

3rd Quarterly Report
March 31, **2023**



**GROWING
STRONGER
MAKING IT
HAPPEN**



ITTEHAD CHEMICALS LIMITED

ITTEHAD CHEMICALS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED MARCH 31, 2023 (UN-AUDITED)

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Corporate Information

BOARD OF DIRECTORS	Mr. Muhammad Siddique Khatri Mr. Abdul Sattar Khatri Mr. Waqas Siddiq Khatri Mr. Ahmed Mustafa Mrs. Farhana Abdul Sattar Khatri Mr. Ali Asrar Hossain Aga Mr. Pervez Ismail	Chairman Director/CEO Director Director Director Director Director	Non-Executive Director Executive Director Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director
AUDIT COMMITTEE	Mr. Pervez Ismail Mr. Ahmed Mustafa Mr. Ali Asrar Hossain Aga	Chairman Member Member	
HR & REMUNERATION COMMITTEE	Mr. Ali Asrar Hossain Aga Mr. Ahmed Mustafa Mr. Waqas Siddiq Khatri	Chairman Member Member	
RISK MANAGEMENT COMMITTEE	Mr. Muhammad Siddique Khatri Mr. Abdul Sattar Khatri Mr. Waqas Siddiq Khatri	Chairman Member Member	
CHIEF FINANCIAL OFFICER	Mr. Muhammad Asif Khan		
COMPANY SECRETARY	Mr. Abdul Mansoor Khan		
REGISTERED OFFICE/HEAD OFFICE	39-Empress Road, P.O. Box 1414, Lahore-54000. Tel: 042 - 36306586 - 88, Fax: 042 - 36365697 Website: www.ittehadchemicals.com , E-mail: info@ittehadchemicals.com		
FACTORY/PLANT	G.T. Road, Kala Shah Kaku, District Sheikhupura. Ph: 042 - 37950222 - 25, Fax: 042 - 37950206		
SHARES REGISTRAR	M/s. Hameed Majeed Associates (Pvt) Limited 1 st Floor, H.M. House, 7 Bank Square The Mall, Lahore. Tel: 042 - 37235081 - 82		
BANKERS	<u>Banks - Conventional Side</u> Askari Bank Limited Allied Bank Limited Faysal Bank Limited Habib Metro Bank Limited MCB Bank Limited National Bank of Pakistan JS Bank Limited Pak Libya Holding Co. (Pvt.) Ltd. Pak Brunei Inv. Company Ltd. The Bank of Punjab United Bank Limited Samba Bank Limited Soneri Bank Limited	<u>Banks - Islamic Window Operations</u> Al-Baraka Bank (Pakistan) Limited The Bank of Punjab (Taqwa Islamic Banking) Dubai Islamic Bank (Pak) Limited Bank Alfalah Limited - Islamic-Banking	
AUDITORS	M/s. BDO Ebrahim & Co., Chartered Accountants, 2 nd Floor, Block- C, Lakson Square Building No.1, Sarwar Shaheed Road, Karachi. Ph: 021 - 35683189, 35683498, Fax : 021 - 35684239		
LEGAL ADVISOR	Cornelius, Lane & Mufti Advocates & Solicitors Nawa-e-Waqt House 4 - Shahrah-e-Fatima Jinnah Lahore-54000		

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the standalone un-audited condensed interim financial statements of the Company for the third quarter and nine months ended March 31, 2023.

During the period under review, the Company posted net sales revenue of Rupees 18,382 Million (2022: Rupees 10,878 Million) denoting an increase of 69% from the corresponding period of last year. The cost of sales was Rupees 14,661 Million (2022: Rupees 9,482 Million) bringing gross profit to Rupees 3,722 Million (2022: Rupees 1,396 Million). The gross profit margin improved to 20% from 13% vis-à-vis the corresponding period of last year primarily on account of increased exports of Company's products in the international market. The bottom line showed a net profit after tax of Rupees 1,322 Million (2022: Rupees 374 Million) which yielded earnings per share of Rupees 13.22 (2022: Rupees 3.74 per share).

The current economic and political situation of the country poses several challenges to the business community. The inflationary pressures, liquidity crunch, high-interest rates, upsurge in LESCO tariff and devaluation of the Pak rupee are some of the challenges faced by the industry in general and chemical industry in particular. Hence, there is an urgent need for prompt and effective remedial actions on the part of Government to curb macroeconomic imbalances prevailing in the economy. Despite the difficult economic situation, the company successfully maintained its growth momentum during the period under review. The wholly owned subsidiary i.e. Ittehad Salt Processing (Pvt.) Limited is in the process of acquiring Mining Lease from the concerned Government Department.

VIS Credit Rating Company Limited (VIS) has maintained entity ratings of the Company at "A-/A-2". The medium to long term rating of "A-" signifies good credit quality with adequate protection factors. The short-term rating of "A-2" denotes good certainty of timely payments coupled with sound liquidity and company fundamentals. The outlook on the rating has been revised from "Positive" to "stable" as announced on March 30, 2023.

The Board is thankful to the valuable Members, Customers, Suppliers, Banks, and Government departments for their trust, confidence, persistent support, and patronage and would like to place on record its gratitude to all the Employees of the company for their contribution, dedication, and hard work.

