

Half Yearly Report
December 31,
2023



ITTEHAD CHEMICALS LIMITED

Building a Better Tomorrow



ITTEHAD CHEMICALS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 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. Pervez Ismail Mr. Ali Asrar Hossain Aga | 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. Pervez Ismail 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 Sheikhpura. 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 Pak China Investment Co. 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 MCB Islamic Bank Limited | |
| 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 and consolidated unaudited condensed interim financial statements of the Company for the half year ended December 31, 2023 together with the Auditor's Review Report thereon.

During the period under review, the Company posted net sales revenue of Rupees 12,174 Million (2022: Rupees 12,019 Million) denoting an increase of 1.29% from the corresponding period of last year. The cost of sales was Rupees 9,743 Million (2022: Rupees 9,819 Million) bringing gross profit to Rupees 2,431 Million (2022: Rupees 2,200 Million). The gross profit margin improved to 19.97% from 18% vis-à-vis the corresponding period of last year; however, it declined to 18% during the 2nd quarter from the margin of preceding quarter i.e. 22% of ongoing Financial Year due to relatively high energy cost and inflationary pressure. The bottom line showed a net profit after tax of Rupees 694 Million (2022: Rupees 755 Million) which yielded earnings per share of Rupees 6.94 (2022: Rupees 7.55 per share).

As conveyed earlier, the company is in the process of establishing a Biomass Power Plant to cope with energy cost. A wholly owned subsidiary i.e. ICL Power (Pvt.) Limited has been incorporated subsequent to the period under review. The Board has approved the increase in the long term strategic investment from Rupees Three (03) Billion to Rupees Five (05) Billion in M/s ICL Power (Pvt.) Limited. The Management remains vigilant regarding market conditions and is exploring measures to enhance operational efficiencies through competitive multiple energy options. The wholly owned subsidiary i.e. Ittehad Salt Processing (Pvt.) Limited is in the process of acquiring Mining Lease from the concerned Government Department.

During the period under review, economic indicators displayed a mixed performance across various sectors. Despite a slow economic revival, there was steady progress in restoring business confidence. Remedial measures undertaken by the Federal Government led to improvement in trade and current account deficits, consequently alleviating pressure on the Pak Rupee and aiding stabilization against foreign currencies. However, challenges persisted, including high inflation, elevated KIBOR rate, continued rises in energy costs and uncertain political conditions. Despite these challenges, the Management is optimistic about future growth and healthy returns with the ultimate objective of maximizing shareholders' wealth in the long run.

The Board is thankful to the valuable Members, Suppliers, Customers, 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
February 21, 2024

Muhammad Siddique Khatri
Chairman



Abdul Sattar Khatri
Chief Executive Officer

ڈائریکٹر رپورٹ

آپ کی کمپنی کے ڈائریکٹر 31 دسمبر 2023ء کو اختتام پذیر ہونے والے نصف مالی سال کے غیر مربوط غیر پڑتال شدہ بین المدتی مختصر مالی گوشواروں کو آڈیٹر کی جائزہ رپورٹ کے ساتھ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ مدت کے دوران، کمپنی کی فروخت گزشتہ سال کے اسی عرصہ کے مقابلے میں 1.29% فیصد اضافے کے ساتھ 12,174 ملین روپے (2022:12,019 ملین روپے) رہی۔ فروخت کی لاگت 9,743 ملین روپے (2022:9,819 ملین روپے) رہی جس سے 2,431 ملین روپے (2022:2,200 ملین روپے) خام منافع حاصل ہوا۔ خام منافع کا تناسب گزشتہ سال کے اسی عرصے کے مقابلے میں 18% فیصد سے بہتر ہو کر 19.97% فیصد ہو گیا، تاہم دوسری سہ ماہی کے دوران توانائی کی لاگت اور افراط زر کے دباؤ کی وجہ سے یہ رواں مالی سال کی پچھلی سہ ماہی کے 22% فیصد مارجن سے کم ہو کر 18% فیصد رہ گیا۔ ٹیکس کی ادائیگی کے بعد گوشوارے کی آخری سطر مبلغ 694 ملین روپے (2022:755 ملین روپے) کا منافع ظاہر کرتی ہے جس کے نتیجے میں فی حصص 6.94 روپے (2022:7.55 روپے فی حصص) کی آمدنی ہوئی۔

جیسا کہ پہلے بیان کیا گیا، کمپنی توانائی کی لاگت سے نمٹنے کے لیے بائیو ماس پاور پلانٹ قائم کرنے کے عمل میں ہے۔ ایک مکمل ملکیتی ماتحت کمپنی یعنی آئی سی ایل پاور (پرائیویٹ) لمیٹڈ کو زیر غور مدت کے بعد شامل کیا گیا ہے۔ بورڈ نے آئی سی ایل پاور (پرائیویٹ) لمیٹڈ میں طویل مدتی اسٹریٹجک سرمایہ کاری کو تین (03) ارب روپے سے بڑھا کر پانچ (05) ارب روپے کرنے کی منظوری دے دی ہے۔ انتظامیہ مارکیٹ کے حالات کے حوالے سے آگاہ رہتی ہے اور آپریشنل صلاحیتوں کو بڑھانے کے لیے مسابقتی توانائی کے مختلف اقدامات کر رہی ہے۔ مکمل ملکیتی ماتحت کمپنی یعنی اتحاد سالٹ پراسیسنگ (پرائیویٹ) لمیٹڈ متعلقہ سرکاری محکمے سے کان کنی کی لیز حاصل کرنے کے عمل میں ہے۔

زیر جائزہ مدت کے دوران، اقتصادی اشاریوں نے مختلف شعبوں میں مخلوط کارکردگی کا مظاہرہ کیا۔ سست معاشی بحالی کے باوجود کاروباری اعتماد کی بحالی میں مسلسل پیش رفت ہوئی۔ وفاقی حکومت کی جانب سے اٹھائے گئے اصلاحی اقدامات کے نتیجے میں تجارتی اور کرنٹ اکاؤنٹ خسارے میں بہتری آئی جس کے نتیجے میں پاکستانی روپے پر دباؤ کم ہوا اور غیر ملکی کرنسیوں کے مقابلے میں استحکام میں مدد ملی۔ تاہم چیلنجز برقرار رہے، جن میں افراط زر کی بلند شرح، KIBOR کی بلند شرح، توانائی کی لاگت میں مسلسل اضافہ اور غیر یقینی سیاسی حالات شامل ہیں۔ ان مشکلات کے باوجود، انتظامیہ مستقبل کی ترقی اور صحت مند منافع کے بارے میں پُر امید ہے جس کا حتمی مقصد طویل مدت میں حصص داران کے سرمایہ کو زیادہ سے زیادہ کرنا 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 کو ان کے تعاون، لگن اور محنت کے لیے شکر یہ ادا کرتا ہے۔

منجانب بورڈ

محمد صدیق کھتری

چیئرمین

لاہور

21 فروری 2024ء

عبدالستار کھتری

چیف ایگزیکٹو آفیسر

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF ITTEHAD CHEMICALS LIMITED

Report on review of interim financial statements

Introduction

We have reviewed the accompanying condensed Interim statement of financial position of ITTEHAD CHEMICALS LIMITED (the "Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flow, and notes to the financial statements for the six-month period then ended (here-in after referred to as the "Interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarter ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's review report is Sajjad Hussain Gill.

LAHORE

DATED: FEBRUARY 23, 2024

UDIN: RR202310087A7xCw5jkd

BDO Ebrahim & Co

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO

Unconsolidated Condensed Interim Statement of Financial Position As At December 31, 2023

| | | December 2023 (Un-audited) | June 2023 (Audited) |
|--|------|----------------------------------|---------------------------|
| | Note | ----- (Rupees in thousand) ----- | |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | | | |
| Operating fixed assets | 6 | 7,723,796 | 6,322,977 |
| Capital work in progress | 7 | 1,230,020 | 908,192 |
| | | <u>8,953,816</u> | <u>7,231,169</u> |
| Intangible assets | | 604 | 883 |
| Investment property | | 562,500 | 562,500 |
| Long term investments | 8 | 2,500 | 2,500 |
| Long term deposits | | 247,602 | 66,375 |
| | | <u>9,767,022</u> | <u>7,863,427</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 9 | 609,121 | 533,525 |
| Stock in trade | 10 | 2,759,869 | 2,197,162 |
| Trade debts | 11 | 2,559,037 | 1,939,538 |
| Loans, advances and other receivables | 12 | 169,687 | 172,452 |
| Trade deposits and short term prepayments | | 21,419 | 37,990 |
| Tax refunds due from the Government | | 836,463 | 723,163 |
| Taxation - net | | 44,945 | - |
| Short term investments | | 12,561 | 300,000 |
| Cash and bank balances | 13 | 445,201 | 923,733 |
| | | <u>7,458,303</u> | <u>6,827,563</u> |
| | | <u>17,225,325</u> | <u>14,690,990</u> |
| TOTAL ASSETS | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | 14.1 | 2,000,000 | 2,000,000 |
| Issued, subscribed and paid up share capital | 14.2 | 1,000,000 | 1,000,000 |
| Reserves | | | |
| Capital reserves - Share premium | | 177,000 | 177,000 |
| Revenue reserves - Unappropriated profit | | 4,753,571 | 4,141,170 |
| Surplus on revaluation of fixed assets | | 2,872,504 | 1,392,042 |
| Merger reserve | | (6,445) | (6,445) |
| | | <u>8,796,630</u> | <u>6,703,767</u> |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 15 | 770,235 | 938,485 |
| Long term diminishing musharaka | 16 | 50,496 | 190,561 |
| Lease liabilities | 17 | - | - |
| Deferred liabilities | | 697,897 | 571,317 |
| Deferred grant | 18 | 47,681 | 72,194 |
| | | <u>1,566,309</u> | <u>1,772,557</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 20 | 3,611,953 | 3,737,996 |
| Unclaimed dividend | | 3,384 | 4,012 |
| Mark-up accrued | | 141,038 | 76,317 |
| Short term borrowings | 21 | 2,290,788 | 1,314,051 |
| Taxation - net | | - | 268,032 |
| Current portion of lease liabilities | 17 | 820 | 4,116 |
| Current portion of deferred grant | 18 | 48,861 | 55,585 |
| Current portion of long term liabilities | | 765,542 | 754,557 |
| | | <u>6,862,386</u> | <u>6,214,666</u> |
| | | <u>17,225,325</u> | <u>14,690,990</u> |
| TOTAL EQUITY AND LIABILITIES | | | |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 22 | | |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Profit or Loss Account - (Un-audited) For The Half Year Ended December 31, 2023

| Note | Half year ended | | Quarter ended | | |
|---|----------------------------------|--------------|---------------|--------------|-------------|
| | December 31, | December 31, | December 31, | December 31, | |
| | 2023 | 2022 | 2023 | 2022 | |
| | ----- (Rupees in thousand) ----- | | | | |
| Revenue from contracts with customers | 23 | 12,173,752 | 12,019,123 | 5,543,819 | 6,407,554 |
| Cost of sales | 24 | (9,743,040) | (9,818,968) | (4,559,452) | (4,788,784) |
| Gross profit | | 2,430,712 | 2,200,155 | 984,367 | 1,618,770 |
| Selling and distribution expenses | 25 | (597,022) | (747,262) | (326,595) | (447,157) |
| General and administrative expenses | | (170,271) | (131,576) | (88,243) | (65,336) |
| Other operating income | | 103,797 | 74,472 | 79,713 | 20,794 |
| Other operating expenses | | (96,970) | (75,868) | (30,236) | (93,485) |
| | | (760,466) | (880,234) | (365,361) | (585,184) |
| Operating profit | | 1,670,246 | 1,319,921 | 619,006 | 1,033,586 |
| Financial charges | | (393,928) | (322,582) | (224,541) | (185,617) |
| Profit before taxation | | 1,276,318 | 997,339 | 394,465 | 847,969 |
| Taxation | | (582,015) | (242,357) | (186,718) | (229,917) |
| Profit after taxation | | 694,303 | 754,982 | 207,747 | 618,052 |
| Earnings per share - basic and diluted (Rupees) | 26 | 6.94 | 7.55 | 2.08 | 6.18 |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Comprehensive Income - (unaudited) For The Half Year Ended December 31, 2023

| | Half year ended December 31, | | Quarter ended December 31, | |
|---|---------------------------------|----------------|-------------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| ----- (Rupees in thousand) ----- | | | | |
| Profit for the period | 694,303 | 754,982 | 207,747 | 618,052 |
| Other comprehensive income | - | - | - | - |
| Items that will not be reclassified subsequently to statement of profit or loss | | | | |
| Revaluation surplus on free hold land | 1,523,560 | | 1,523,560 | |
| Items that may be reclassified subsequently to statement of profit or loss | | | | |
| Total comprehensive income for the period | <u>2,217,863</u> | <u>754,982</u> | <u>1,731,307</u> | <u>618,052</u> |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Cash Flows Statement - (unaudited) For The Half Year Ended December 31, 2023

