28.1 Working capital changes

Decrease / (increase) in current assets

Stock in trade	(4,578,781)	(335,625)
Trade debts	74,036	(430,295)
Loans and Advances	-	29,330
Short term prepayments	-	-
Other receivables	(215,646)	698,802
	<u>(4,720,391)</u>	<u>(37,788)</u>

(Decrease) / increase in current liabilities

Trade and other payables	<u>7,701,003</u>	<u>9,633,578</u>
	<u>2,980,612</u>	<u>9,595,790</u>



29 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

No remuneration/other allowances were paid to any Executives, Directors or chief executive of the company. Detail is as follows:

	Chief Executive		Director	
	2025	2024	2025	2024
	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	-	-	-	-
Allowances:	-	-	-	-
	-	-	-	-
Number of persons	1	1	6	6

30 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:

	2025	2024
	(Rupees in Million)	
Loan from Associated Concern		
Capital Industrial Enterprises (Private) Limited	(44.697)	(40.215)
Mark-up on loan from Associated Concern		
Capital Industrial Enterprises (Private) Limited	(7.158)	(9.478)
Loan from Director	(33.492)	(33.492)



31 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

In accordance with the requirements of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 1278(I)/2024 dated August 15, 2024, the company has disclosed its assets, liabilities, income and expenditure related to financing, investments and other income/expenses etc. between shariah and conventional elements as follows:

	2025			2024		
	Conventional	Shariah Compliant	Total	Conventional	Shariah Compliant	Total
Statement of Financial Position - Asset						
Long term investments	28,005,486		28,005,486	34,933,926		34,933,926
Cash and bank balances	1,142,693		1,142,693	789,321		789,321
Statement of Financial Position - Liabilities						
Contract liabilities - un-secured	44,696,519	33,491,574	78,188,093	40,214,841	33,491,574	73,706,415
Statement of Profit or Loss						
Revenue	-	23,681,012	23,681,012	-	20,238,606	20,238,606
Unrealized gain / (loss) on remeasurement of investment at	35,298		35,298	15,978		15,978



FINANCIAL RISK MANAGEMENT

32.1 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.

32.1.1 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 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:

	2025 Rupees	2024 Rupees
Floating rate instruments		
Financial liabilities		
Borrowings - Un secured	78,188,093	73,706,415

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.

32.1.2 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:



Investments	28,005,486	34,933,926
Long Term Deposits	223,560	223,560
Loans and Advances	240,363	445,661
Other Receivables	1,366,691	1,151,045
Stock in trade	5,703,839	1,125,058
Cash and Bank Balances	1,142,693	789,321
	36,682,632	38,668,571

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			2025	2024
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	21,453	21,453
Allied Bank Limited	A1+	AAA	PACRA	-	-
Silk Bank	A-2	A-	JCR-VIS	551,872	437,893
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
				579,087	465,108

The Company's exposure to credit risk and impairment losses related to trade debts is Nil because these relate to a number of independent customers from whom there is no recent history of default.

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.

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.

Contractual maturities of financial liabilities as at 30 Jun 2025

Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	1-2 Year
(Rupees)					

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	44,696,519	44,696,519	44,696,519	-	-
Mark-up on Borrowings	40,700,466	40,700,466	40,700,466	-	-
Trade and Other Payables	3,963,588	3,963,588	3,963,588	-	-
	122,852,147	122,852,147	122,852,147	-	-



Contractual maturities of financial liabilities as at 30 June 2024

Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	1-2 Year
(Rupees)					

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	40,214,841	40,214,841	40,214,841	-	-
Mark-up on Borrowings	33,542,563	33,542,563	33,542,563	-	-
Trade and Other Payables	3,420,488	3,420,488	3,420,488	-	-
	122,852,147	122,852,147	122,852,147		

32.2 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:

32.3 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 2025

Assets as per balance sheet

Long Term Investment - Equity Method	27,928,107	-	-	27,928,107
Long Term Investment - Available for sale	-	-	77,379	77,379
Long Term Deposits	-	223,560	-	223,560
Loans and Advances	-	240,363	-	240,363
Other Receivables	-	1,366,691	-	1,366,691
Bank Balances	-	579,087	-	579,087
	27,928,107	2,409,701	77,379	30,415,187

Financial liabilities at amortized cost

Rupees

Liabilities as per balance sheet

Long Term Loan from associated concern	44,696,519
Payable to Director	33,491,574
Mark-up on loan from associated concern	40,700,466
Trade and other payables	3,963,588
	122,852,147