On behalf of the Board



Lahore
April 26, 2023

Muhammad Siddique Khatri
Chairman



Abdul Sattar Khatri
Chief Executive Officer

ڈائریکٹر رپورٹ

آپ کی کمپنی کے ڈائریکٹر 31 مارچ 2023ء کو اختتام پذیر ہونے والی تیسری سہ ماہی اور رواں مالی سال کے پہلے نو ماہ کے غیر مربوط غیر پڑتال شدہ بین المدتی مختصر مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ مدت کے دوران، کمپنی کی فروخت گزشتہ سال کے اسی عرصہ کے مقابلے میں 69% فیصد اضافے کے ساتھ 18,382 ملین روپے (2022:10,878 ملین روپے) رہی۔ فروخت کی لاگت 14,661 ملین روپے (2022:9,482 ملین روپے) رہی جس سے کمپنی کا خام منافع 3,722 ملین روپے (2022:1,396 ملین روپے) بنتا ہے۔ بنیادی طور پر بین الاقوامی مارکیٹ میں کمپنی کی مصنوعات کی برآمدات میں اضافے کی وجہ سے خام منافع کا تناسب گزشتہ سال کے اسی عرصے کے مقابلے میں 13% فیصد سے بڑھ کر 20% فیصد ہو گیا۔ ٹیکس کی ادائیگی کے بعد گوشوارے کی آخری سطر مبلغ 1,322 ملین روپے (2022:374 ملین روپے) کا منافع ظاہر کرتی ہے جس کے نتیجے میں فی حصص 13.22 روپے (2022:3.74 روپے فی حصص) کی آمدنی ہوئی۔

ملک کی موجودہ معاشی اور سیاسی صورت حال کاروباری برادری کے لیے کئی چیلنجز کا باعث ہے۔ افراط زر کا دباؤ، لیکویڈیٹی کی کمی، بلند شرح سود، لیسکو ٹیرف میں اضافے کے ساتھ ساتھ پاکستانی روپے کی قدر میں کمی عام طور پر صنعت اور خاص طور پر کیمیکل صنعت کو پیش چند چیلنجز ہیں۔ لہذا معیشت میں موجود میکرو اکنامک عدم توازن پر قابو پانے کے لیے حکومت کی جانب سے فوری اور موثر اصلاحی اقدامات کی اشد ضرورت ہے۔ مشکل معاشی صورت حال کے باوجود، کمپنی نے زیر جائزہ مدت کے دوران کامیابی کے ساتھ اپنی ترقی کی رفتار کو برقرار رکھا۔ مکمل ملکی ذیلی کمپنی یعنی اتحاد سالت پروسیڈنگ (پرائیویٹ) لمیٹڈ متعلقہ سرکاری محکمے سے کان کنی لیز حاصل کرنے کے عمل میں ہے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے کمپنی کی درجہ بندی کو "A-2/A-1" پر برقرار رکھا ہے۔ "A-" کی درمیانی سے طویل مدتی درجہ بندی مناسب تحفظ کے عوامل کے ساتھ اچھے کریڈٹ کوالٹی کی نشاندہی کرتی ہے۔ "A-2" کی مختصر مدت کی درجہ بندی درست لیکویڈیٹی اور کمپنی کے بنیادی اصولوں کے ساتھ بروقت ادائیگیوں کی اچھی یقین دہانی کو ظاہر کرتی ہے۔ 30 مارچ 2023ء کو جاری کردہ درجہ بندی پر نقطہ نظر کو "مثبت" سے "مستحکم" کر دیا گیا ہے۔

بورڈ قابل قدر حصص داران، سپلائرز، صارفین، بینکوں اور سرکاری محکموں کی جانب سے ان کے اعتماد، مسلسل تعاون اور سرپرستی پر شکر گزار ہے اور کمپنی کے تمام ملازمین کا ان کے تعاون، لگن اور محنت کے لیے شکریہ ادا کرتا ہے۔

منجانب بورڈ



محمد صدیق کھتری
چیرمین

لاہور

26 اپریل 2023ء



عبدالستار کھتری
چیف ایگزیکٹو آفیسر

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2023

	Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
----- (Rupees in thousand) -----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	6,091,455	6,298,108
Operating fixed assets		619,877	396,152
Capital work in progress	7	<u>6,711,332</u>	<u>6,694,260</u>
Intangible assets		1,022	1,440
Investment property		408,750	408,750
Long term Investments		2,500	2,500
Long term deposits		<u>60,473</u>	<u>51,758</u>
		<u>7,184,077</u>	<u>7,158,708</u>
CURRENT ASSETS			
Stores and spares		584,774	495,567
Stock in trade		1,420,432	2,168,526
Trade debts		2,026,014	1,787,468
Loans and advances	8	164,036	278,928
Trade deposits and short term prepayments		41,021	27,367
Tax refunds due from Government		613,366	529,429
Taxation - net		-	224,526
Short term Investments		34,500	-
Cash and bank balances		<u>702,966</u>	<u>194,542</u>
		<u>5,587,109</u>	<u>5,706,353</u>
TOTAL ASSETS		<u><u>12,771,186</u></u>	<u><u>12,865,061</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	9.1	<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid up capital	9.2	1,000,000	1,000,000
Share premium money		177,000	177,000
Unappropriated profit		3,739,931	2,618,421
Merger Reserves		(6,445)	(6,445)
Surplus on revaluation of fixed assets		<u>1,392,042</u>	<u>1,392,042</u>
		<u>6,302,528</u>	<u>5,181,018</u>
NON CURRENT LIABILITIES			
Long term financing	10	812,348	670,698
Long term diminishing musharaka	11	296,564	577,566
Lease Liabilities		2,899	9,300
Deferred liabilities		535,273	621,789
Deferred grant		<u>34,555</u>	<u>30,094</u>
		<u>1,681,639</u>	<u>1,909,447</u>
CURRENT LIABILITIES			
Trade and other payables		3,560,211	3,231,916
Unclaimed dividend		2,875	2,308
Mark-up accrued		68,779	82,866
Short term borrowings		371,745	1,790,853
Current portion of lease liabilities		8,807	8,807
Current portion of deferred grant		13,381	19,697
Current portion of long term liabilities		634,934	638,149
Taxation - net		<u>126,287</u>	<u>-</u>
		<u>4,787,019</u>	<u>5,774,596</u>
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>12,771,186</u></u>	<u><u>12,865,061</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