| | Half Year Ended December 31, | |
|--|------------------------------|-----------|
| | 2023 | 2022 |
| | (Rupees in thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 1,276,318 | 997,339 |
| Adjustments for items not involving movement of funds: | | |
| Depreciation | 6.1 & 6.2 317,116 | 304,940 |
| Provision for gratuity | 20,968 | 12,014 |
| Ammortisation of intangible assets | 279 | - |
| Gain on sale of fixed assets | (3,529) | (2,267) |
| Gain on foreign exchange | (37,498) | (45,087) |
| Deferred grant amortization | (31,238) | (10,967) |
| Provision for obsolete stores and spares | 9 9,000 | 13,500 |
| Financial charges | 393,928 | 322,582 |
| Net cash flow before working capital changes | 1,945,344 | 1,592,054 |
| Decrease/ (Increase) in current assets | | |
| Stores and spares | (84,596) | (70,522) |
| Stock in trade | (562,707) | (70,216) |
| Trade debts | (582,002) | (354,165) |
| Loans and advances | 297 | 167,163 |
| Trade deposits and short term prepayments | 16,571 | (10,210) |
| Tax refunds due from the Government | (233,719) | (110,474) |
| | (1,446,156) | (448,424) |
| Decrease in current liabilities | | |
| Trade and other payables | (126,043) | 764,574 |
| Cash generated from operations | 373,145 | 1,908,204 |
| Income taxes paid | (668,518) | (419,065) |
| Gratuity paid | (444) | (2,356) |
| Financial charges paid | (307,133) | (276,306) |
| Net cash (used in)/ generated from operating activities | (602,950) | 1,210,477 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Additions to operating fixed assets - net | (35,757) | (36,498) |
| Additions to capital work in progress | (557,828) | (293,180) |
| Proceeds from sale of operating fixed assets | 90,076 | 3,105 |
| Short term Investment | 289,907 | (34,500) |
| Long term deposits | (181,227) | - |
| Net cash used in investing activities | (394,829) | (361,073) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long term financing | 41,500 | 330,809 |
| Repayment of long term financing | (176,563) | (135,356) |
| Repayment of long term diminishing musharaka | (193,503) | (193,503) |
| Payment against lease liabilities | (3,296) | (4,111) |
| Dividend paid | (125,628) | (99,697) |
| Short term borrowings-net | 976,737 | (206,100) |
| Net cash generated from/ (used in) financing activities | 519,247 | (307,958) |
| Net (decrease)/ increase in cash and cash equivalents | (478,532) | 541,446 |
| Cash and cash equivalents at the beginning of the period | 923,733 | 194,542 |
| Cash and cash equivalents at the end of the period | 445,201 | 735,988 |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended December 31, 2023

| Issued, subscribed and paid-up share capital | Surplus on revaluation of fixed assets | Reserves | | | Total |
|---|--|-----------------------------------|------------------|--------------------------|-------|
| | | Capital | | Revenue | |
| | | Balance arising upon merger | Share premium | Unappropriated profit | |

----- (Rupees in thousand) -----

Balance as at July 01, 2022 (audited) 1,000,000 1,392,042 (6,445) 177,000 2,618,421 5,181,018

Transaction with owners:

Interim cash dividend on ordinary shares @ Rs. 1 per share - - (100,000) (100,000)

Total comprehensive income for the period ended December 31, 2022

Profit for the period (unaudited) - - - - 754,982 754,982

Balance as at December 31, 2022 (unaudited) 1,000,000 1,392,042 (6,445) 177,000 3,273,403 5,836,000

Balance as at July 01, 2023 (audited) 1,000,000 1,392,042 (6,445) 177,000 4,141,170 6,703,767

Transaction with owners:

Final cash dividend 2023: Rs. 1.25 per share - - - - (125,000) (125,000)

Profit for the period - - - - 694,303 694,303

Revaluation surplus for the period - 1,523,560 - - - 1,523,560

Revaluation surplus transferred to revenue reserves - (43,098) - - 43,098 -

Total comprehensive income for the period (unaudited) - 1,480,462 - - 737,401 2,217,863

Balance as at December 31, 2023 (unaudited) 1,000,000 2,872,504 (6,445) 177,000 4,753,571 8,796,630

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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. The subsidiary company is engaged in the business of exploring, operating, and working on mines and quarries. The registered office of subsidiary company is situated at 31-A, Tech Society, Canal Bank, Lahore. The Chief Executive of subsidiary company is Ahmad 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 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. |

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

These condensed interim financial statements are unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

These 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, 2023 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 these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim statement of profit or loss, 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 half year ended December 31, 2022.

3.2 Basis of measurement

These 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 condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THERE IN

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, 2023.

4.2 Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

4.2.1 Amendments to published accounting and reporting standards which became effective during the period:

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS)1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they will impact the accounting policy information disclosed in the annual financial statements.

These amendments had no effect on the interim condensed financial statements of the Company as they relate to disclosures of accounting policies in the annual financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual financial statements of the Company.

4.2.2 Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2023. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

5 ESTIMATES

The preparation of condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, 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 statements for the year ended June 30, 2023.

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|--|-------|---|-------------------------------|
| 6 OPERATING FIXED ASSETS | | | |
| Fixed assets | 6.1 | 7,723,796 | 6,321,437 |
| Right of use assets | 6.2 | - | 1,540 |
| | | <u>7,723,796</u> | <u>6,322,977</u> |
| 6.1 Fixed assets | | | |
| Opening net book value (NBV) | | 6,321,437 | 6,289,161 |
| Additions (at cost) during the period / year | 6.1.1 | 280,921 | 651,555 |
| Revaluation of Free hold land | 6.1.2 | 1,523,560 | - |
| | | <u>8,125,918</u> | <u>6,940,716</u> |
| Disposals (at NBV) during the period / year | 6.1.3 | (89,794) | (3,410) |
| Depreciation charged during the period / year | | (312,328) | (615,869) |
| | | <u>(402,122)</u> | <u>(619,279)</u> |
| Closing net book value (NBV) at the end of the period / year | | <u>7,723,796</u> | <u>6,321,437</u> |

6.1.1 Details of additions (at cost) during the period / year are as follows:

| | | |
|----------------------------|----------------|----------------|
| Building | 6,293 | 149,556 |
| Plant and machinery | 259,567 | 436,426 |
| Other equipment | - | 79 |
| Furniture & Fixtures | 192 | 480 |
| Office and other equipment | 795 | 6,283 |
| Vehicles | 14,074 | 58,731 |
| | <u>280,921</u> | <u>651,555</u> |

6.1.2 Free hold land was latest revalued by M/s Harvestor Services (Private) Limited as at November 30, 2023 on the basis of market value. The revaluation resulted in surplus aggregating to Rs. 2,872.504 million. Had there been no revaluation, the book value of operating fixed assets would have been lower by Rs. 2,872.504 million (2023: Rs. 1392.42 million). Had there been no revaluation, the net book value of the free hold land would have been Rs. 158.476 million (2023: Rs. 200.853 million).

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

| | | |
|----------------------------|-----------------|----------------|
| Free hold land | (85,475) | - |
| Furniture and fixtures | - | (387) |
| Office and other equipment | - | (1,299) |
| Vehicles | (4,319) | (1,724) |
| | <u>(89,794)</u> | <u>(3,410)</u> |

- 6.1.4 Free hold lands of the Company are located at Mudwala Khurd Sheikhpura with an area covering 74 kanals and 11 Marla, Kala Shah Kaku Sheikhpura with an area of 886 Kanal - 2 Marla and at Khanpur Canal Sheikhpura with an area of 135 Kanal - 6 Marla. These lands includes lands which have been held for establishment of head office and factory.

6.2 Right of use assets

| | December 31, 2023 (Unaudited) | June 30, 2023 (Audited) |
|--|-------------------------------------|-------------------------------|
| Note | (Rupees in thousand) | |
| Opening net book value (NBV) | 1,540 | 8,947 |
| Disposals (at NBV) during the period / year | - | (3,111) |
| Depreciation charge for the period / year | <u>(1,540)</u> | <u>(4,296)</u> |
| Closing net book value (NBV) at the end of the period / year | <u>-</u> | <u>1,540</u> |

7 CAPITAL WORK IN PROGRESS

| | | | |
|---------------------|-------|------------------|----------------|
| Advance | 7.1.1 | 95,639 | 48,251 |
| Building | 7.1.2 | 23,071 | 20,295 |
| Plant and machinery | 7.1.3 | <u>1,111,310</u> | <u>839,646</u> |
| | | <u>1,230,020</u> | <u>908,192</u> |

7.1 Movement of carrying amount is as follows:

7.1.1 Advances

| | | | |
|--|-----|-----------------|---------------|
| Opening balance at the start of the period/ year | | 48,251 | 13,846 |
| Additions (at cost) | | 58,000 | 34,405 |
| Transferred/ adjustment | | <u>(10,612)</u> | - |
| Closing balance at the end of the period / year | 7.2 | <u>95,639</u> | <u>48,251</u> |

7.1.2 Building

| | | | |
|--|--|----------------|-----------------|
| Opening balance at the start of the period/ year | | 20,295 | 24,388 |
| Additions (at cost) | | 8,844 | 55,524 |
| Transferred to operating fixed assets | | <u>(6,068)</u> | <u>(59,617)</u> |
| Closing balance at the end of the period / year | | <u>23,071</u> | <u>20,295</u> |

7.1.3 Plant and Machinery

| | | | |
|--|--|------------------|------------------|
| Opening balance at the start of the period/ year | | 839,646 | 357,918 |
| Additions (at cost) | | 490,983 | 1,009,483 |
| Transferred to operating fixed assets | | <u>(219,319)</u> | <u>(527,755)</u> |
| Closing balance at the end of the period / year | | <u>1,111,310</u> | <u>839,646</u> |

- 7.2 Advances includes balances amounting to Rs. 1.639 million (June 30, 2023: Rs. 1.639 million) against purchase of land in Karachi from Sindh Industrial Trading Estate.

- 7.3 Capital work in progress includes an amount of Rs. 9.164 million (June 30, 2023: 17.30) against borrowing cost capitalised during the period.

| 8 | LONG TERM INVESTMENTS | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|-------|--|------|---|-------------------------------|
| | Investment in related parties - unquoted | | | |
| | Held at cost | | | |
| | Chemi Visco Fiber Limited | 8.1 | - | - |
| | Investment in subsidiary company | | | |
| | Held at cost | | | |
| | Ittehad Salt Processing (Private) Limited | 8.2 | 2,500 | 2,500 |
| | | | <u>2,500</u> | <u>2,500</u> |
| 8.1 | Chemi Visco Fiber Limited | | | |
| | 5,625,000 (2023: 5,625,000) fully paid ordinary shares | | 56,250 | 56,250 |
| | Less: Provision for diminution in value of investment | | (56,250) | (56,250) |
| | Relevant information: | | | |
| | Percentage of investment in equity held 7.91% (2023: 7.91%) (Chief Executive : Mr. Usman Ghani) | | - | - |
| | | | <u>-</u> | <u>-</u> |
| 8.1.1 | This provision was made in earlier years as a matter of prudence since the project of the investee company is not operating and there is significant uncertainty regarding future earnings and related cash flows. Further, the financial statements of the entity indicate that the fair value of the net assets is negative. | | | |
| 8.2 | Ittehad Salt Processing (Private) Limited | | | |
| | 250,000 (2023: 250,000) fully paid ordinary shares | | 2,500 | 2,500 |
| | Relevant information: | | | |
| | Percentage of investment in equity held 100% (2023: 100%) (Chief Executive : Mr. Ahmed Mustafa) Location: Pakistan | | | |
| 9 | STORES, SPARES AND LOOSE TOOLS | | | |
| | Stores: | | | |
| | in hand | | 103,377 | 89,163 |
| | in transit | | 83 | 83 |
| | | | <u>103,460</u> | <u>89,246</u> |
| | Spares: | | | |
| | in hand | | 370,096 | 410,957 |
| | in transit | | 144,565 | 33,322 |
| | | | <u>514,661</u> | <u>444,279</u> |
| | | | 618,121 | 533,525 |
| | Less: Provision for obsolete stores and spares | 9.2 | 9,000 | - |
| | | | <u>609,121</u> | <u>533,525</u> |

9.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase.

| | | December 31, 2023 (Unaudited) | June 30, 2023 (Audited) |
|--|------|-------------------------------------|-------------------------------|
| | Note | (Rupees in thousand) | |
| 9.2 Movement of provision for obsolete stores and spares | | | |
| Opening balance | | - | 36,959 |
| Provision during the period / year | | 9,000 | (76,489) |
| Written off during the period / year against disposal/scrap sale | | - | 39,530 |
| | | <u>9,000</u> | <u>-</u> |

10 STOCK IN TRADE

| | | | |
|-----------------------------|------|------------------|------------------|
| Raw materials: | | | |
| in hand | 24 | 856,631 | 233,689 |
| in transit | | - | 784,484 |
| | | <u>856,631</u> | <u>1,018,173</u> |
| Packing materials - in hand | | 58,530 | 30,131 |
| Work in process | 24 | 71,602 | 75,529 |
| Finished goods | 10.1 | <u>1,773,106</u> | <u>1,073,329</u> |
| | | <u>2,759,869</u> | <u>2,197,162</u> |

10.1 The finished goods also includes stock in transit amounting to Rs. 3.230 million (2023: Rs. Nil).

10.2 Stock-in-trade up to a maximum amount of Rs. 2,759.869 million (2023: 2,197.162 million) are under hypothecation of commercial banks as security for short term borrowings.

