



ITTEHAD CHEMICALS LIMITED

ICL/KSE-112/15
August 28, 2015

FORM - 3
FAX NO. 021- 111 573 329

The General Manager
Karachi Stock Exchange (G) Limited
Stock Exchange Building
Stock Exchange Road
KARACHI-74000

BY T.C.S
UNDER SEALED COVER

SUB: FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2015

Dear Sir

We have to inform you that the Board of Directors of the Company in their meeting held on August 28, 2015 at 11:00 a.m. at the Registered Office of the Company, 39-Empress Road, Lahore, has determined the following:

CASH DIVIDEND

A final Cash Dividend for the year ended June 30, 2015 at **Rs. 1 per share i.e. 10%**.

BONUS SHARES

Nil

RIGHT SHARES

Issuance of 30% Right Shares in proportion of 30 shares for every 100 shares held on entitlement date at Rs 20/- per share (including premium of Rupees 10/- per share)

FINANCIAL RESULTS

The financial results of the Company are attached as per Annexure "A"

ANY OTHER PRICE SENSITIVE INFORMATION

The Board of directors has approved to initiate work on IEM Plant-2 Phase-II having capacity 25,000 M. Ton Per Annum. Total Project Cost of IEM Plant (Phase II) is estimated Rupees 750 Million which will be financed through Equity (Right Issue) Rupees 300 Million and Long term loan of Rupees 450 Million. The new IEM Plant-2 (Phase-II) shall further contribute towards the Company's profitability.

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ITTEHAD

www.ittehadchemicals.com

Registered/Head Office: 39, Empress Road, Lahore, Pakistan. Tel: +92 42 3630 6586-88

Fax: +92 42 3636 5697 (A/Cs), 3636 7023 (Marketing) & 3636 5625 (Purchase)

Karachi Office: Town House No. 43-H/II, Street 43, Block 6, P.E.C.H.S., Karachi, Pakistan. Tel: +92 21 3452 7314-15 Fax: +92 21 3452 7321

Factory: G.T. Road, Kala Shah Kaku, District Shekhupura, Pakistan. Tel: +92 42 3795 0222-25 Fax: +92 42 3795 0206





ITTEHAD CHEMICALS LIMITED

Book Closure for Dividend / Right Entitlement

The shares transfer books of the Company will remain closed from **17th October, 2015 to 23rd October, 2015 (both days inclusive)**. Transfers received at the Share Registrar Office, M/s CORPLINK (PVT.) LIMITED, Wings Arcade, 1-K, Commercial, Model Town, Lahore, Telephone Numbers 042-35839182, 35887262, Fax No. 042-35869037 at the close of business on 16th October, 2015 will be treated in time for the purpose of entitlement of Cash Dividend / Right shares to the transferees and for the purpose of attending and vote in the Annual General Meeting of the Company.

The Annual General Meeting of the Company, after KSE approval, will be held on **Friday, 23rd October, 2015 at 11:00 A.M.** at the **registered office of the Company, 39- Empress Road, Lahore.**

We are further pleased to produce the following as required under issue of Capital Rules 1996:

- A statement containing purpose of Right Issue, benefits to the Company, use of funds and financial projections duly signed by all the directors present in the Meeting as per Annexure "B".
- Auditor's Certificate in justification of Share Premium under Rule 5 of Issue of Capital Rules 1996 as per Annexure "C". The premium on Right shares (being charged by the company) is not exceeding its free reserve.

We will be sending you 200 copies of printed accounts of the Company for distribution amongst the members of the Exchange 21 days before the date of AGM.

A confirmatory copy under sealed cover follows by T. C. S.

Thanking You.

Yours truly

For ~~Ittehad Chemicals Limited~~


Abdul Mansoor Khan
Company Secretary



Encl: A.A

Cc: The Director Enforcement, Securities and Exchange Commission of Pakistan, NIC Building, Jinnah Avenue, Blue Area, Islamabad

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CERTIFICATE # 9911964

ITTEHAD CHEMICALS LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE PERIOD ENDED JUNE 30, 2015