		Nine months ended March 31,		Quarter ended March 31,	
	Note	2023	2022	2023	2022
----- (Rupees in thousand) -----					
Sales - net		18,382,339	10,877,635	6,363,216	4,079,853
Cost of sales	13	(14,660,659)	(9,481,885)	(4,841,692)	(3,513,215)
Gross profit		3,721,680	1,395,750	1,521,524	566,638
Selling and distribution expenses		(1,273,424)	(488,672)	(526,162)	(164,896)
General and administrative expenses		(207,754)	(170,996)	(76,178)	(58,801)
Other operating expenses		(139,028)	(41,902)	(63,160)	(18,345)
Other operating income		150,354	47,896	75,882	14,886
		(1,469,852)	(653,674)	(589,618)	(227,156)
Operating profit / loss		2,251,828	742,076	931,906	339,482
Financial charges		(440,944)	(203,718)	(118,362)	(67,804)
Profit / (loss) before taxation		1,810,884	538,358	813,544	271,678
Taxation		(489,374)	(164,007)	(247,017)	(80,749)
Profit / (loss) after taxation		1,321,510	374,351	566,527	190,929
Earnings per share - basic and diluted (Rupees)	14	13.22	3.74	5.67	1.91

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

Note	Nine months ended March 31,		Quarter ended March 31,	
	2023	2022	2023	2022
	----- (Rupees in thousand) -----			
Profit / (loss) for the period	1,321,510	374,351	566,527	190,929
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>1,321,510</u>	<u>374,351</u>	<u>566,527</u>	<u>190,929</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Nine months ended March 31,	
	2023	2022
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,810,884	538,358
Adjustments for items not involving movement of funds:		
Depreciation	459,374	360,628
Amortisation of intangible assets	418	93
Provision for gratuity	18,020	13,670
Loss on sale of fixed assets	(865)	(1,054)
Loss / (Gain) on foreign exchange	(124,301)	(13,760)
Provision for obsolete stores	13,500	13,500
Financial charges	440,944	203,718
Net cash flow before working capital changes	<u>2,617,974</u>	<u>1,115,153</u>
Decrease / (increase) in current assets		
Stores and spares	(102,707)	(149,999)
Stock in trade	748,094	133,035
Trade debts	(114,244)	(255,634)
Loans and advances	114,892	186,260
Trade deposits and short term prepayments	(13,654)	7,086
Tax refunds due from the Government	130,831	25,476
	<u>763,212</u>	<u>(53,776)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	328,295	410,423
Cash generated from operations	<u>3,709,481</u>	<u>1,471,800</u>
Income taxes paid	(449,841)	(164,494)
Gratuity paid	(8,024)	(4,681)
Financial charges paid	(465,704)	(207,222)
Net cash (used in) / generated from operating activities	<u>2,785,912</u>	<u>1,095,403</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets - net	(36,810)	(47,769)
Additions to intangible assets	-	(1,672)
Additions to capital work in progress	(431,619)	(1,005,215)
Proceeds from sale of operating fixed assets	3,520	1,915
Long term Investments	-	(2,400)
Long term deposits	(8,715)	(76)
Net cash used in investing activities	<u>(473,624)</u>	<u>(1,055,217)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	325,993	678,549
Repayment of long term financing	(189,416)	(107,197)
Repayment of long term diminishing musharaka	(281,002)	(281,002)
Repayment of lease Liability	(6,399)	(5,303)
Dividend paid	(199,433)	(3,310)
Short term borrowings	(1,419,107)	(391,152)
Net cash inflow from financing activities	<u>(1,769,364)</u>	<u>(109,415)</u>
Net increase in cash and cash equivalents	542,924	(69,229)
Cash and cash equivalents at the beginning of the period	194,542	338,635
Cash and cash equivalents at the end of the period	<u>737,466</u>	<u>269,406</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Share capital	Surplus on revaluation of fixed assets	Balance arising upon merger	Share premium money	Unappropriated profit	Total
	----- (Rupees in thousand) -----					
Balance as at July 01, 2021	847,000	1,392,042		330,000	2,305,352	4,874,394
Transaction with owners:						
Bonus Shares Issued @ 18.06%	153,000			(153,000)	-	-
Total Comprehensive income for the period	-	-		-	374,351	374,351
Balance as at March 31, 2022	1,000,000	1,392,042	-	177,000	2,679,703	5,248,745
Transaction with owners:						
Interim cash dividend @ Rs. 1 per share	-			-	(100,000)	(100,000)
Total Comprehensive income for the period:						
Profit for the period	-	-		-	40,188	40,188
Remeasurement of defined benefit liability - net	-	-		-	(1,470)	(1,470)
Adjustment of goodwill upon merger	-	-	(6,445)	-	-	(6,445)
Balance as at June 30, 2022	1,000,000	1,392,042	(6,445)	177,000	2,618,421	5,181,018
Transaction with owners:						
Interim cash dividend @ Rs. 2 per share				-	(200,000)	(200,000)
Total Comprehensive income for the period		-	-	-	1,321,510	1,321,510
Balance as at March 31, 2023	1,000,000	1,392,042	(6,445)	177,000	3,739,931	6,302,528

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS - (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

Ittehad Chemicals Limited (the Company) was incorporated on September 28, 1991 and is listed on Pakistan Stock Exchange Limited. The company is engaged in the business of manufacturing and selling caustic soda and other allied chemicals.

The Company holds 100% shares of Ittehad Salt Processing (Private) Limited (subsidiary company), which is a private limited company and incorporated in Pakistan under the Companies Act, 2017 on December 03, 2019, as a company limited by shares. The subsidiary company is engaged in the business of exploring, operating, and working on mines and quarries. The registered office of the subsidiary company is situated at 31-A, Tech Society, Canal Bank, Lahore. The Chief Executive of the subsidiary company is Ahmed Mustafa.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 39, Empress Road, Lahore. The manufacturing facility of the Company is located at G.T Road Kala Shah Kaku District Sheikhupura and regional offices are located as follows:

Regional office	Office address
Karachi	Town House No. 44-N/1-A, Razi Road, Block-6, P.E.C.H.S. Karachi.
Faisalabad	3rd Floor, Habib Bank Building, Circular Road, Faisalabad.
Islamabad	2nd Floor, Quaid Plaza, office No.15, Markaz I-9, Islamabad.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial statements are unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2022 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative balance sheet presented in this condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2022, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the nine months period ended March 31, 2022.