11 TRADE DEBTS

| | | | |
|------------------------------------|------|------------------|------------------|
| Unsecured | | | |
| Considered good - foreign | | 129,523 | 134,018 |
| Secured | | | |
| Considered doubtful | | 2,234 | 2,234 |
| Less: Provision for doubtful debts | | (2,234) | (2,234) |
| | | <u>129,523</u> | <u>134,018</u> |
| Unsecured | | | |
| Considered good | | 2,429,514 | 1,805,520 |
| Considered doubtful | | 64,627 | 64,627 |
| | | <u>2,494,141</u> | <u>1,870,147</u> |
| | | <u>2,623,664</u> | <u>2,004,165</u> |
| Less: Provision for doubtful debts | 11.2 | <u>64,627</u> | <u>64,627</u> |
| | | <u>2,559,037</u> | <u>1,939,538</u> |

11.1 During the period, impact of expected credit loss is insignificant (June 30, 2023: Rs. 4.393 millions)

11.2 Movement of expected credit loss is as follows:

| | | | |
|--|--|---------------|---------------|
| Opening balance | | 66,861 | 62,468 |
| Adjustment on account of: | | | |
| Expected credit loss for the period / year | | - | 4,393 |
| Closing balance | | <u>66,861</u> | <u>66,861</u> |

| 12 LOANS AND ADVANCES | | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|--|---|-------------|---|--|
| Advances - (Unsecured - considered good) | | | | |
| To employees | 12.1 - 12.3 | 23,261 | 20,771 | |
| Advance to supplies and services (Unsecured) | | | | |
| Considered good | | 142,130 | 75,988 | |
| Considered doubtful | | 1,374 | 1,374 | |
| | | 143,504 | 77,362 | |
| Against import | | 4,296 | 73,225 | |
| | | 171,061 | 171,358 | |
| Accrued interest receivable | | - | 2,468 | |
| Less: Expected credit loss against advances | 12.4 | 1,374 | 1,374 | |
| | | 169,687 | 172,452 | |
| 12.1 | This includes advance to employees against salaries in accordance with the terms of their employment. These advances are unsecured, interest free and are deductible from their salaries. | | | |
| 12.2 | This also includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up. | | | |
| 12.3 | This includes advances amounting to Rs. 15.192 million (2023: Rs. 15.192 million) deposited to the Court against various cases for gratuity of employees and the Company is expecting favorable outcome and therefore, considered good. | | | |
| 12.4 | Movement of expected credit loss is as follows: | | | |
| | | 1,374 | 1,374 | |
| Opening balance | | - | - | |
| Addition during the year | | 1,374 | 1,374 | |
| Closing balance | | 1,374 | 1,374 | |
| 13 CASH AND BANK BALANCES | | | | |
| Cash in hand | | 1,528 | 526 | |
| Cash at banks | | | | |
| Current accounts | | 420,430 | 920,152 | |
| Saving accounts | 13.1 | 23,243 | 3,055 | |
| | | 445,201 | 923,733 | |
| 13.1 | The saving accounts carry mark-up at the rates ranging from 12.25% to 17.66% (June 30, 2023: 12.25% to 17.66%) per annum. | | | |
| 14 SHARE CAPITAL | | | | |
| 14.1 Authorized share capital | | | | |
| 175,000,000 (June 30, 2023: 175,000,000) | | | | |
| ordinary shares of Rs. 10/- each | | 1,750,000 | 1,750,000 | |
| 25,000,000 (June 30, 2023: 25,000,000) | | | | |
| preference shares of Rs. 10/- each | | 250,000 | 250,000 | |
| | | 2,000,000 | 2,000,000 | |

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|--|------|---|-------------------------------|
| 14.2 Issued, subscribed and paid up share capital | | | |
| 27,100,000 (June 30, 2023: 27,100,000) ordinary shares of Rs. 10/- each fully paid in cash | | 271,000 | 271,000 |
| 24,900,000 (June 30, 2023: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash | | 249,000 | 249,000 |
| 48,000,000 (June 30, 2023: 32,700,000) fully paid bonus shares of Rs. 10/- each | | 480,000 | 480,000 |
| | | <u>1,000,000</u> | <u>1,000,000</u> |
| 15 LONG TERM FINANCING | | | |
| Secured: | | | |
| Banking Companies | | | |
| Samba Bank Limited - TERF | 15.1 | 332,811 | 378,148 |
| Bank of Punjab | 15.2 | 198,953 | 224,734 |
| Allied bank Ltd - LTF | 15.3 | 141,500 | 100,000 |
| | | 673,264 | 702,882 |
| Other Financial Institutions | | | |
| Pak Libya Holding Company (Private) Limited | 15.4 | 146,448 | 173,572 |
| Pak Brunei Investment Company Limited | 15.5 | 100,000 | 133,333 |
| Pak Brunei Investment Co. Limited (WWTP) | 15.6 | 82,500 | 96,250 |
| Pak Libya Holding Company (Private) Limited | 15.7 | 200,000 | 200,000 |
| | | 528,948 | 603,155 |
| | | <u>1,202,212</u> | <u>1,306,037</u> |
| Less: Current portion shown under current liabilities | | 431,977 | 367,552 |
| | | <u>770,235</u> | <u>938,485</u> |

- 15.1 The Company has obtained this loan under the scheme of Temporary Economic Refinance Facility (TERF) to the extent of Rs. 500 million. This finance is secured against 667 million 1st pari passu over fixed assets of the Company inclusive of 25% margin. This carries mark up at SBP TERF rate plus 3% per annum. The loan is repayable in sixteen (16) equal quarterly installments starting from 1 year (grace period) after initial draw down.
- 15.2 The Company has obtained this loan to the extent of Rs. 313.717 million. The SBP has approved Rs. 246.144 million under Temporary Economic Refinance Facility (TERF). So, the remaining amount of Rs.67.573 million is treated as demand finance. This finance is secured against the specific charge of Rs. 400 million over fixed assets of the company. These carry mark up at SBP rate 4% plus 1% spread of Bank per annum under TERF and for the remaining amount carry 6 month KIBOR plus 1.5% per annum. The loan is repayable in Ten (10) equal semi- annual installments having grace period of Six months after the disbursement date.
- 15.3 The Company has obtained this loan to the extent of Rs. 200 million. This finance is secured against ranking Hypo & mortgage charge over present and future fixed assets (Land, Building & Machinery) with 25% risk margin. This carries mark up at rate 6 months KIBOR plus 1% per annum. The loan is repayable in eight (08) bi-annual installments, markup payable on quarterly basis from the date of disbursement.

- 15.4 The Company has obtained this loan under long term finance facility to the extent of Rs. 217 million. This finance is secured against ranking charge convertible / upgraded to first pari passu charge inclusive of 25% margin on all present and future fixed assets of the Company and carries mark up at 3 months KIBOR plus 1.5% per annum. The loan is repayable in sixteen (16) equal quarterly installments starting from 15th month from the first drawdown.
- 15.5 The Company has obtained this loan under long term finance facility to the extent of Rs. 300 million. This finance is secured against hypothecation / mortgage charge over all present and future fixed assets of the Company with 25% margin and carries mark up at three months average KIBOR plus 1.40%. The loan was disbursed in January 2019 and is repayable in nine equal semi-annual instalments commencing from February 2020.
- 15.6 The Company has obtained this loan under long term finance facility to the extent of Rs. 110 million. This finance is secured against first pari passu hypothecation and mortgage charge on all moveable and immovable fixed asses of the Company. This carries mark up at 3 months KIBOR plus 1.40% per annum. The loan is repayable in sixteen (16) equal quarterly installments with 1st installment falling due at the end of 15th month.
- 15.7 The Company has obtained this loan under long term finance facility to the extent of Rs. 200 million. This finance is secured against Initially Ranking Charges of Rs. 267 million, inclusive of 25% margin on all assets of the company (excluding land and building), convertible to 1st Pari Passu charge within 180 days of disbursement. This carries mark up at 3 months KIBOR plus 1.50% per annum. The loan is repayable in sixteen (16) equal quarterly installments. First installment will fall due at the end of 12th month from the date of first draw down.

16 LONG TERM DIMINISHING MUSHARAKA

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|--|------|---|-------------------------------|
| Secured: | | | |
| Banking Companies | | | |
| The Bank of Punjab - TAQWA (IEM -3) | 16.2 | 175,000 | 262,500 |
| The Bank of Punjab - TAQWA (LABSA) | 16.3 | 155,626 | 208,191 |
| Al Baraka Bank (Pakistan) Limited | 16.4 | 53,437 | 106,875 |
| | | <u>384,063</u> | <u>577,566</u> |
| Current portion shown under current liabilities | | <u>(333,567)</u> | <u>(387,005)</u> |
| | | <u>50,496</u> | <u>190,561</u> |
| 16.1 Movement of long term Diminishing Musharaka is as follows: | | | |
| Banking Companies | | | |
| Balance as at July 01 | | 577,565 | 771,068 |
| Obtained during the period / year | | - | - |
| Repayments made during the period / year | | <u>(193,503)</u> | <u>(193,503)</u> |
| | | <u>384,062</u> | <u>577,565</u> |
| Current portion shown under current liabilities | | <u>(333,567)</u> | <u>(387,005)</u> |
| | | <u>50,495</u> | <u>190,560</u> |
| 16.2 This finance has been obtained from an Islamic Financial Institution and is secured against first exclusive charge over imported plant and machinery and ranking charge over present & future fixed assets of the Company and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed during the prior year in various tranches and are repayable in eight semi annual equal installments with the one year grace period commencing from February 2020. During the period, Rs. 87.500 million was repaid | | | |

- 16.3 This finance has been obtained under the Islamic mode of financing and secured against ranking charge upgradable to specific exclusive charge over imported plant and machinery and ranking & pari passu charge over present & future fixed assets of the Company and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed from May, 2018 to January, 2019 in different tranches and are repayable in eight semi annual equal instalments commencing from December 2020. During the period, Rs.52.565 million was repaid.
- 16.4 This finance has been obtained under the Islamic mode of financing and secured against specific exclusive charge over imported plant and machinery and ranking charge over present & future fixed assets of the Company and carries mark up at six months average KIBOR plus 1.40%. This finance is disbursed during the year in various tranches with a grace period of six months. During the period, Rs. 53.437 million was repaid.

17 LEASE LIABILITIES

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|--|------|---|-------------------------------|
| Against right of use assets | | | |
| Lease liabilities | | 4,116 | 18,107 |
| Payments / adjustments during the year | | (3,296) | (13,991) |
| Less: Current portion | | (820) | (4,116) |
| | | <u>-</u> | <u>-</u> |
| 17.1 Maturity analysis-contractual undiscounted cash flow | | | |
| Less than one year | | (1,782) | (5,347) |
| One to five year | | - | - |
| Total undiscounted lease liability | | <u>(1,782)</u> | <u>(5,347)</u> |

17.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 8% per annum.

17.3 The above liabilities were obligations under leases with various lessors for lease of buildings.

18 DEFERRED GRANT

| | | | |
|---|--|---------------|---------------|
| Deferred grant | | 96,542 | 127,779 |
| Current portion shown under current liability | | (48,861) | (55,585) |
| | | <u>47,681</u> | <u>72,194</u> |

18.1 This represents deferred grant recognised in respect of the benefit of below-market interest rate on long term finance facility as 'referred to in note 15.1 and 15.2. The benefit has been measured as the difference between the fair value of the loan and the proceeds received.

18.2 Following is the movement in government grant:

| | | | |
|------------------------------------|--|---------------|----------------|
| Opening balance | | 127,779 | 49,791 |
| Addition during the period / year | | - | 105,577 |
| Amortized during the period / year | | (31,237) | (27,589) |
| Closing balance | | <u>96,542</u> | <u>127,779</u> |

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|---|------|---|-------------------------------|
| 19 GIDC PAYABLE | | | |
| GIDC payable | | 620,458 | 620,458 |
| Current portion shown under current liability | 19.1 | <u>(620,458)</u> | <u>(620,458)</u> |
| | | <u>-</u> | <u>-</u> |

- 19.1 Pursuant to Supreme Court order in August, 2020 and its subsequent dismissal of review petition in November 2020, the Company is paying levy as per GIDC monthly billing by Sui Northern Gas Pipeline Limited (SNGPL).