As at 30 June 2024

Assets as per balance sheet

	Fair value through profit & loss account	Loans and receivables	Available for sale	Total
	Rupees	Rupees	Rupees	Rupees
Long Term Investment - Equity Method	34,891,845	-	-	34,891,845
Long Term Investment - Available for sale	-	-	42,081	42,081
Long Term Deposits	-	223,560	-	223,560
Loans and Advances	-	445,661	-	445,661
Other Receivables	-	1,151,045	-	1,151,045
Bank Balances	-	465,108	-	465,108
	34,891,845	2,285,374	42,081	37,219,300

Financial liabilities at amortized cost

Rupees

Liabilities as per balance sheet

Long Term Loan from associated concern	40,214,841
Payable to Director & Sponsors	33,491,574
Mark-up on loan from associated concern	33,542,563
Trade and other payables	3,420,488
	110,669,466

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 2025	Level 1	Level 2	Level 3	Total
			Rupees.....

Financial assets

Fair value through profit & loss financial asset	27,928,107	27,928,107
Available for sale financial asset	77,379	77,379

Total financial assets	28,005,486	-	-	28,005,486
-------------------------------	-------------------	----------	----------	-------------------

Recurring fair value measurements At 30 June 2024	Level 1	Level 2	Level 3	Total
			Rupees.....

Financial assets

Fair value through profit & loss financial asset	34,891,845	34,891,845
Available for sale financial asset	42,081	42,081

Total financial assets	34,933,926	-	-	34,933,926
-------------------------------	-------------------	----------	----------	-------------------



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 Consistent with 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 others in the adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. industry, the

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 company monitors 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

	2025 Rupees	2024 Rupees
Total borrowings	78,188,093	73,706,415
Cash and bank balances	(1,142,693)	(789,321)
	<u>77,045,400</u>	<u>72,917,094</u>
Total equity	(70,545,339)	(55,857,778)
	<u>6,500,061</u>	<u>17,059,316</u>
Gearing ratio	1185.30%	427.43%
	<u>2025 Rupees</u>	<u>2024 Rupees</u>
Remuneration	-	-
NUMBER OF EMPLOYEES		
Number of employees as at year end	6	8
Average Number of employees during the year	6	8
Other officers of the Company like Company secretary, Chief Financial officer etc. are not drawing salary.		



	2025	2024
INSTALLED CAPACITY		
DOP PLANT		
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.

RECLASSIFICATION OF EXPENSES

There is no material reclassification during the year

DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **02 October, 2025** by the board of directors of the company.

CORRESPONDING FIGURES

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

GENERAL

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

Chief Executive

Chief Financial Officer

Director



Operating Highlights

		2019	2020	2021	2022	2023	2024	2025
KEY INDICATORS								
OPERATING								
GROSS MARGIN	%						20.95%	15.43%
OPERATING MARGIN	%						1.06%	8.34%
PRE TAX MARGIN	%						(0.7059)	(1.2107)
NET MARGIN	%						(0.7404)	(1.2292)
PERFORMANCE								
RETURN ON ASSETS	%	(0.13010)	(0.16540)	(0.08310)	(0.21003)	0.05414	(0.27210)	(0.13520)
ASSETS TURNOVER	Times							
FIXED ASSETS TURNOVER	Times							
INVENTORY TURNOVER	Times							
RETURN ON EQUITY	%	(17.3870)	(15.7008)	(9.0475)	(15.9502)	(0.0559)	0.2683	0.1154
RETURN ON CAPITAL EMPLOYED	%	(2s.48s9)	(18.5110)	(9.3240)	(17.7874)	(0.1239)	0.0475	0.1134
LEVERAGES								
DEBT:EQUITY	Times	(2.0417)	(1.7487)	(1.9453)	(1.6218)	(1.8120)	(2.040)	(1.1083)
LIQUIDITY								
CURRENT	Times	0.0439	0.0428	0.0435	0.0509	0.0651	1.6181	0.1418
QUICK	Times	0.0439	0.0428	0.0435	0.0509	0.0577	0.1379	0.0691
VALUATION								
EARNING PER SHARE(PRE TAX)	Rs.	(0.6152)	(0.6051)	(0.3093)	(0.7513)	0.5783	(1.1900)	(2.3900)
EARNING PER SHARE(AFTER TAX)	Rs.	(0.5176)	(0.5973)	(0.3463)	(0.8670)	0.2608	(1.2487)	(2.4300)
HISTORICAL TRENDS								
TRADING RESULTS								
TURNOVER	Rs.	-	-	-		18,816	20,239	23,681
GROSS PROFIT/(LOSS)	Rs.	-	-	-		7,093	4,240	3,653
OPERATING PROFIT	Rs.	(2,563)	(2,451)	(2,492)	(4,255)	(1,196)	214	1,974
PROFIT/(LOSS) BEFORE TAX	Rs.	(7,383)	(7,261)	(3,712)	(9,015)	6,939	(14,287)	(28,669)
PROFIT/(LOSS) AFTER TAX	Rs.	(6,211)	(7,168)	(4,155)	(10,404)	3,129	(14,984)	(29,107)
FINANCIAL POSITION								
SHAREHOLDERS FUNDS	Rs.	(35,722)	(45,652)	(45,928)	(56,521)	(56,002)	(64,297)	(70,545)
PROPERTY, PLANT AND EQUIPMENT	Rs.	13,912	13,127	12,405	11,738	14,373	13,650	10,555
LONG TERM ASSETS	Rs.	44,384	39,794	46,070	44,431	50,981	48,808	38,784
LONG TERM LIABILITIES	Rs.	-	-	-	-	-	40,214	44,696
TOTAL ASSETS	Rs.	47,751	43,325	49,976	49,536	57,811	55,064	52,602
TOTAL CURRENT ASSETS	Rs.	3,368	3,531	3,906	5,105	6,829	6,256	11,125
TOTAL LIABILITIES	Rs.	76,720	62,553	89,784	100,219	104,976	110,922	123,148
TOTAL DEBT	Rs.	59,147	66,597	77,437	82,197	77,411	78,188	73,706