3.2 Basis of measurement

This condensed interim financial statements have been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value, investment property at fair value and certain operating fixed assets at revalued amounts.

3.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2022.

4.2 The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2022. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial statements. There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2022. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial statements.

5 ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial information for the year ended June 30, 2022.

	Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
---- (Rupees in thousand)----			
6 OPERATING FIXED ASSETS			
Fixed Assets	6.1	6,086,035	6,289,161
Right of use Assets	6.2	5,420	8,947
		6,091,455	6,298,108
6.1 Opening net book value (NBV)		6,289,161	5,709,033
Additions (at cost) during the period / year	6.1.1	255,377	1,118,220
		6,544,538	6,827,253
Disposals (at NBV) during the period / year	6.1.2	(2,655)	(27,686)
Depreciation charged during the period / year		(455,848)	(510,406)
		(458,503)	(538,092)
Closing net book value (NBV)		6,086,035	6,289,161
6.1.1 Details of additions (at cost) during the period / year are as follows:			
Freehold Land		-	-
Building		115,851	49,948
Plant and machinery		103,110	993,738
Other equipment		79	17,664
Furniture and fixtures		451	1,251
Office and other equipment		1,784	6,166
Vehicles - owned		34,102	49,453
		255,377	1,118,220
6.1.2 Details of disposals (at NBV) during the period / year are as follows:			
Building		-	-
Plant and machinery		-	23,364
Furniture and fixtures		387	-
Office and other equipment		1,299	-
Vehicles		969	4,322
		2,655	27,686
6.2 Right of use Assets			
Opening net book value (NBV)		8,947	13,649
Re-measurement		-	-
Disposal (at WDV) during the period / year		-	-
Depreciation charged during the period / year		(3,527)	(4,702)
		5,420	8,947
7 CAPITAL WORK IN PROGRESS			
Advances		1,639	13,846
Building	7.1	35,394	24,388
Plant and machinery	7.1	582,844	357,918
		619,877	396,152

7.1 Movement of carrying amount

	Building (Rupees in thousand)	Plant & Machinery
Period Ended March 2023		
Opening balance July 2021	24,388	357,918
Additions (at cost)	43,642	410,856
Transferred to operating fixed assets	(32,636)	(185,930)
Closing balance	<u>35,394</u>	<u>582,844</u>
Year Ended June 2022		
Opening balance July 2021	12,247	243,547
Additions (at cost)	46,684	1,073,548
Transferred / Adjustment	15,406	63,499
Transferred / Adjustment	-	(15,406)
Transferred to operating fixed assets	(49,949)	(1,007,270)
Closing balance	<u>24,388</u>	<u>357,918</u>
	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in thousand)	

8 LOAN AND ADVANCES

Advances - (Unsecured - considered good)			
To employees	8.1	21,352	19,390
Advance to supplies and services (Unsecured)			
Considered good		139,962	122,984
Considered doubtful		1,374	1,374
		<u>141,336</u>	<u>124,358</u>
Other advance		-	135,000
Against import		2,722	1,554
		<u>165,410</u>	<u>280,302</u>
Less: Provision for doubtful advances		1,374	1,374
		<u>164,036</u>	<u>278,928</u>

8.1 This includes advance to employees against salaries in accordance with the terms of their employment. These advances are unsecured, interest free and deductible from their salaries.

9 SHARE CAPITAL

9.1 Authorized share capital

175,000,000 (June 30, 2022: 175,000,000) ordinary shares of Rs. 10/- each	1,750,000	1,750,000
25,000,000 (June 30, 2022.: 25,000,000) preference shares of Rs. 10/- each	250,000	250,000
	<u>2,000,000</u>	<u>2,000,000</u>

March 31,
2023
(Unaudited)
----- (Rupees in thousand)-----

June 30,
2022
(Audited)

9.2 Issued, subscribed and paid up share capital

27,100,000 (June 30, 2022: 27,100,000) ordinary shares of Rs. 10/- each fully paid in cash	271,000	271,000
24,900,000 (June 30, 2022: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash	249,000	249,000
48,000,000 (June 30, 2022: 48,000,000) fully paid bonus shares of Rs. 10/- each	480,000	480,000
	<u>1,000,000</u>	<u>1,000,000</u>

10 LONG TERM FINANCING

From banking companies and financial institutions - secured		
Balance as at July 01	921,842	419,787
Obtained during the period / year	325,993	678,550
Adjustment as deferred grant - net	1,858	(44,677)
Repayments made during the period / year	(189,416)	(131,818)
	<u>1,060,277</u>	<u>921,842</u>
Current portion shown under current liabilities	(247,929)	(251,144)
	<u>812,348</u>	<u>670,698</u>

11 LONG TERM DIMINISHING MUSHARAKA

From banking companies and financial institutions - secured		
Balance as at July 01	964,571	1,351,575
Obtained during the period / year	-	-
Repayments made during the period / year	(281,002)	(387,004)
	<u>683,569</u>	<u>964,571</u>
Current portion shown under current liabilities	(387,005)	(387,005)
	<u>296,564</u>	<u>577,566</u>

12 CONTINGENCIES AND COMMITMENTS

12 Contingent liabilities

- a) Letters of guarantee outstanding as at March 31, 2023 were Rs. 479.583 million (June 2022: Rs. 470.908 million)
- b) Other contingencies are not materially different from those as disclosed in preceding annual financial statements for the year ended June 30, 2022.

13 Commitments

Commitments as on March 31, 2023 were as follows:

- a) Against letters of credit amounting to Rs. 877.855 million (June 30, 2022: Rs. 1,427.79 million).
- b) Against purchase of land amounting to Rs. 1.639 million (June 30, 2022: Rs. 1.639 million).