Institute of Chartered Accountants of Pakistan issued guidelines dated January 21, 2021 for measurement of GIDC as Financial Liability for treatment under accounting principles of IFRS- 9- "Financial Instruments" that require all the future outflows need to be recognized at Present Value as Financial Liability at amortized cost. Difference between present value of financial liability and face value is recognized as income in the statement of profit or loss. The liability recognized under aforesaid guideline, based on SNGPL monthly billing of GIDC i.e. Rs. 15.737 million, is Rs. 260.378 million.

The Company has paid seven (7) instalments during the prior period and balance provision of GIDC as at the reporting date is Rs. 620.458 million (June 30, 2023: 620.458 million). The provision was recognized earlier based on estimation basis for the respective periods. However, the Company has filed a writ petition in the Sindh High Court to suspend the recovery of arrears of Cess calculated at enhanced captive rates. The Sindh High Court has granted a stay for recovery of arrears and matter is pending for adjudication. There is an aggregate differential of Rs. 352.920 million which is subjudice and that will be remain as provision until the matter is settled. Further, there is an aggregate differential of Rs. 170.291 million between provision as per books of account and liability based on monthly instalment billed by SNGPL for unpaid portion of Cess levied through GIDC Act, 2011 and GIDC Ordinance, 2014, which is not recognized by the Company based on the advice of its legal expert as per their view it will not be collected as per GIDC Act, 2015.

20 TRADE AND OTHER PAYABLES

| | | | |
|-------------------------------------|-------------|------------------|------------------|
| Trade creditors | | 268,856 | 420,006 |
| Accrued liabilities | 20.1 & 20.3 | 2,950,338 | 2,698,588 |
| Advances from customers (unsecured) | | 214,884 | 383,461 |
| Security deposits | 20.2 | 38,650 | 36,300 |
| Retention money | | 7,798 | 3,594 |
| Income tax deducted at source | | 268 | 216 |
| Workers' Profit Participation Fund | | 103,692 | 138,226 |
| Workers Welfare Fund | | 27,448 | 57,470 |
| Other liabilities | | 19 | 135 |
| | | <u>3,611,953</u> | <u>3,737,996</u> |

- 20.1 These include a balance due to Chemi Multifabrics Limited, other related party, amounting to Rs. 148.966 million (June 30, 2023: Rs. 105.429 million).

22 Ittehad Chemicals Limited

- 20.2 This amount represents security deposits received from vendors and dealers for goods/ services. The amount is utilizable for the Company's business and has been utilized for the purpose of business in accordance with written agreements in terms of section 217 of the Companies Act, 2017.
- 20.3 Sui Northern Gas Pipelines Limited has charged cost of supply relating to the RLNG supplies in the billing month of February 2018 based on interim order passed by Oil and Gas Regulatory Authority. The Company along with other industrial units in Punjab decided to file writ petition for deferment of said order. The Honourable Lahore High Court issued stay order with reference to the petition filed. The matter is pending adjudication, however, the Company has made a provision amounting Rs. 431.449 million on prudence basis since February 2018.

No payment has so far been made against the provision made regarding the cost of supply amounting to Rs. 431.449 million, as the matter is still in the Court for grant of relief in respect of the said tariff.

| | Note | December 31, 2023 (Unaudited) | June 30, 2023 (Audited) |
|--|------|-------------------------------------|-------------------------------|
| | | (Rupees in thousand) | |

21 SHORT TERM BORROWINGS

Secured

From banking companies and financial institutions

| | | | |
|------------------|------|------------------|------------------|
| Running finances | 21.1 | 765,818 | 826,051 |
| Term finance | 21.2 | <u>1,524,970</u> | <u>488,000</u> |
| | | <u>2,290,788</u> | <u>1,314,051</u> |

- 21.1 Short term running finance facilities from various banks aggregated to Rs. 1,370 million (2023: Rs. 1,520 million) and carries mark-up ranging from one month KIBOR plus 1% to three months KIBOR plus 1.25% per annum (2023: one month KIBOR plus 1% to three months KIBOR plus 1.25% per annum) on utilized limits. These facilities are secured against first pari passu charge over present and future current assets of the Company and hypothecation charge over stores, spares and stocks of chemicals.
- 21.2 Term finance facilities from various banks aggregated to Rs. 1,525 million (2023: Rs. 1,125 million) and carry mark-up ranging from matching KIBOR plus 0.65% to 1.00% per annum (2023: matching KIBOR plus 0.70% to 1.00% per annum) on utilized limits. These facilities are secured against ranking and first pari passu charge over present and future current assets of the Company.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingent liabilities

- a) Letters of guarantee outstanding as at December 31, 2023 were Rs. 473.723 million (June 2023: Rs. 476.076 million).
- b) Show cause notices for the Tax Years 2021 & 2023 were issued to the company by Additional Commissioner Punjab Revenue Authority contending short deduction of Punjab Sales Tax against services acquired during the period under discussion. The company has challenged the above notices in Lahore High Court and the Honourable Court granted stay against the proceedings. However, the Additional Commissioner Punjab Revenue Authority proceeded to issue an antidated order for the Tax Year 2021 wherein a tax liability of Rs. 72 million has been raised in frivolous manner.

The company has filed an appeal before Commissioner Appeals, Punjab Revenue Authority. The company expects a favorable outcome of the case.

- c) Other contingencies are not materially different from those as disclosed in preceding annual financial statements for the year ended June 30, 2023

22.2 Commitments

Commitments as on December 31, 2023 were as follows:

- a) Against letters of credit amounting to Rs.596.159 million (June 2023: Rs. 3,123.055 million).
b) Against purchase of land amounting to Rs. 87.639 million (June 2023: Rs. 145.639 million).

23 Revenue from contracts with customers

| | ----- (Unaudited) ----- | | | |
|------------------------------------|--------------------------|--------------------------|-------------------------|-------------------------|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| ----- (Rupees in thousand) ----- | | | | |
| Major products and services | | | | |
| Manufacturing | 14,044,733 | 13,769,232 | 6,379,458 | 7,322,385 |
| Trading | - | 18,043 | - | - |
| Toll Manufacturing | 141,286 | 4,682 | 86,865 | 88 |
| | <u>14,186,019</u> | <u>13,791,957</u> | <u>6,466,323</u> | <u>7,322,473</u> |
| Less: Sales tax | 1,895,726 | 1,677,746 | 860,923 | 862,366 |
| Commission | 116,541 | 95,088 | 61,581 | 52,553 |
| | <u>2,012,267</u> | <u>1,772,834</u> | <u>922,504</u> | <u>914,919</u> |
| | <u><u>12,173,752</u></u> | <u><u>12,019,123</u></u> | <u><u>5,543,819</u></u> | <u><u>6,407,554</u></u> |
| Local Sales | 11,382,250 | 10,322,593 | 5,190,256 | 5,290,834 |
| Export Sales | 791,502 | 1,696,530 | 353,563 | 1,116,720 |
| | <u>12,173,752</u> | <u>12,019,123</u> | <u>5,543,819</u> | <u>6,407,554</u> |

24 COST OF SALES

| | | | | |
|------------------------------|-----------|-----------|-----------|-----------|
| Raw materials consumed | 5,285,026 | 5,381,402 | 1,983,203 | 2,520,468 |
| Other overheads: | | | - | - |
| Salaries wages and benefit | 453,984 | 356,398 | 231,745 | 176,286 |
| Stores, spares and consumed | 206,658 | 132,729 | 114,850 | 79,753 |
| Packing materials consumed | 133,295 | 114,497 | 49,522 | 63,176 |
| Fuel and power | 3,979,041 | 3,871,053 | 1,988,233 | 1,656,400 |
| Repair and maintenance | 36,495 | 28,298 | 16,210 | 15,032 |
| Rent, rates and taxes | 3,150 | 6,333 | 2,682 | 3,186 |
| Insurance | 8,811 | 9,040 | 4,515 | 4,674 |
| Vehicle running expenses | 15,114 | 12,569 | 7,811 | 6,135 |
| Telephone, telex and postage | 580 | 483 | 323 | 244 |
| Printing and stationery | 43 | 1,156 | 27 | 1,060 |
| Depreciation | 303,791 | 293,740 | 159,550 | 148,024 |

| | ----- (Unaudited) ----- | | | |
|---|----------------------------------|-------------|---------------|-------------|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| | ----- (Rupees in thousand) ----- | | | |
| Provision for slow moving stores and spares | 9,000 | 13,500 | 4,500 | 9,000 |
| Other expenses | 3,903 | 2,587 | 1,457 | 1,486 |
| | 5,153,865 | 4,842,383 | 2,581,425 | 2,164,456 |
| Opening work in process | 75,529 | 53,902 | 73,906 | 65,461 |
| Closing work in process | (71,602) | (63,900) | (71,602) | (63,900) |
| | 3,926 | (9,998) | 2,304 | 1,561 |
| Cost of goods manufactured | 10,442,817 | 10,213,787 | 4,566,932 | 4,686,485 |
| Cost of stores traded | - | 7,178 | - | - |
| Opening stock of finished goods | 1,073,329 | 667,255 | 1,765,626 | 1,171,551 |
| Closing stock of finished goods | (1,773,106) | (1,069,252) | (1,773,106) | (1,069,252) |
| | (699,777) | (401,997) | (7,480) | 102,299 |
| | 9,743,040 | 9,818,968 | 4,559,452 | 4,788,784 |

25 SELLING AND DISTRIBUTION EXPENSES

| | | | | |
|------------------------------|---------|---------|---------|---------|
| Salaries, wages and benefits | 28,613 | 23,930 | 15,139 | 12,069 |
| Travelling and conveyance | 3,904 | 1,009 | 3,136 | 897 |
| Vehicle running expenses | 3,641 | 2,353 | 2,038 | 1,272 |
| Advertisement | 368 | 338 | 368 | - |
| Telephone, telex and postage | 409 | 403 | 217 | 200 |
| Marketing service charges | 57,579 | 52,125 | 26,326 | 26,694 |
| Freight | 490,818 | 657,701 | 273,573 | 401,480 |
| Rent, rates and taxes | 2,158 | 287 | 1,027 | 152 |
| Printing and stationery | 642 | 512 | 509 | 66 |
| Fee and subscription | 148 | 97 | 80 | 68 |
| Fuel and power | 2,722 | 1,979 | 1,129 | 858 |
| Repair and maintenance | 225 | 740 | 104 | 440 |
| Insurance | 4,959 | 4,842 | 3,103 | 2,444 |
| Depreciation | 836 | 946 | 418 | 517 |
| | 597,022 | 747,262 | 327,167 | 447,157 |

26 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

| | | | | |
|--|---------|---------|---------|---------|
| Profit after taxation - (Rs. in thousand) | 694,303 | 754,982 | 207,747 | 618,052 |
|--|---------|---------|---------|---------|

| | ----- (Unaudited) ----- | | | |
|--|-------------------------|---------|---------------|---------|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| | Restated | | Restated | |
| Weighted average number of ordinary shares - (in thousand) | 100,000 | 100,000 | 100,000 | 100,000 |
| Earnings per share - basic and diluted - (Rs.) | 6.94 | 7.55 | 2.08 | 6.18 |

27 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

| | ----- (Unaudited) ----- | | | |
|--|----------------------------------|-----------------------------|---------------|--------|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| | ----- (Rupees in thousand) ----- | | | |
| Transaction with: | | | | |
| Relationship with the Company | Nature of Transactions | | | |
| Other related party | | | | |
| Chemi Multifabrics Limited | Marketing service charges | 57,565 | 52,125 | 26,327 |
| Chemitex Industries Limited | Purchase of Vehicle | 3,053 | - | - |
| Retirement benefit plans | | | | |
| Contribution to staff retirement benefit plans | | 373 | 330 | 185 |
| Key management personnel | | | | |
| Remuneration and other benefits | | 56,785 | 51,494 | 28,528 |
| Basis of Relationship with the Company | | | | |
| Name of related party | Relationship | Basis of Association | | |
| Chemi Multifabrics Limited | Other related party | Shareholding | | |
| Chemitex Industries Limited | Other related party | Shareholding | | |

27.1 The balances with related parties have been disclosed in the relevant notes to the condensed interim financial statements.

28 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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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 December 31, 2023 and June 30, 2023.

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.

29 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.

The condensed interim financial statements does 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, 2023.

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, 2023.

30 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All other significant transactions and events that have affected the Company's financial position and performance during the period have been adequately disclosed in the notes to these financial statements.