**FORM 20****THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**1.1 Name of the Company **SHAFFI CHEMICAL INDUSTRIES LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2025

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
302	1	100	21,943
329	101	500	156,832
114	501	1,000	110,648
170	1,001	5,000	512,851
58	5,001	10,000	466,683
20	10,001	15,000	251,508
6	15,001	20,000	119,000
5	20,001	25,000	110,502
3	25,001	30,000	87,000
2	30,001	35,000	63,500
3	35,001	40,000	117,000
2	55,001	60,000	119,500
2	60,001	65,000	125,500
1	90,001	95,000	92,223
1	95,001	100,000	100,000
1	110,001	115,000	113,000
1	125,001	130,000	130,000
1	175,001	180,000	176,000
1	195,001	200,000	200,000
1	210,001	215,000	214,950
1	250,001	255,000	255,000
1	390,001	395,000	394,500
1	415,001	420,000	416,360
1	545,001	550,000	547,960
1	680,001	685,000	685,000
1	750,001	755,000	752,300
1	2,005,001	2,010,000	2,006,000
1	3,650,001	3,655,000	3,654,240
1,031			12,000,000



2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	1,296,950	10.8079%
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	6,349,133	52.9094%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- Joint Stock Companies	17,175	0.1431%



SHAFFI CHEMICAL INDUSTRIES LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2025

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. QAISER SALEEM KHAN	500	0.0042
6	MR. IMRAN KABIR	500	0.0042
7	MRS. SEEMA IFTIKHAR	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 interest 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

Dear Sir, please check at your end



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 Estate, Swabi Khyber Pakhtoonkhwa on Monday 27th October, 2025 at 10:00 a.m. and any adjournment thereof.

As witnessed given under my/our hand(s) _____ day of _____ 2025.

1) Witness:



Signature _____

Name _____

Address _____

Signature of Member

2) Witness:

Signature _____ Shares Held _____

Name _____ Shareholder's Folio No. _____

Address _____ 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 hall 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 _____

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

_____ کے _____

کمپنی سالانہ اجلاس عام جو کہ 27 اکتوبر 2025 بروز پیر صبح 10 بجے ہمارے رجسٹرڈ آفس، پلاٹ نمبر، 2 کدوں انارے انڈسٹریل اسٹیٹ اسٹیٹ صوابی خیبر پختونخواہ میں منعقد ہوگا میں کمپنی کا کوئی دوسرا ممبر (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 _____ 2025

(1) گواہ

دستخط

نام

پتہ

ممبر کے دستخط

ذریعہ ملکیت حصص

شیئر ہولڈر کا فوینمبر

سی ڈی سی 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 شیئر 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/ریزروشن/پاور آف اٹارنی کے ساتھ نمونے کے دستخط جمع کروانے ہوں گے (جب تک یہ پہلے فراہم نہیں کئے گئے)۔