----- (Unaudited) -----			
Nine months ended	2022	Quarter ended March	2022
2023	2022	2023	2022
----- (Rupees in thousand) -----			

13 COST OF SALES

Raw materials consumed	7,303,549	3,846,934	1,922,147	1,407,398
Other overheads:				
Stores, spares and consumables	221,006	223,256	88,277	65,210
Packing materials consumed	183,401	115,362	68,904	35,405
Salaries, wages and other benefits	530,281	439,906	173,883	146,544
Fuel and power	5,776,761	4,464,644	1,905,708	1,645,357
Repair and maintenance	62,429	29,561	34,131	8,650
Rent, rates and taxes	9,001	6,936	2,668	2,302
Insurance	13,172	10,428	4,132	3,728
Depreciation	442,274	347,653	148,534	116,436
Vehicle running expenses	18,802	12,423	6,233	4,224
Telephone, telex and postage	753	775	270	289
Printing and stationery	1,213	226	57	99
Provision for slow moving stores & spares	13,500	13,500	-	4,500
Other expenses	4,198	2,746	1,611	1,645
	<u>7,276,791</u>	<u>5,667,416</u>	<u>2,434,408</u>	<u>2,034,389</u>
Opening work in process	53,901	43,626	63,900	48,634
Closing work in process	(68,277)	(50,730)	(68,277)	(50,730)
	<u>(14,376)</u>	<u>(7,104)</u>	<u>(4,377)</u>	<u>(2,096)</u>
Cost of goods manufactured	14,565,964	9,507,246	4,352,178	3,439,691
Cost of stores traded	7,178	14,774	-	2,424
Opening stock of finished goods	667,255	444,948	1,069,252	556,183
Closing stock of finished goods	(579,738)	(485,083)	(579,738)	(485,083)
	<u>87,517</u>	<u>(40,135)</u>	<u>489,514</u>	<u>71,100</u>
	<u>14,660,659</u>	<u>9,481,885</u>	<u>4,841,692</u>	<u>3,513,215</u>

----- (Unaudited) -----
 Nine months ended Quarter ended March
 2023 2022 2023 2022
 ----- (Rupees in thousand) -----

14 EARNINGS PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation - (Rs. in thousand)	1,321,510	374,351	566,527	190,929
Weighted average number of ordinary shares - (in thousand)	100,000	100,000	100,000	100,000
Earnings per share - basic and diluted - (Rs.)	13.22	3.74	5.67	1.91

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are given as under:

Transaction with:**Relationship with the Company Nature of transaction**

Subsidiary Company	Investment Made	-	2,400	-	-
Related party	Marketing services charges	78,984	53,693	26,859	20,250
Related party	Long term Investment	-	-	-	-
Retirement benefit plans	Contribution to staff retirement benefit plans	491	440	161	147
Key management personnel	Remuneration and other benefits	80,794	75,565	29,300	26,026
	Loan & advances	-	5,310	-	(4,700)

March 31, June 30,
 2023 2022
 (Unaudited) (Audited)
 (Rupees in thousand)

Period / year end balances:**Relationship with the Company Nature of outstanding balances**

Other related parties	Trade and other payables	84,015	27,774
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16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Company which are measured at fair value as of March 31, 2023 and June 30, 2022.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

17 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in the risk management policies since the year end.

This condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended June 30, 2022.

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2022.

18 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

19 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 26, 2023 by the Board of Directors of the Company.

20 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on April 26, 2023 has recommended interim cash dividend at 10% i.e. Rs. 1 per share. These financial statements do not reflect this appropriation.

21 GENERAL

Amounts have been rounded off to the nearest rupees in thousand unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

ITTEHAD CHEMICALS LIMITED

(CONSOLIDATED)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 3RD QUARTER ENDED MARCH 31, 2023

(UNAUDITED)

DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors take pleasure in presenting their report on the consolidated un-audited condensed interim financial statements of Ittehad Chemicals Limited (“The Holding Company”) and its wholly owned subsidiary company “Ittehad Salt Processing (Pvt.) Limited” (the “ISPPL”) for the third quarter and nine months ended March 31, 2023.

Ittehad Salt Processing (Private) Limited (“ISPPL”) was incorporated under the Companies Act, 2017 in Pakistan as a company limited by shares on December 3, 2019. The registered office of the Company is situated in Lahore, Punjab. The main objective of the wholly owned subsidiary is to explore opportunities available in the Rock Salt Mining subject to fulfillment of prerequisites under the applicable laws. The wholly owned subsidiary has already acquired the exploration license from Punjab Minerals and Mines Department for an area of 1,356.07 acres situated near Dhok Jabba /Lafi District Chakwal and is in the process of acquiring Mining Lease from the concerned Government Department.

The Consolidated Financial Statements showed Earnings per share Rs. 13.21 for the third quarter ended March 31, 2023. Adequate internal financial controls are in place and Management ensures complete and satisfactory implementation of the same. The Management is optimistic about future growth and healthy returns after obtaining the Mining license from Punjab Minerals and Mines Department.

On behalf of the Board



Muhammad Siddique Khatri
Chairman



Abdul Sattar Khatri
Chief Executive Officer

Lahore
April 26, 2023

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2023**

	Note	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)
----- (Rupees in thousand) -----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	6,091,455	6,298,108
Operating fixed assets	7	619,877	396,152
Capital work in progress		6,711,332	6,694,260
Intangible assets		1,274	1,692
Investment property		408,750	408,750
Long term Investments		-	-
Long term deposits		61,973	53,258
		7,183,329	7,157,960
CURRENT ASSETS			
Stores and spares		584,774	495,567
Stock in trade		1,420,432	2,168,526
Trade debts		2,026,014	1,787,468
Loans and advances	8	164,036	278,928
Trade deposits and short term prepayments		41,021	27,367
Tax refunds due from Government		613,366	529,429
Taxation - net		-	224,526
Short term Investments		34,500	-
Cash and bank balances		704,431	196,151
		5,588,574	5,707,962
TOTAL ASSETS		12,771,903	12,865,922
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	9.1	2,000,000	2,000,000
Issued, subscribed and paid up capital	9.2	1,000,000	1,000,000
Share premium money		177,000	177,000
Unappropriated profit		3,739,638	2,618,302
Merger Reserves		(6,445)	(6,445)
Surplus on revaluation of fixed assets		1,392,042	1,392,042
		6,302,235	5,180,899
NON CURRENT LIABILITIES			
Long term financing	10	812,348	670,698
Long term diminishing musharaka	11	296,564	577,566
Lease Liabilities		2,899	9,300
Deferred liabilities		535,273	621,789
Deferred grant		34,555	30,094
		1,681,639	1,909,447
CURRENT LIABILITIES			
Trade and other payables		3,560,211	3,231,966
Loan from related parties		1,010	930
Unclaimed dividend		2,875	2,308
Mark-up accrued		68,779	82,866
Short term borrowings		371,745	1,790,853
Current portion of lease liabilities		8,807	8,807
Current portion of deferred grant		13,381	19,697
Current portion of long term liabilities		634,934	638,149
Taxation - net		126,287	-
		4,788,029	5,775,576
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		12,771,903	12,865,922