31 FINANCIAL INSTRUMENTS BY CATEGORY

| | Note | Carrying amount | | | Fair value | | | |
|---|------|------------------|------------------|------------------|------------|----------|----------|----------|
| | | Amortised cost | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees in thousand) ----- | | | | | | | | |
| On-Balance sheet financial instruments | | | | | | | | |
| As at December 31, 2023 | | | | | | | | |
| Financial assets | | | | | | | | |
| At cost or amortised cost | | | | | | | | |
| Long term Investement | 8 | 2,500 | - | 2,500 | - | - | - | - |
| Long-term deposits | | 247,602 | - | 247,602 | - | - | - | - |
| Trade debts - net of provisions | | 2,559,037 | - | 2,559,037 | - | - | - | - |
| Loans, advances and other receivables | | 23,261 | - | 23,261 | - | - | - | - |
| Trade deposits | | 10,094 | - | 10,094 | - | - | - | - |
| Short term investment | | 12,561 | - | 12,561 | - | - | - | - |
| Cash and bank balances | 13 | 445,201 | - | 445,201 | - | - | - | - |
| | | <u>3,297,756</u> | <u>-</u> | <u>3,297,756</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities at amortised cost | | | | | | | | |
| Long term financing | 15 | - | 1,202,212 | 1,202,212 | - | - | - | - |
| Long term diminishing musharaka | 16 | - | 384,063 | 384,063 | - | - | - | - |
| Lease liabilities | 17 | - | 820 | 820 | - | - | - | - |
| Gratuity | | - | 143,499 | 143,499 | - | - | - | - |
| Trade and other payables | 20 | - | 3,227,011 | 3,227,011 | - | - | - | - |
| Mark-up accrued | | - | 141,038 | 141,038 | - | - | - | - |
| Short-term borrowings | 21 | - | 2,290,788 | 2,290,788 | - | - | - | - |
| | | <u>-</u> | <u>7,389,431</u> | <u>7,389,431</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| On-Balance sheet financial instruments | | | | | | | | |
| As at June 30, 2023 | | | | | | | | |
| Financial Assets at cost or amortised cost | | | | | | | | |
| Long term investment | 8 | 2,500 | - | 2,500 | - | - | - | - |
| Long-term deposits | | 66,375 | - | 66,375 | - | - | - | - |
| Trade debts - net of provisions | | 1,939,538 | - | 1,939,538 | - | - | - | - |
| Loans, advances and other receivables | | 20,771 | - | 20,771 | - | - | - | - |
| Trade deposits | | 19,342 | - | 19,342 | - | - | - | - |
| Cash and bank balances | 13 | 923,733 | - | 923,733 | - | - | - | - |
| | | <u>2,972,259</u> | <u>-</u> | <u>2,972,259</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities at amortised cost | | | | | | | | |
| Long term financing | 15 | - | 1,306,037 | 1,306,037 | - | - | - | - |
| Long term diminishing musharaka | 16 | - | 577,566 | 577,566 | - | - | - | - |
| Lease Liabilities | 17 | - | 4,116 | 4,116 | - | - | - | - |
| Gratuity | | - | 122,975 | 122,975 | - | - | - | - |
| Trade and other payables | 20 | - | 3,122,323 | 3,122,323 | - | - | - | - |
| Mark-up accrued | | - | 76,317 | 76,317 | - | - | - | - |
| Short-term borrowings | 21 | - | 1,314,051 | 1,314,051 | - | - | - | - |
| | | <u>-</u> | <u>6,523,385</u> | <u>6,523,385</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

31.1 The Company has valued free hold land at fair value and classified under property, plant and equipment. The carrying value and level of fair value of these non - financial assets have been disclosed in the relevant note to the financial statements.

31.2 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.

32 CORRESPONDING FIGURES

- 32.1 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.
- 32.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2023 and the corresponding figures in the condensed interim statement of profit or loss and the condensed interim comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the half year ended December 31, 2022.

33 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 21, 2024 by the Board of Directors of the Company.

34 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

- 34.1 The Board of Directors of the Company in its meeting held on February 21, 2024 has recommended interim cash dividend at 10% i.e Rs. 1 per share. These financial statements do not reflect this appropriation.
- 34.2 A new wholly owned company ICL Power (Private) Limited has been incorporated on January 2, 2024 the new subsidiary will generate and provide electricity to the Company.

35 GENERAL

- 35.1 Figures 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 HALF YEAR ENDED DECEMBER 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 half year ended December 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 Company's registered office is located 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 currently in the process of acquiring Mining Lease from the relevant Government Department.

The Consolidated Financial Statements showed Earnings per share Rs. 6.94 for the Half Year ended December 31, 2023.

Effective internal financial controls are in place, and management diligently ensures their comprehensive and satisfactory implementation. The Management expresses confidence in the prospect of future growth and favorable returns subsequent to securing the Mining Lease from Punjab Mines & Minerals Department.

On behalf of the Board



Lahore
February 21, 2024

Muhammad Siddique Khatri
Chairman



Abdul Sattar Khatri
Chief Executive Officer

Consolidated Condensed Interim Statement of Financial Position As At December 31, 2023

| | Note | December 2023 (Un-audited) ----- (Rupees in thousand)----- | June 2023 (Audited) |
|--|------|---|---------------------------|
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | | | |
| Operating fixed assets | 6 | 7,723,796 | 6,322,977 |
| Capital work in progress | 7 | 1,230,020 | 908,192 |
| | | 8,953,816 | 7,231,169 |
| Intangible assets | | 856 | 1,135 |
| Investment property | | 562,500 | 562,500 |
| Long term investments | 8 | - | - |
| Long term deposits | | 249,102 | 67,875 |
| | | 9,766,274 | 7,862,679 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | 9 | 609,121 | 533,525 |
| Stock in trade | 10 | 2,759,869 | 2,197,162 |
| Trade debts | 11 | 2,559,037 | 1,939,538 |
| Loans, advances and other receivables | 12 | 169,687 | 172,452 |
| Trade deposits and short term prepayments | | 21,419 | 37,990 |
| Tax refunds due from the Government | | 836,463 | 723,163 |
| Taxation - net | | 44,945 | - |
| Short term investments | | 12,561 | 300,000 |
| Cash and bank balances | 13 | 446,617 | 925,198 |
| | | 7,459,719 | 6,829,028 |
| | | 17,225,993 | 14,691,707 |
| TOTAL ASSETS | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | 14.1 | 2,000,000 | 2,000,000 |
| Issued, subscribed and paid up share capital | 14.2 | 1,000,000 | 1,000,000 |
| Reserves | | | |
| Capital reserves - Share premium | | 177,000 | 177,000 |
| Revenue reserves - Unappropriated profit | | 4,753,224 | 4,140,827 |
| Surplus on revaluation of fixed assets | | 2,872,504 | 1,392,042 |
| Merger reserve | | (6,445) | (6,445) |
| | | 8,796,283 | 6,703,424 |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 15 | 770,235 | 938,485 |
| Long term diminishing musharaka | 16 | 50,496 | 190,561 |
| Lease liabilities | 17 | - | - |
| Deferred liabilities | | 697,897 | 571,317 |
| Deferred grant | 18 | 47,681 | 72,194 |
| | | 1,566,309 | 1,772,557 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 20 | 3,611,958 | 3,738,046 |
| Short term loan | | 1,010 | 1,010 |
| Unclaimed dividend | | 3,384 | 4,012 |
| Mark-up accrued | | 141,038 | 76,317 |
| Short term borrowings | 21 | 2,290,788 | 1,314,051 |
| Taxation - net | | - | 268,032 |
| Current portion of lease liabilities | 17 | 820 | 4,116 |
| Current portion of deferred grant | 18 | 48,861 | 55,585 |
| Current portion of long term liabilities | | 765,542 | 754,557 |
| | | 6,863,401 | 6,215,726 |
| | | 17,225,993 | 14,691,707 |
| TOTAL EQUITY AND LIABILITIES | | | |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 22 | | |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Profit or Loss Account - (Un-audited) For The Half Year Ended December 31, 2023

| | Note | Half year ended | | Quarter ended | |
|---|------|-----------------|--------------|---------------|--------------|
| | | December 31, | December 31, | December 31, | December 31, |
| | | 2023 | 2022 | 2023 | 2022 |
| ----- (Rupees in thousand) ----- | | | | | |
| Revenue from contracts with customers | 23 | 12,173,752 | 12,019,123 | 5,543,819 | 6,407,554 |
| Cost of sales | 24 | (9,743,040) | (9,818,968) | (4,559,452) | (4,788,784) |
| Gross profit | | 2,430,712 | 2,200,155 | 984,367 | 1,618,770 |
| Selling and distribution expenses | 25 | (597,022) | (747,262) | (326,595) | (447,157) |
| General and administrative expenses | | (170,275) | (131,750) | (88,247) | (65,510) |
| Other operating income | | 103,797 | 74,472 | 79,713 | 20,794 |
| Other operating expenses | | (96,970) | (75,868) | (30,236) | (93,485) |
| | | (760,470) | (880,408) | (365,365) | (585,358) |
| Operating profit | | 1,670,242 | 1,319,747 | 619,002 | 1,033,412 |
| Financial charges | | (393,928) | (322,582) | (224,541) | (185,617) |
| Profit before taxation | | 1,276,314 | 997,165 | 394,461 | 847,795 |
| Taxation | | (582,015) | (242,357) | (186,718) | (229,917) |
| Profit after taxation | | 694,299 | 754,808 | 207,743 | 617,878 |
| Earnings per share - basic and diluted (Rupees) | 26 | 6.94 | 7.55 | 2.08 | 6.18 |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement Of Comprehensive Income - (unaudited) For The Half Year Ended December 31, 2023

| | Half year ended December 31, | | Quarter ended December 31, | |
|---|---------------------------------|----------------|-------------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| ----- (Rupees in thousand) ----- | | | | |
| Profit for the period | 694,299 | 754,808 | 207,743 | 617,878 |
| Other comprehensive income | - | - | - | - |
| Items that will not be reclassified subsequently to statement of profit or loss | | | | |
| Revaluation surplus on free hold land | 1,523,560 | | 1,523,560 | |
| Items that may be reclassified subsequently to statement of profit or loss | | | | |
| Total comprehensive income for the period | <u>2,217,859</u> | <u>754,808</u> | <u>1,731,303</u> | <u>617,878</u> |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Cash Flows Statement - (unaudited) For The Half Year Ended December 31, 2023

| | Half Year Ended December 31, | |
|--|------------------------------|-----------|
| | 2023 | 2022 |
| | (Rupees in thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 1,276,314 | 997,165 |
| Adjustments for items not involving movement of funds: | | |
| Depreciation | 6.1 & 6.2 317,116 | 304,940 |
| Provision for gratuity | 20,968 | 12,014 |
| Ammortisation of intangible assets | 279 | - |
| Gain on sale of fixed assets | (3,529) | (2,267) |
| Gain on foreign exchange | (37,498) | (45,087) |
| Deferred grant amortization | (31,238) | (10,967) |
| Provision for obsolete stores and spares | 9 9,000 | 13,500 |
| Financial charges | 393,928 | 322,582 |
| Net cash flow before working capital changes | 1,945,340 | 1,591,880 |
| Decrease/ (Increase) in current assets | | |
| Stores and spares | (84,596) | (70,522) |
| Stock in trade | (562,707) | (70,216) |
| Trade debts | (582,002) | (354,165) |
| Loans and advances | 297 | 167,163 |
| Trade deposits and short term prepayments | 16,571 | (10,210) |
| Tax refunds due from the Government | (233,719) | (110,474) |
| | (1,446,156) | (448,424) |
| Decrease in current liabilities | | |
| Trade and other payables | (126,088) | 764,524 |
| Cash generated from operations | 373,096 | 1,907,980 |
| Income taxes paid | (668,518) | (419,065) |
| Gratuity paid | (444) | (2,356) |
| Financial charges paid | (307,133) | (276,306) |
| Net cash (used in)/ generated from operating activities | (602,999) | 1,210,253 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Additions to operating fixed assets - net | (35,757) | (36,498) |
| Additions to capital work in progress | (557,828) | (293,180) |
| Proceeds from sale of operating fixed assets | 90,076 | 3,105 |
| Short term Investment | 289,907 | (34,500) |
| Long term deposits | (181,227) | - |
| Net cash used in investing activities | (394,829) | (361,073) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long term financing | 41,500 | 330,809 |
| Repayment of long term financing | (176,563) | (135,356) |
| Repayment of long term diminishing musharaka | (193,503) | (193,503) |
| Payment against lease liabilities | (3,296) | (4,111) |
| Proceeds from loan from related party | | 80 |
| Dividend paid | (125,628) | (99,697) |
| Short term borrowings-net | 976,737 | (206,100) |
| Net cash generated from/ (used in) financing activities | 519,247 | (307,878) |
| Net (decrease)/ increase in cash and cash equivalents | (478,581) | 541,302 |
| Cash and cash equivalents at the beginning of the period | 925,198 | 196,151 |
| Cash and cash equivalents at the end of the period | 446,617 | 737,453 |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited) for the half year ended December 31, 2023

| Issued, subscribed and paid-up share capital | Surplus on revaluation of fixed assets | Reserves | | | Total |
|---|--|-----------------------------------|------------------|--------------------------|-------|
| | | Capital | | Revenue | |
| | | Balance arising upon merger | Share premium | Unappropriated profit | |

----- (Rupees in thousand) -----

| | | | | | | |
|--|------------------|------------------|----------------|----------------|------------------|------------------|
| Balance as at July 01, 2022 (audited) | 1,000,000 | 1,392,042 | (6,445) | 177,000 | 2,618,421 | 5,181,018 |
| Transaction with owners: | | | | | | |
| Interim cash dividend on ordinary shares @ Rs. 1 per share | - | | | | (100,000) | (100,000) |
| Total comprehensive income for the period ended December 31, 2022 | | | | | | |
| Profit for the period (unaudited) | - | - | - | - | 754,982 | 754,982 |
| Balance as at December 31, 2022 (unaudited) | <u>1,000,000</u> | <u>1,392,042</u> | <u>(6,445)</u> | <u>177,000</u> | <u>3,273,403</u> | <u>5,836,000</u> |
| Balance as at July 01, 2023 (audited) | 1,000,000 | 1,392,042 | (6,445) | 177,000 | 4,140,827 | 6,703,424 |
| Transaction with owners: | | | | | | |
| Final cash dividend 2023: Rs. 1.25 per share | - | - | - | - | (125,000) | (125,000) |
| Profit for the period | - | - | - | - | 694,299 | 694,299 |
| Revaluation surplus for the period | - | 1,523,560 | - | - | - | 1,523,560 |
| Revaluation surplus transferred to revenue reserves | - | (43,098) | - | - | 43,098 | - |
| Total comprehensive income for the period (unaudited) | - | 1,480,462 | - | - | 737,397 | 2,217,859 |
| Balance as at December 31, 2023 (unaudited) | <u>1,000,000</u> | <u>2,872,504</u> | <u>(6,445)</u> | <u>177,000</u> | <u>4,753,224</u> | <u>8,796,283</u> |

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 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 Company 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.