	2015	2014
	(Rupees in thousand)	
Sales	4,045,537	4,103,853
Cost of sales	<u>(3,622,599)</u>	<u>(3,290,826)</u>
Gross profit	422,938	813,027
Selling and distribution expenses	(245,744)	(231,679)
General and administrative expenses	(159,516)	(163,506)
Other operating expenses	(787)	(22,770)
Other income	<u>13,878</u>	<u>10,300</u>
	<u>(392,169)</u>	<u>(407,655)</u>
Operating profit	30,769	405,372
Financial charges	(108,886)	(133,222)
Fair value gain on investment property	<u>4,200</u>	<u>9,000</u>
(Loss) / profit before taxation	<u>(73,917)</u>	<u>281,150</u>
Taxation	<u>158,404</u>	<u>(80,774)</u>
Profit after taxation	<u>84,487</u>	<u>200,376</u>
Earning per share - Basic and diluted (Rupees)	<u>1.69</u>	<u>4.01</u>





ITTEHAD CHEMICALS LIMITED

STATEMENT OF PURPOSE, BENEFITS, USE OF FUNDS AND FINANCIAL PROJECTIONS

PURPOSE OF RIGHT ISSUE	The purpose of Right Issue is to ensure availability of funds for setting up IEM Plant 2 (Phase-II) having capacity 25,000 M. Ton Per Annum) which is cost efficient. The management of the company is persistently taking cost efficient measures as the production process of the Company is power intensive; accordingly, fuel expense accounted around 60% of cost of sales.				
BENEFITS TO THE COMPANY	The new IEM Plant-2 (Phase II) is cost efficient and shall make its contribution towards the Company's profitability. It will further entail the following benefits:				
	Cost efficient	Reduce financial cost	Improved Liquidity	Increase in Profitability	Strengthening the equity
USE OF FUNDS	The funds accumulated through Right will be utilized to set up IEM Plant 2 (Phase-II) having capacity 25,000 M. Ton Per Annum) which is cost efficient. Total Project Cost of IEM Plant (Phase II) is projected Rupees 750 Million which will be financed through Equity (Right Issue) = Rs. 300 Million & Long term Debt = Rs. 450 Million				

Financial Projections based on anticipated benefits are given below

Particulars	Rupees				
	2015-16	2016-17	2017-18	2018-19	2019-20
Turnover	5,596,501,647	5,863,238,036	5,863,238,036	5,863,238,036	5,801,867,688
Profit	364,897,217	368,157,578	347,596,855	404,572,132	394,852,641
EPS	6.08	6.14	5.79	6.74	6.58
Paid Up Share Capital	650,000,000	650,000,000	650,000,000	650,000,000	650,000,000

NOTE: The aforesaid financial projections are based on the Directors' judgment in the prevailing business scenario. The Company or its directors will not accept any liability for any investment decisions by any person on the basis of the above financial projections.

Mr. Muhammad Siddique

Mr. Abdull Sattar Khatri

Mr. Abdull Ghafoor Khatri

Ms. Farhana Abdull Sattar Khatri

Mr. Waqas Siddiq Khatri

Mr. Ahmed Mustafa

Mr. Pervaiz Ahmad Khan



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Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block C,
Lakson Square, Building No. 1
Sarwar Shaheed Road
Karachi-74200
Pakistan

Chief Executive
Ittehad Chemicals Limited
39, Empress Road, Lahore.

August 28, 2015
I-30/AA-0432/15

FREE RESERVES PER SHARES AS AT JUNE 30, 2015

Dear Sir,

We confirm that the free reserves of **ITTEHAD CHEMICALS LIMITED** as at June 30, 2015 as per the audited financial statements as on that date stand as under:

	June 30, 2015 Audited (Rupees in thousands)
Un-appropriated profit	1,078,189
Less:	
Contingencies and commitments	(429,495)
Intangible assets (Including goodwill)	(12,787)
	(442,282)
Free reserves	635,907
Number of ordinary shares outstanding (in thousands)	50,000
Free reserves per share (Rupees)	12.72

The above amounts have been computed as per the definition of free reserves given in Rule 5 of the Companies (Issue of Capital) Rules, 1996. Free reserves computed above does not account for 10% dividend (i.e. Re. 1 per share) recommended by the Board of Directors in their meeting held on August 28, 2015. Free reserves per share after considering dividend recommended by the Board of Directors would amount to Rs. 11.72 per share.

The above computation of free reserves is based on the audited financial statements for the year ended June 30, 2015.

This letter is being issued at the request of the Company for the purpose of issue of right shares in accordance with Rule 5 of the Companies (Issue of Capital) Rules, 1996.

Yours faithfully,

BDO EBRAHIM & CO.