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2023	2022	2023	2022
----- (Rupees in thousand) -----					
Sales - net		18,382,339	10,877,635	6,363,216	4,079,853
Cost of sales	13	(14,660,659)	(9,481,885)	(4,841,692)	(3,513,215)
Gross profit		3,721,680	1,395,750	1,521,524	566,638
Selling and distribution expenses		(1,273,424)	(488,703)	(526,162)	(164,927)
General and administrative expenses		(207,928)	(170,996)	(76,178)	(58,801)
Other operating expenses		(139,028)	(41,902)	(63,160)	(18,345)
Other operating income		150,354	47,896	75,882	14,886
		(1,470,026)	(653,705)	(589,618)	(227,187)
Operating profit / loss		2,251,654	742,045	931,906	339,451
Financial charges		(440,944)	(203,718)	(118,362)	(67,804)
Profit / (loss) before taxation		1,810,710	538,327	813,544	271,647
Taxation		(489,374)	(164,028)	(247,017)	(80,770)
Profit / (loss) after taxation		1,321,336	374,299	566,527	190,877
Earnings per share - basic and diluted (Rupees)	14	13.21	3.74	5.67	1.91

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Nine months ended March 31,		Quarter ended March 31,	
	2023	2022	2023	2022
	----- (Rupees in thousand) -----			
Profit / (loss) for the period	1,321,336	374,299	566,527	190,877
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>1,321,336</u>	<u>374,299</u>	<u>566,527</u>	<u>190,877</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Nine months ended March 31,	
	2023	2022
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,810,710	538,327
Adjustments for items not involving movement of funds:		
Depreciation	459,374	360,628
Amortisation of intangible assets	418	93
Provision for gratuity	18,020	13,670
Loss on sale of fixed assets	(865)	(1,054)
Loss / (Gain) on foreign exchange	(124,301)	(13,760)
Provision for obsolete stores	13,500	13,500
Financial charges	440,944	203,718
Net cash flow before working capital changes	<u>2,617,800</u>	<u>1,115,122</u>
Decrease / (increase) in current assets		
Stores and spares	(102,707)	(149,999)
Stock in trade	748,094	133,035
Trade debts	(114,244)	(255,634)
Loans and advances	114,892	186,260
Trade deposits and short term prepayments	(13,654)	5,586
Tax refunds due from the Government	130,831	25,476
	<u>763,212</u>	<u>(55,276)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	328,245	411,105
Cash generated from operations	<u>3,709,257</u>	<u>1,470,951</u>
Income taxes paid	(449,841)	(164,515)
Gratuity paid	(8,024)	(4,681)
Financial charges paid	(465,704)	(207,222)
Net cash (used in) / generated from operating activities	<u>2,785,688</u>	<u>1,094,533</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets - net	(36,810)	(47,769)
Additions to intangible assets	-	(1,672)
Additions to capital work in progress	(431,619)	(1,005,215)
Proceeds from sale of operating fixed assets	3,520	1,915
Long term deposits	(8,715)	(76)
Net cash used in investing activities	<u>(473,624)</u>	<u>(1,052,817)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	325,993	678,549
Repayment of long term financing	(189,416)	(107,197)
Repayment of long term diminishing musharaka	(281,002)	(281,002)
Proceeds from loan from related party	80	-
Repayment of lease Liability	(6,399)	(5,303)
Dividend paid	(199,433)	(3,310)
Short term borrowings	(1,419,107)	(391,152)
Net cash inflow from financing activities	<u>(1,769,284)</u>	<u>(109,415)</u>
Net increase in cash and cash equivalents	<u>542,780</u>	<u>(67,699)</u>
Cash and cash equivalents at the beginning of the period	<u>196,151</u>	<u>338,731</u>
Cash and cash equivalents at the end of the period	<u><u>738,931</u></u>	<u><u>271,032</u></u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2023**

	Share capital	Directors' Loan	Surplus on revaluation of fixed assets	Balance arising upon merger	Share premium money	Unappropriated profit	Total
	----- (Rupees in thousand) -----						
Balance as at July 01, 2021	847,000	219	1,392,042		330,000	2,305,352	4,874,613
Transaction with owners:							
Bonus Shares Issued @ 18.06% Reclassification / repayment of directors' loan	153,000	(219)			(153,000)	-	(219)
Total Comprehensive income for the period	-		-		-	374,299	374,299
Balance as at March 31, 2022	1,000,000	-	1,392,042	-	177,000	2,679,651	5,248,693
Transaction with owners:							
Interim cash dividend @ Rs. 1 per share	-				-	(100,000)	(100,000)
Total Comprehensive income for the period:							
Profit for the period	-		-		-	40,121	40,121
Remeasurement of defined benefit liability - net	-		-		-	(1,470)	(1,470)
Adjustment of goodwill upon merger	-		-	(6,445)	-	-	(6,445)
Balance as at June 30, 2022	1,000,000		1,392,042	(6,445)	177,000	2,618,302	5,180,899
Transaction with owners:							
Interim cash dividend @ Rs. 2 per share	-				-	(200,000)	(200,000)
Total Comprehensive income for the period	-		-	-	-	1,321,336	1,321,336
Balance as at March 31, 2023	<u>1,000,000</u>		<u>1,392,042</u>	<u>(6,445)</u>	<u>177,000</u>	<u>3,739,638</u>	<u>6,302,235</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS - (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

The group comprises of Ittehad Chemicals Limited (Parent/holding Company) (ICL) and Ittehad Salt Processing (Private) Limited (Subsidiary Company) (ISPL). The Parent Company and the subsidiary company are collectively referred to as "the Group".