These consolidated condensed interim financial statements are unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

These 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 Company as at and for the year ended June 30, 2023 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, 2023, whereas the comparative consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity are extracted from the unaudited consolidated condensed interim financial statements for the half year ended December 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 statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THERE IN

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, 2023.

4.2 Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

4.2.1 Amendments to published accounting and reporting standards which became effective during the period:

The Group adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they will impact the accounting policy information disclosed in the annual financial statements.

These amendments had no effect on the interim condensed financial statements of the Group as they relate to disclosures of accounting policies in the annual financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual financial statements of the Group.

4.2.2 Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the group's annual accounting periods beginning on or after July 01, 2023. However, these amendments will not have any significant impact on the financial reporting of the group and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

5 ESTIMATES

The preparation of consolidated condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the group's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2023.

| | Note | December 31, 2023 (Unaudited) | June 30, 2023 (Audited) |
|--|-------|-------------------------------------|-------------------------------|
| (Rupees in thousand) | | | |
| 6 OPERATING FIXED ASSETS | | | |
| Fixed assets | 6.1 | 7,723,796 | 6,321,437 |
| Right of use assets | 6.2 | - | 1,540 |
| | | <u>7,723,796</u> | <u>6,322,977</u> |
| 6.1 Fixed assets | | | |
| Opening net book value (NBV) | | 6,321,437 | 6,289,161 |
| Additions (at cost) during the period / year | 6.1.1 | 280,921 | 651,555 |
| Revaluation of Free hold land | 6.1.2 | 1,523,560 | - |
| | | <u>8,125,918</u> | <u>6,940,716</u> |
| Disposals (at NBV) during the period / year | 6.1.3 | (89,794) | (3,410) |
| Depreciation charged during the period / year | | (312,328) | (615,869) |
| | | <u>(402,122)</u> | <u>(619,279)</u> |
| Closing net book value (NBV) at the end of the period / year | | <u>7,723,796</u> | <u>6,321,437</u> |

| | December 31, 2023 (Unaudited) | June 30, 2023 (Audited) |
|---|-------------------------------------|-------------------------------|
| Note | (Rupees in thousand) | |
| 6.1.1 Details of additions (at cost) during the period / year are as follows: | | |
| Free hold land | - | - |
| Building | 6,293 | 149,556 |
| Plant and machinery | 259,567 | 436,426 |
| Other equipment | - | 79 |
| Furniture and fixtures | 192 | 480 |
| Office and other equipment | 795 | 6,283 |
| Vehicles | 14,074 | 58,731 |
| | <u>280,921</u> | <u>651,555</u> |

6.1.2 Free hold land was latest revalued by M/s Harvester Services (Private) Limited as at November 30, 2023 on the basis of market value. The revaluation resulted in surplus aggregating to Rs. 2,872.504 million. Had there been no revaluation, the book value of operating fixed assets would have been lower by Rs. 2,872.504 million (2023: Rs. 1392.42 million). Had there been no revaluation, the net book value of the free hold land would have been Rs. 158.476 million (2023: Rs. 200.853 million).

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

| | | |
|----------------------------|-----------------|----------------|
| Free hold land | (85,475) | - |
| Furniture and fixtures | - | (387) |
| Office and other equipment | - | (1,299) |
| Vehicles | (4,319) | (1,724) |
| | <u>(89,794)</u> | <u>(3,410)</u> |

6.1.4 Free hold lands of the group are located at Mudwala Khurd Sheikhpura with an area covering 74 kanals and 11 Marla, Kala Shah Kaku Sheikhpura with an area of 886 Kanal - 2 Marla and at Khanpur Canal Sheikhpura with an area of 135 Kanal - 6 Marla. These lands includes lands which have been held for establishment of head office and factory.

6.2 Right of use assets

| | | |
|--|----------|--------------|
| Opening net book value (NBV) | 1,540 | 8,947 |
| Disposals (at NBV) during the period / year | - | (3,111) |
| Depreciation charge for the period / year | (1,540) | (4,296) |
| Closing net book value (NBV) at the end of the period / year | <u>-</u> | <u>1,540</u> |

7 CAPITAL WORK IN PROGRESS

| | | | |
|---------------------|-------|------------------|----------------|
| Advance | 7.1.1 | 95,639 | 48,251 |
| Building | 7.1.2 | 23,071 | 20,295 |
| Plant and machinery | 7.1.3 | 1,111,310 | 839,646 |
| | | <u>1,230,020</u> | <u>908,192</u> |

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|---|--|---|-------------------------------|
| 7.1 Movement of carrying amount is as follows: | | | |
| 7.1.1 Advances | | | |
| Opening balance at the start of the period/ year | | 48,251 | 13,846 |
| Additions (at cost) | | 58,000 | 34,405 |
| Transferred/ adjustment | | (10,612) | - |
| Closing balance at the end of the period / year | 7.2 | 95,639 | 48,251 |
| 7.1.2 Building | | | |
| Opening balance at the start of the period/ year | | 20,295 | 24,388 |
| Additions (at cost) | | 8,844 | 55,524 |
| Transferred to operating fixed assets | | (6,068) | (59,617) |
| Closing balance at the end of the period / year | | 23,071 | 20,295 |
| 7.1.3 Plant and Machinery | | | |
| Opening balance at the start of the period/ year | | 839,646 | 357,918 |
| Additions (at cost) | | 490,983 | 1,009,483 |
| Transferred to operating fixed assets | | (219,319) | (527,755) |
| Closing balance at the end of the period / year | | 1,111,310 | 839,646 |
| 7.2 | Advances includes balances amounting to Rs. 1.639 million (June 30, 2023: Rs. 1.639 million) against purchase of land in Karachi from Sindh Industrial Trading Estate. | | |
| 7.3 | Capital work in progress includes an amount of Rs. 9.164 million (June 30, 2023: 17.30) against borrowing cost capitalised during the period. | | |
| 8 LONG TERM INVESTMENTS | | | |
| Investment in related parties - unquoted | | | |
| Held at cost | | | |
| Chemi Visco Fiber Limited | 8.1 | - | - |
| Investment in subsidiary company | | | |
| Held at cost | | | |
| Ittehad Salt Processing (Private) Limited | 8.2 | - | - |
| | | - | - |
| 8.1 Chemi Visco Fiber Limited | | | |
| 5,625,000 (2023: 5,625,000) fully paid ordinary shares | | 56,250 | 56,250 |
| Less: Provision for diminution in value of investment | | (56,250) | (56,250) |
| Relevant information: | | | |
| Percentage of investment in equity held (2023: 7.91%) (Chief Executive : Mr. Usman Ghani) | | - | - |
| 8.1.1 | This provision was made in earlier years as a matter of prudence since the project of the investee company is not operating and there is significant uncertainty regarding future earnings and related cash flows. Further, the financial statements of the entity indicate that the fair value of the net assets is negative. | | |

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|---|------|---|-------------------------------|
| 8.2 Ittehad Salt Processing (Private) Limited | | | |
| 250,000 (2023: 250,000) fully paid ordinary shares | | - | - |
| Relevant information: | | | |
| Percentage of investment in equity held 100% (2023: 100%) (Chief Executive : Mr. Ahmed Mustafa) | | | |
| Location: Pakistan | | | |
| 9 STORES, SPARES AND LOOSE TOOLS | | | |
| Stores: | | | |
| in hand | | 103,377 | 89,163 |
| in transit | | 83 | 83 |
| | | 103,460 | 89,246 |
| Spares: | | | |
| in hand | | 370,096 | 410,957 |
| in transit | | 144,565 | 33,322 |
| | | 514,661 | 444,279 |
| | | 618,121 | 533,525 |
| Less: Provision for obsolete stores and spares | 9.2 | 9,000 | - |
| | | 609,121 | 533,525 |
| 9.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. | | | |
| 9.2 Movement of provision for obsolete stores and spares | | | |
| Opening balance | | - | 36,959 |
| Provision during the period / year | | 9,000 | (76,489) |
| Written off during the period / year against disposal/scrap sale | | - | 39,530 |
| | | 9,000 | - |
| 10 STOCK IN TRADE | | | |
| Raw materials: | | | |
| in hand | 24 | 856,631 | 233,689 |
| in transit | | - | 784,484 |
| | | 856,631 | 1,018,173 |
| Packing materials - in hand | | 58,530 | 30,131 |
| Work in process | 24 | 71,602 | 75,529 |
| Finished goods | 10.1 | 1,773,106 | 1,073,329 |
| | | 2,759,869 | 2,197,162 |

10.1 The finished goods also includes stock in transit amounting to Rs. 3.230 million (2023: Rs. Nil).

- 10.2 Stock-in-trade up to a maximum amount of Rs. 2,759.869 million (2023: 2,197.162 million) are under hypothecation of commercial banks as security for short term borrowings.

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|------------------------------------|------|---|-------------------------------|
| 11 TRADE DEBTS | | | |
| Unsecured | | | |
| Considered good - foreign | | 129,523 | 134,018 |
| Secured | | | |
| Considered doubtful | | 2,234 | 2,234 |
| Less: Provision for doubtful debts | | (2,234) | (2,234) |
| | | 129,523 | 134,018 |
| Unsecured | | | |
| Considered good | | 2,429,514 | 1,805,520 |
| Considered doubtful | | 64,627 | 64,627 |
| | | 2,494,141 | 1,870,147 |
| | | 2,623,664 | 2,004,165 |
| Less: Provision for doubtful debts | 11.2 | 64,627 | 64,627 |
| | | <u>2,559,037</u> | <u>1,939,538</u> |

- 11.1 During the period, impact of expected credit loss is insignificant (June 30, 2023: Rs. 4.393 million).

11.2 Movement of expected credit loss is as follows:

| | | |
|--|---------------|---------------|
| Opening balance | 66,861 | 62,468 |
| Adjustment on account of: | | |
| Expected credit loss for the period / year | - | 4,393 |
| Closing balance | <u>66,861</u> | <u>66,861</u> |

12 LOANS AND ADVANCES

| | | | |
|--|-------------|----------------|----------------|
| Advances - (Unsecured - considered good) | | | |
| To employees | 12.1 - 12.3 | 23,261 | 20,771 |
| Advance to supplies and services (Unsecured) | | | |
| Considered good | | 142,130 | 75,988 |
| Considered doubtful | | 1,374 | 1,374 |
| | | 143,504 | 77,362 |
| Other advance | | - | - |
| Against import | | 4,296 | 73,225 |
| | | 171,061 | 171,358 |
| Less: Expected credit loss against advances | 12.4 | 1,374 | 1,374 |
| | | <u>169,687</u> | <u>169,984</u> |

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

- 12.2 This also includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up.
- 12.3 This includes advances amounting to Rs. 15.192 million (2023: Rs. 15.192 million) deposited to the Court against various cases for gratuity of employees and the group is expecting favorable outcome and therefore, considered good.

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|------|---|---|-------------------------------|
| 12.4 | Movement of expected credit loss is as follows: | | |
| | Opening balance | 1,374 | 1,374 |
| | Addition during the year | - | - |
| | Closing balance | <u>1,374</u> | <u>1,374</u> |

13 CASH AND BANK BALANCES

| | | | |
|------------------|------|----------------|----------------|
| Cash in hand | | 1,528 | 526 |
| Cash at banks | | | |
| Current accounts | | 421,846 | 921,617 |
| Saving accounts | 13.1 | <u>23,243</u> | <u>3,055</u> |
| | | <u>446,617</u> | <u>925,198</u> |

- 13.1 The saving accounts carry mark-up at the rates ranging from 12.25% to 17.66% (June 30, 2023: 12.25% to 17.66%) per annum.