1.1 Status of the Parent Company

ICL was incorporated on September 28, 1991 to takeover the assets of Ittehad Chemicals and Ittehad Pesticides under a Scheme of Arrangement dated June 18, 1992 as a result of which ICL became a wholly owned subsidiary of Federal Chemical and Ceramics Corporation (Private) Limited. ICL was privatised on July 03, 1995. ICL is engaged in the business of manufacturing and selling caustic soda and other allied chemicals.

The shares of ICL was listed on Karachi Stock Exchange on April 14, 2003 when Sponsors of ICL offered 25% of the issued, subscribed and paid up shares of ICL to the general public. ICL is now listed on Pakistan Stock Exchange Limited.

1.2 Status of the Subsidiary Company

Ittehad Salt Processing (Private) Limited, is a (private) Limited Company (100% wholly owned) incorporated in Pakistan under the Companies Act, 2017 on December 3, 2019, as company limited by shares. The Company is engaged in the business of exploring, operating, and working on mines and quarries.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 39, Empress Road, Lahore. The manufacturing facility of the Company is located at G.T Road Kala Shah Kaku District Sheikhpura and regional offices are located as follows:

Regional office	Office address
Karachi	Town House No. 44-N/1-A, Razi Road, Block-6, P.E.C.H.S. Karachi.
Faisalabad	3rd Floor, Habib Bank Building, Circular Road, Faisalabad.
Islamabad	2nd Floor, Quaid Plaza, office No.15, Markaz I-9, Islamabad.

- 2.2** The registered office of the subsidiary Company Ittehad Salt Processing (Pvt) Ltd is situated at 31-A, Tech Society, Canal Bank, Lahore.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This consolidated condensed interim financial statements are unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This consolidated condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the group as at and for the year ended June 30, 2022 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The comparative balance sheet presented in these consolidated condensed interim financial statements have been extracted from the annual audited financial statements of the group for the year ended June 30, 2022, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited consolidated condensed interim financial statements for the nine months period ended March 31, 2022.

3.2 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value, investment property at fair value and certain operating fixed assets at revalued amounts.

3.3 Functional and presentation currency

These consolidated condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Group.

4 SIGNIFICANT ACCOUNTING POLICIES

- 4.1** The accounting policies adopted and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2022.

- 4.2 The group has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2022. The adoption of these new and amended standards did not have material impact on the Group's condensed interim financial statements. There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Group's accounting period beginning on or after July 01, 2022. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have a significant effect on this condensed interim financial statements.

5 ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial information for the year ended June 30, 2022.

	Note	March 31, 2023 (Unaudited) (Rupees in thousand)	June 30, 2022 (Audited)
6 OPERATING FIXED ASSETS			
Fixed Assets	6.1	6,086,035	6,289,161
Right of use Assets	6.2	5,420	8,947
		6,091,455	6,298,108
6.1 Opening net book value (NBV)			
Additions (at cost) during the period / year	6.1.1	255,377	1,118,220
Disposals (at NBV) during the period / year	6.1.2	(2,655)	(27,686)
Depreciation charged during the period / year		(455,848)	(510,406)
		(458,503)	(538,092)
Closing net book value (NBV)		6,086,035	6,289,161
6.1.1 Details of additions (at cost) during the period / year are as follows:			
Freehold Land		-	-
Building		115,851	49,948
Plant and machinery		103,110	993,738
Other equipment		79	17,664
Furniture and fixtures		451	1,251
Office and other equipment		1,784	6,166
Vehicles - owned		34,102	49,453
		255,377	1,118,220

March 31, 2023 (Unaudited)
June 30, 2022 (Audited)
(Rupees in thousand)

6.1.2 Details of disposals (at NBV) during the period / year are as follows:

Building	-	-
Plant and machinery	-	23,364
Furniture and fixtures	387	-
Office and other equipment	1,299	-
Vehicles	969	4,322
	<u>2,655</u>	<u>27,686</u>

6.2 Right of use Assets

Opening net book value (NBV)	8,947	13,649
Addition during the period / year	-	-
Disposal (at WDV) during the period / year	-	-
Depreciation charged during the period / year	(3,527)	(4,702)
	<u>5,420</u>	<u>8,947</u>

7 CAPITAL WORK IN PROGRESS

Advances		1,639	13,846
Building	7.1	35,394	24,388
Plant and machinery	7.1	582,844	357,918
		<u>619,877</u>	<u>396,152</u>

7.1 Movement of carrying amount

	Building	Plant & Machinery
	(Rupees in thousand)	
Period Ended March 2023		
Opening balance July 2021	24,388	357,918
Additions (at cost)	43,642	410,856
Transferred to operating fixed assets	(32,636)	(185,930)
Closing balance	<u>35,394</u>	<u>582,844</u>
Year Ended June 2022		
Opening balance July 2021	12,247	243,547
Additions (at cost)	46,684	1,073,548
Transferred / Adjustment	15,406	63,499
Transferred / Adjustment	-	(15,406)
Transferred to operating fixed assets	(49,949)	(1,007,270)
Closing balance	<u>24,388</u>	<u>357,918</u>

March 31, June 30,
2023 2022
(Unaudited) (Audited)
(Rupees in thousand)

8 LOAN AND ADVANCES

Advances - (Unsecured - considered good)			
To employees	8.1	21,352	19,390
Advance to supplies and services (Unsecured)			
Considered good		139,962	122,984
Considered doubtful		1,374	1,374
		141,336	124,358
Other advance		-	135,000
Against import		2,722	1,554
		165,410	280,302
Less: Provision for doubtful advances		1,374	1,374
		<u>164,036</u>	<u>278,928</u>

- 8.1 This includes advance to employees against salaries in accordance with the terms of their employment. These advances are unsecured, interest free and deductible from their salaries.

9 SHARE CAPITAL

9.1 Authorized share capital

175,000,000 (June 30, 2022: 175,000,000) ordinary shares of Rs. 10/- each		1,750,000	1,750,000
25,000,000 (June 30, 2022.: 25,000,000) preference shares of Rs. 10/- each		250,000	250,000
		<u>2,000,000</u>	<u>2,000,000</u>

9.2 Issued, subscribed and paid up share capital

27,100,000 (June 30, 2022: 27,100,000) ordinary shares of Rs. 10/- each fully paid in cash		271,000	271,000
24,900,000 (June 30, 2022: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash		249,000	249,000
48,000,000 (June 30, 2022: 48,000,000) fully paid bonus shares of Rs. 10/- each		480,000	480,000
		<u>1,000,000</u>	<u>1,000,000</u>

March 31, June 30,
2023 2022
(Unaudited) (Audited)
(Rupees in thousand)

10 LONG TERM FINANCING

From banking companies and financial institutions - secured		
Balance as at July 01	921,842	419,787
Obtained during the period / year	325,993	678,550
Adjustment as deferred grant - net	1,858	(44,677)
Repayments made during the period / year	(189,416)	(131,818)
	<u>1,060,277</u>	<u>921,842</u>
Current portion shown under current liabilities	(247,929)	(251,144)
	<u>812,348</u>	<u>670,698</u>

11 LONG TERM DIMINISHING MUSHARAKA

From banking companies and financial institutions - secured		
Balance as at July 01	964,571	1,351,575
Obtained during the period / year	-	-
Repayments made during the period / year	(281,002)	(387,004)
	<u>683,569</u>	<u>964,571</u>
Current portion shown under current liabilities	(387,005)	(387,005)
	<u>296,564</u>	<u>577,566</u>

12 CONTINGENCIES AND COMMITMENTS

12 Contingent liabilities

- Letters of guarantee outstanding as at March 31, 2023 were Rs. 479.583 million (June 2022: Rs. 470.908 million).
- Other contingencies are not materially different from those as disclosed in preceding annual financial statements for the year ended June 30, 2022.

13 Commitments

Commitments as on March 31, 2023 were as follows:

- Against letters of credit amounting to Rs. 877.855 million (June 30, 2022: Rs. 1,427.79 million).
- Against purchase of land amounting to Rs. 1.639 million (June 30, 2022: Rs. 1.639 million).

----- (Unaudited) -----
 Nine months ended Quarter ended March
 2023 2022 2023 2022
 ----- (Rupees in thousand) -----

13 COST OF SALES

Raw materials consumed	7,303,549	3,846,934	1,922,147	1,407,398
Other overheads:				
Stores, spares and consumables	221,006	223,256	88,277	65,210
Packing materials consumed	183,401	115,362	68,904	35,405
Salaries, wages and other benefits	530,281	439,906	173,883	146,544
Fuel and power	5,776,761	4,464,644	1,905,708	1,645,357
Repair and maintenance	62,429	29,561	34,131	8,650
Rent, rates and taxes	9,001	6,936	2,668	2,302
Insurance	13,172	10,428	4,132	3,728
Depreciation	442,274	347,653	148,534	116,436
Vehicle running expenses	18,802	12,423	6,233	4,224
Telephone, telex and postage	753	775	270	289
Printing and stationery	1,213	226	57	99
Provision for slow moving stores & spares	13,500	13,500	-	4,500
Other expenses	4,198	2,746	1,611	1,645
	7,276,791	5,667,416	2,434,408	2,034,389
Opening work in process	53,901	43,626	63,900	48,634
Closing work in process	(68,277)	(50,730)	(68,277)	(50,730)
	(14,376)	(7,104)	(4,377)	(2,096)
Cost of goods manufactured	14,565,964	9,507,246	4,352,178	3,439,691
Cost of stores traded	7,178	14,774	-	2,424
Opening stock of finished goods	667,255	444,948	1,069,252	556,183
Closing stock of finished goods	(579,738)	(485,083)	(579,738)	(485,083)
	87,517	(40,135)	489,514	71,100
	14,660,659	9,481,885	4,841,692	3,513,215

14 EARNINGS PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation - (Rs. in thousand)	1,321,336	374,299	566,527	190,877
Weighted average number of ordinary shares - (in thousand)	100,000	100,000	100,000	100,000
Earnings per share - basic and diluted - (Rs.)	13.21	3.74	5.67	1.91

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are given as under:

		----- (Unaudited) -----			
		Nine months ended		Quarter ended March	
		2023	2022	2023	2022
		----- (Rupees in thousand) -----			
Transaction with:					
		Relationship with the Company			
		Nature of transaction			
Subsidiary Company	Investment Made	-	2,400	-	-
Related party	Marketing services charges	78,984	53,693	26,859	20,250
Related party	Long term Investment	-	-	-	-
Retirement benefit plans	Contribution to staff retirement benefit plans	491	440	161	147
Key management personnel	Remuneration and other benefits	80,794	75,565	29,300	26,026
	Loan & advances	-	5,310	-	(4,700)
				March 31, 2023	June 30, 2022
				(Unaudited)	(Audited)
				(Rupees in thousand)	

Period / year end balances:

Relationship with the Company Nature of outstanding balances

Other related parties	Trade and other payables	84,015	27,774
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16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1:	Quoted prices in active markets for identical assets or liabilities.
Level 2:	Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3:	Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the group which are measured at fair value as of March 31, 2023 and June 30, 2022.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

17 FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no significant changes in the risk management policies since the year end.

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the group's audited annual financial statements for the year ended June 30, 2022.

The group's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2022.

18 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

19 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 26, 2023 by the Board of Directors of the Company.

20 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Group in its meeting held on April 26, 2023 has recommended interim cash dividend at 10% i.e. Rs. 1 per share. These financial statements do not reflect this appropriation.

21 GENERAL

Amounts have been rounded off to the nearest rupees in thousand unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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