14 SHARE CAPITAL

14.1 Authorized share capital

| | | | |
|--|--|------------------|------------------|
| 175,000,000 (June 30, 2023: 175,000,000) ordinary shares of Rs. 10/- each | | 1,750,000 | 1,750,000 |
| 25,000,000 (June 30, 2023: 25,000,000) preference shares of Rs. 10/- each | | <u>250,000</u> | <u>250,000</u> |
| | | <u>2,000,000</u> | <u>2,000,000</u> |

14.2 Issued, subscribed and paid up share capital

| | | | |
|--|--|------------------|------------------|
| 27,100,000 (June 30, 2023: 27,100,000) ordinary shares of Rs. 10/- each fully paid in cash | | 271,000 | 271,000 |
| 24,900,000 (June 30, 2023: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash | | <u>249,000</u> | <u>249,000</u> |
| 48,000,000 (June 30, 2023: 32,700,000) fully paid bonus shares of Rs. 10/- each | | <u>480,000</u> | <u>480,000</u> |
| | | <u>1,000,000</u> | <u>1,000,000</u> |

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|---|---|---|-------------------------------|
| 15 LONG TERM FINANCING | | | |
| Secured: | | | |
| Banking Companies | | | |
| Samba Bank Limited - TERF | 15.1 | 332,811 | 378,148 |
| Bank of Punjab | 15.2 | 198,953 | 224,734 |
| Allied bank Ltd - LTF | 15.3 | 141,500 | 100,000 |
| | | 673,264 | 702,882 |
| Other Financial Institutions | | | |
| Pak Libya Holding Company (Private) Limited | 15.4 | 146,448 | 173,572 |
| Pak Brunei Investment Company Limited | 15.5 | 100,000 | 133,333 |
| Pak Brunei Investment Co. Limited (WWTP) | 15.6 | 82,500 | 96,250 |
| Pak Libya Holding Company (Private) Limited | 15.7 | 200,000 | 200,000 |
| | | 528,948 | 603,155 |
| | | 1,202,212 | 1,306,037 |
| Less: Current portion shown under current liabilities | | 431,977 | 367,552 |
| | | 770,235 | 938,485 |
| 15.1 | The group has obtained this loan under the scheme of Temporary Economic Refinance Facility (TERF) to the extent of Rs. 500 million. This finance is secured against 667 million 1st pari passu over fixed assets of the group inclusive of 25% margin. This carries mark up at SBP TERF rate plus 3% per annum. The loan is repayable in sixteen (16) equal quarterly installments starting from 1 year (grace period) after initial draw down. | | |
| 15.2 | The group has obtained this loan to the extent of Rs. 313.717 million. The SBP has approved Rs. 246.144 million under Temporary Economic Refinance Facility (TERF). So, the remaining amount of Rs.67.573 million is treated as demand finance. This finance is secured against the specific charge of Rs. 400 million over fixed assets of the company. These carry mark up at SBP rate 4% plus 1% spread of Bank per annum under TERF and for the remaining amount carry 6 month KIBOR plus 1.5% per annum. The loan is repayable in Ten (10) equal semi-annual installments having grace period of Six months after the disbursement date. | | |
| 15.3 | The group has obtained this loan to the extent of Rs. 200 million. This finance is secured against ranking Hypo & mortgage charge over present and future fixed assets (Land, Building & Machinery) with 25% risk margin. This carries mark up at rate 6 months KIBOR plus 1% per annum. The loan is repayable in eight (08) bi-annual installments, markup payable on quarterly basis from the date of disbursement. | | |
| 15.4 | The group has obtained this loan under long term finance facility to the extent of Rs. 217 million. This finance is secured against ranking charge convertible / upgraded to first pari passu charge inclusive of 25% margin on all present and future fixed assets of the group and carries mark up at 3 months KIBOR plus 1.5% per annum. The loan is repayable in sixteen (16) equal quarterly installments starting from 15th month from the first drawdown. | | |

- 15.5 The group has obtained this loan under long term finance facility to the extent of Rs. 300 million. This finance is secured against hypothecation / mortgage charge over all present and future fixed assets of the group with 25% margin and carries mark up at three months average KIBOR plus 1.40%. The loan was disbursed in January 2019 and is repayable in nine equal semi-annual instalments commencing from February 2020.
- 15.6 The group has obtained this loan under long term finance facility to the extent of Rs. 110 million. This finance is secured against first pari passu hypothecation and mortgage charge on all moveable and immovable fixed asses of the group. This carries mark up at 3 months KIBOR plus 1.40% per annum. The loan is repayable in sixteen (16) equal quarterly installments with 1st installment falling due at the end of 15th month.
- 15.7 The group has obtained this loan under long term finance facility to the extent of Rs. 200 million. This finance is secured against Initially Ranking Charges of Rs. 267 million, inclusive of 25% margin on all assets of the group (excluding land and building), convertible to 1st Pari Passu charge within 180 days of disbursement. This carries mark up at 3 months KIBOR plus 1.50% per annum. The loan is repayable in sixteen (16) equal quarterly installments. First installment will fall due at the end of 12th month from the date of first draw down.

| | | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|---|-------------|---|-------------------------------|
| | Note | | |
| 16 LONG TERM DIMINISHING MUSHARAKA | | | |
| Secured: | | | |
| Banking Companies | | | |
| The Bank of Punjab - TAQWA (IEM -3) | 16.2 | 175,000 | 262,500 |
| The Bank of Punjab - TAQWA (LABSA) | 16.3 | 155,626 | 208,191 |
| Al Baraka Bank (Pakistan) Limited | 16.4 | 53,437 | 106,875 |
| | | <u>384,063</u> | <u>577,566</u> |
| Current portion shown under current liabilities | | <u>(333,567)</u> | <u>(387,005)</u> |
| | | <u>50,496</u> | <u>190,561</u> |

16.1 Movement of long term Diminishing Musharaka is as follows:

| | | | |
|---|--|------------------|------------------|
| Banking Companies | | | |
| Balance as at July 01 | | 577,565 | 771,068 |
| Obtained during the period / year | | - | - |
| Repayments made during the period / year | | <u>(193,503)</u> | <u>(193,503)</u> |
| | | 384,062 | 577,565 |
| Current portion shown under current liabilities | | <u>(333,567)</u> | <u>(387,005)</u> |
| | | <u>50,495</u> | <u>190,560</u> |

- 16.2 This finance has been obtained from an Islamic Financial Institution and is secured against first exclusive charge over imported plant and machinery and ranking charge over present & future fixed assets of the group and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed during the prior year in various tranches and are repayable in eight semi annual equal installments with the one year grace period commencing from February 2020. During the period, Rs. 87.500 million was repaid

46 Ittehad Chemicals Limited

- 16.3 This finance has been obtained under the Islamic mode of financing and secured against ranking charge upgradable to specific exclusive charge over imported plant and machinery and ranking & pari passu charge over present & future fixed assets of the group and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed from May, 2018 to January, 2019 in different tranches and are repayable in eight semi annual equal instalments commencing from December 2020. During the period, Rs.52.565 million was repaid.
- 16.4 This finance has been obtained under the Islamic mode of financing and secured against specific exclusive charge over imported plant and machinery and ranking charge over present & future fixed assets of the group and carries mark up at six months average KIBOR plus 1.40%. This finance is disbursed during the year in various tranches with a grace period of six months. During the period, Rs. 53.437 million was repaid.

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|--|------|---|-------------------------------|
| 17 LEASE LIABILITIES | | | |
| Against right of use assets | | | |
| Lease liabilities | | 4,116 | 18,107 |
| Payments / adjustments during the year | | (3,296) | (13,991) |
| Less: Current portion | | (820) | (4,116) |
| | | <u>-</u> | <u>-</u> |
| 17.1 Maturity analysis-contractual undiscounted cash flow | | | |
| Less than one year | | (1,782) | (5,347) |
| One to five year | | - | - |
| Total undiscounted lease liability | | <u>(1,782)</u> | <u>(5,347)</u> |

17.2 When measuring lease liabilities, the group discounted lease payments using its incremental borrowing rate which is 8% per annum.

17.3 The above liabilities were obligations under leases with various lessors for lease of buildings.

18 DEFERRED GRANT

| | | |
|---|---------------|---------------|
| Deferred grant | 96,542 | 127,779 |
| Current portion shown under current liability | (48,861) | (55,585) |
| | <u>47,681</u> | <u>72,194</u> |

18.1 This represents deferred grant recognised in respect of the benefit of below-market interest rate on long term finance facility as 'referred to in note 15.1 and 15.2. The benefit has been measured as the difference between the fair value of the loan and the proceeds received.

18.2 Following is the movement in government grant:

| | | |
|------------------------------------|---------------|----------------|
| Opening balance | 127,779 | 49,791 |
| Addition during the period / year | - | 105,577 |
| Amortized during the period / year | (31,237) | (27,589) |
| Closing balance | <u>96,542</u> | <u>127,779</u> |

19 GIDC PAYABLE

| | | | |
|---|------|------------------|------------------|
| GIDC payable | | 620,458 | 620,458 |
| Current portion shown under current liability | 19.1 | <u>(620,458)</u> | <u>(620,458)</u> |
| | | <u>-</u> | <u>-</u> |

- 19.1 Pursuant to Supreme Court order in August, 2020 and its subsequent dismissal of review petition in November 2020, the Company is paying levy as per GIDC monthly billing by Sui Northern Gas Pipeline Limited (SNGPL).

Institute of Chartered Accountants of Pakistan issued guidelines dated January 21, 2021 for measurement of GIDC as Financial Liability for treatment under accounting principles of IFRS- 9- "Financial Instruments" that require all the future outflows need to be recognized at Present Value as Financial Liability at amortized cost. Difference between present value of financial liability and face value is recognized as income in the statement of profit or loss. The liability recognized under aforesaid guideline, based on SNGPL monthly billing of GIDC i.e. Rs. 15.737 million, is Rs. 260.378 million.

The group has paid seven (7) instalments during the prior period and balance provision of GIDC as at the reporting date is Rs. 620.458 million (June 30, 2023: 620.458 million). The provision was recognized earlier based on estimation basis for the respective periods. However, the group has filed a writ petition in the Sindh High Court to suspend the recovery of arrears of Cess calculated at enhanced captive rates. The Sindh High Court has granted a stay for recovery of arrears and matter is pending for adjudication. There is an aggregate differential of Rs. 352.920 million which is subjudice and that will be remain as provision until the matter is settled. Further, there is an aggregate differential of Rs. 170.291 million between provision as per books of account and liability based on monthly instalment billed by SNGPL for unpaid portion of Cess levied through GIDC Act, 2011 and GIDC Ordinance, 2014, which is not recognized by the group based on the advice of its legal expert as per their view it will not be collected as per GIDC Act, 2015.

| | Note | December 31, 2023 (Unaudited) (Rupees in thousand) | June 30, 2023 (Audited) |
|-------------------------------------|-------------|---|-------------------------------|
| 20 TRADE AND OTHER PAYABLES | | | |
| Trade creditors | | 268,856 | 420,006 |
| Accrued liabilities | 20.1 & 20.3 | 2,950,338 | 2,698,638 |
| Advances from customers (unsecured) | | 214,884 | 383,461 |
| Security deposits | 20.2 | 38,650 | 36,300 |
| Retention money | | 7,798 | 3,594 |
| Income tax deducted at source | | 273 | 216 |
| Workers' Profit Participation Fund | | 103,692 | 138,226 |
| Workers Welfare Fund | | 27,448 | 57,470 |
| Other liabilities | | 19 | 135 |
| | | <u>3,611,958</u> | <u>3,738,046</u> |

- 20.1 These include a balance due to Chemi Multifabrics Limited, other related party, amounting to Rs. 148.966 million (June 30, 2023: Rs. 105.429 million).

- 20.2 This amount represents security deposits received from vendors and dealers for goods/ services. The amount is utilizable for the Group's business and has been utilized for the purpose of business in accordance with written agreements in terms of section 217 of the Companies Act, 2017.
- 20.3 Sui Northern Gas Pipelines Limited has charged cost of supply relating to the RLNG supplies in the billing month of February 2018 based on interim order passed by Oil and Gas Regulatory Authority. The group along with other industrial units in Punjab decided to file writ petition for deferment of said order. The Honourable Lahore High Court issued stay order with reference to the petition filed. The matter is pending adjudication, however, the group has made a provision amounting Rs. 431.449 million on prudence basis since February 2018.

No payment has so far been made against the provision made regarding the cost of supply amounting to Rs. 431.449 million, as the matter is still in the Court for grant of relief in respect of the said tariff.

| | December 31, 2023 (Unaudited) | June 30, 2023 (Audited) |
|-------------|--|--|
| Note | (Rupees in thousand) | |

21 SHORT TERM BORROWINGS

Secured

From banking companies and financial institutions

| | | | |
|------------------|------|-----------|-----------|
| Running finances | 21.1 | 765,818 | 826,051 |
| Term finance | 21.2 | 1,524,970 | 488,000 |
| | | 2,290,788 | 1,314,051 |

- 21.1 Short term running finance facilities from various banks aggregated to Rs. 1,370 million (2023: Rs. 1,520 million) and carries mark-up ranging from one month KIBOR plus 1% to three months KIBOR plus 1.25% per annum (2023: one month KIBOR plus 1% to three months KIBOR plus 1.25% per annum) on utilized limits. These facilities are secured against first pari passu charge over present and future current assets of the Group and hypothecation charge over stores, spares and stocks of chemicals.
- 21.2 Term finance facilities from various banks aggregated to Rs. 1,525 million (2023: Rs. 1,125 million) and carry mark-up ranging from matching KIBOR plus 0.65% to 1.00% per annum (2023: matching KIBOR plus 0.70% to 1.00% per annum) on utilized limits. These facilities are secured against ranking and first pari passu charge over present and future current assets of the Group.

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingent liabilities

- a) Letters of guarantee outstanding as at December 31, 2023 were Rs. 473.723 million (June 2023: Rs. 476.076 million).

- b) Show cause notices for the Tax Years 2021 & 2023 were issued to the group by Additional Commissioner Punjab Revenue Authority contending short deduction of Punjab Sales Tax against services acquired during the period under discussion. The group has challenged the above notices in Lahore High Court and the Honourable Court granted stay against the proceedings. However, the Additional Commissioner Punjab Revenue Authority proceeded to issue an antedated order for the Tax Year 2021 wherein a tax liability of Rs. 72 million has been raised in frivolous manner.

The group has filed an appeal before Commissioner Appeals, Punjab Revenue Authority. The company expects a favorable outcome of the case.

- c) Other contingencies are not materially different from those as disclosed in preceding annual financial statements for the year ended June 30, 2023

22.2 Commitments

Commitments as on December 31, 2023 were as follows:

- a) Against letters of credit amounting to Rs.596.159 million (June 2023: Rs. 3,123.055 million).
- b) Against purchase of land amounting to Rs. 87.639 million (June 2023: Rs. 145.639 million).

23 Revenue from contracts with customers

| | ----- (Unaudited) ----- | | | |
|------------------------------------|-------------------------|-------------------|------------------|------------------|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2023 | 2022 | 2023 | 2022 |
| ----- (Rupees in thousand) ----- | | | | |
| Major products and services | | | | |
| Manufacturing | 14,044,733 | 13,769,232 | 6,379,458 | 7,322,385 |
| Trading | - | 18,043 | - | - |
| Toll Manufacturing | 141,286 | 4,682 | 86,865 | 88 |
| | <u>14,186,019</u> | <u>13,791,957</u> | <u>6,466,323</u> | <u>7,322,473</u> |
| Less: Sales tax | 1,895,726 | 1,677,746 | 860,923 | 862,366 |
| Commission | 116,541 | 95,088 | 61,581 | 52,553 |
| | <u>2,012,267</u> | <u>1,772,834</u> | <u>922,504</u> | <u>914,919</u> |
| | <u>12,173,752</u> | <u>12,019,123</u> | <u>5,543,819</u> | <u>6,407,554</u> |
| Local Sales | 11,382,250 | 10,322,593 | 5,190,256 | 5,290,834 |
| Export Sales | 791,502 | 1,696,530 | 353,563 | 1,116,720 |
| | <u>12,173,752</u> | <u>12,019,123</u> | <u>5,543,819</u> | <u>6,407,554</u> |

| ----- (Unaudited) ----- | | | |
|----------------------------------|------|---------------|------|
| Half year ended | | Quarter ended | |
| December 31, | | December 31, | |
| 2023 | 2022 | 2023 | 2022 |
| ----- (Rupees in thousand) ----- | | | |

24 COST OF SALES

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Raw materials consumed | 5,285,026 | 5,381,402 | 1,983,203 | 2,520,468 |
| Other overheads: | | | - | - |
| Salaries wages and benefit | 453,984 | 356,398 | 231,745 | 176,286 |
| Stores, spares and consumed | 206,658 | 132,729 | 114,850 | 79,753 |
| Packing materials consumed | 133,295 | 114,497 | 49,522 | 63,176 |
| Fuel and power | 3,979,041 | 3,871,053 | 1,988,233 | 1,656,400 |
| Repair and maintenance | 36,495 | 28,298 | 16,210 | 15,032 |
| Rent, rates and taxes | 3,150 | 6,333 | 2,682 | 3,186 |
| Insurance | 8,811 | 9,040 | 4,515 | 4,674 |
| Vehicle running expenses | 15,114 | 12,569 | 7,811 | 6,135 |
| Telephone, telex and postage | 580 | 483 | 323 | 244 |
| Printing and stationery | 43 | 1,156 | 27 | 1,060 |
| Depreciation | 303,791 | 293,740 | 159,550 | 148,024 |
| Provision for slow moving stores and spares | 9,000 | 13,500 | 4,500 | 9,000 |
| Other expenses | 3,903 | 2,587 | 1,457 | 1,486 |
| | 5,153,865 | 4,842,383 | 2,581,425 | 2,164,456 |
| Opening work in process | 75,529 | 53,902 | 73,906 | 65,461 |
| Closing work in process | (71,602) | (63,900) | (71,602) | (63,900) |
| | 3,926 | (9,998) | 2,304 | 1,561 |
| Cost of goods manufactured | 10,442,817 | 10,213,787 | 4,566,932 | 4,686,485 |
| Cost of stores traded | - | 7,178 | - | - |
| Opening stock of finished goods | 1,073,329 | 667,255 | 1,765,626 | 1,171,551 |
| Closing stock of finished goods | (1,773,106) | (1,069,252) | (1,773,106) | (1,069,252) |
| | (699,777) | (401,997) | (7,480) | 102,299 |
| | 9,743,040 | 9,818,968 | 4,559,452 | 4,788,784 |

| ----- (Unaudited) ----- | | | |
|----------------------------------|------|---------------|------|
| Half year ended | | Quarter ended | |
| December 31, | | December 31, | |
| 2023 | 2022 | 2023 | 2022 |
| ----- (Rupees in thousand) ----- | | | |

25 SELLING AND DISTRIBUTION EXPENSES

| | | | | |
|------------------------------|----------------|----------------|----------------|----------------|
| Salaries, wages and benefits | 28,613 | 23,930 | 15,139 | 12,069 |
| Travelling and conveyance | 3,904 | 1,009 | 3,136 | 897 |
| Vehicle running expenses | 3,641 | 2,353 | 2,038 | 1,272 |
| Advertisement | 368 | 338 | 368 | - |
| Telephone, telex and postage | 409 | 403 | 217 | 200 |
| Marketing service charges | 57,579 | 52,125 | 26,326 | 26,694 |
| Freight | 490,818 | 657,701 | 273,573 | 401,480 |
| Rent, rates and taxes | 2,158 | 287 | 1,027 | 152 |
| Printing and stationery | 642 | 512 | 509 | 66 |
| Fee and subscription | 148 | 97 | 80 | 68 |
| Fuel and power | 2,722 | 1,979 | 1,129 | 858 |
| Repair and maintenance | 225 | 740 | 104 | 440 |
| Insurance | 4,959 | 4,842 | 3,103 | 2,444 |
| Depreciation | 836 | 946 | 418 | 517 |
| | <u>597,022</u> | <u>747,262</u> | <u>327,167</u> | <u>447,157</u> |

26 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Profit after taxation - (Rs. in thousand) | <u>694,299</u> | <u>754,808</u> | <u>207,743</u> | <u>617,878</u> |
|--|----------------|----------------|----------------|----------------|

| ----- (Unaudited) ----- | | | |
|---|----------------|----------------|----------------|
| Half year ended | | Quarter ended | |
| December 31, | | December 31, | |
| 2023 | 2022 | 2023 | 2022 |
| Restated | | Restated | |
| Weighted average number of ordinary shares - (in thousand) | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> |
| Earnings per share - basic and diluted - (Rs.) | <u>6.94</u> | <u>7.55</u> | <u>2.08</u> |
| | <u>6.18</u> | | |

27 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their

| | | ----- (Unaudited) ----- | | | | |
|--|-------------------------------|--|-----------------------------|---------------------------------------|--------|--------|
| | | Half year ended December 31, 2023 | | Quarter ended December 31, 2022 | | |
| | | 2023 | 2022 | 2023 | 2022 | |
| | | ----- (Rupees in thousand) ----- | | | | |
| Transaction with: | Relationship with the Company | Nature of Transactions | | | | |
| Other related party | | | | | | |
| | Chemi Multifabrics Limited | Marketing service charges | 57,565 | 52,125 | 26,327 | 26,695 |
| | Chemitex Industries Limited | Purchase of Vehicle | 3,053 | - | - | - |
| Retirement benefit plans | | | | | | |
| | | Contribution to staff retirement benefit plans | 373 | 330 | 185 | 167 |
| Key management personnel | | | | | | |
| | | Remuneration and other benefits | 56,785 | 51,494 | 28,528 | 25,650 |
| Basis of Relationship with the Company | | | | | | |
| | Name of related party | Relationship | Basis of Association | | | |
| | Chemi Multifabrics Limited | Other related party | Shareholding | | | |
| | Chemitex Industries Limited | Other related party | Shareholding | | | |

27.1 The balances with related parties have been disclosed in the relevant notes to the condensed interim financial statements.

28 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation

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 December 31, 2023 and June 30, 2023.

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.

29 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.

The consolidated condensed interim financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements for the year ended June 30, 2023.

The Group's financial risk management objective and policies are consistent with that disclosed in the annual consolidated financial statements for the year ended June 30, 2023.

30 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All other significant transactions and events that have affected the Group's financial position and performance during the period have been adequately disclosed in the notes to these financial statements.

31 FINANCIAL INSTRUMENTS BY CATEGORY

| | Note | Carrying amount | | | Fair value | | | |
|---|------|------------------|------------------|------------------|------------|----------|----------|----------|
| | | Amortised cost | Amortised cost | Total | Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees in thousand) ----- | | | | | | | | |
| On-Balance sheet financial instruments | | | | | | | | |
| As at December 31, 2023 | | | | | | | | |
| Financial assets | | | | | | | | |
| At cost or amortised cost | | | | | | | | |
| Long term Investment | 8 | - | - | - | - | - | - | - |
| Long-term deposits | | 249,102 | - | 249,102 | - | - | - | - |
| Trade debts - net of provisions | | 2,559,037 | - | 2,559,037 | - | - | - | - |
| Loans, advances and other receivables | | 23,261 | - | 23,261 | - | - | - | - |
| Trade deposits | | 10,094 | - | 10,094 | - | - | - | - |
| Short term investment | | 12,561 | - | 12,561 | - | - | - | - |
| Cash and bank balances | 13 | 446,617 | - | 446,617 | - | - | - | - |
| | | <u>3,300,672</u> | <u>-</u> | <u>3,300,672</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities at amortised cost | | | | | | | | |
| Long term financing | 15 | - | 1,202,212 | 1,202,212 | - | - | - | - |
| Long term diminishing musharaka | 16 | - | 384,063 | 384,063 | - | - | - | - |
| Lease liabilities | 17 | - | 820 | 820 | - | - | - | - |
| Gratuity | | - | 143,499 | 143,499 | - | - | - | - |
| Trade and other payables | 20 | - | 3,227,011 | 3,227,011 | - | - | - | - |
| Mark-up accrued | | - | 141,038 | 141,038 | - | - | - | - |
| Short-term borrowings | 21 | - | 2,290,788 | 2,290,788 | - | - | - | - |
| | | <u>-</u> | <u>7,389,431</u> | <u>7,389,431</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| On-Balance sheet financial instruments | | | | | | | | |
| As at June 30, 2023 | | | | | | | | |
| Financial Assets at cost or amortised cost | | | | | | | | |
| Long term investment | 8 | - | - | - | - | - | - | - |
| Long-term deposits | | 67,875 | - | 67,875 | - | - | - | - |
| Trade debts - net of provisions | | 1,939,538 | - | 1,939,538 | - | - | - | - |
| Loans, advances and other receivables | | 20,771 | - | 20,771 | - | - | - | - |
| Trade deposits | | 19,342 | - | 19,342 | - | - | - | - |
| Cash and bank balances | 13 | 925,198 | - | 925,198 | - | - | - | - |
| | | <u>2,972,724</u> | <u>-</u> | <u>2,972,724</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities at amortised cost | | | | | | | | |
| Long term financing | 15 | - | 1,306,037 | 1,306,037 | - | - | - | - |
| Long term diminishing musharaka | 16 | - | 577,566 | 577,566 | - | - | - | - |
| Lease Liabilities | 17 | - | 4,116 | 4,116 | - | - | - | - |
| Gratuity | | - | 122,975 | 122,975 | - | - | - | - |
| Trade and other payables | 20 | - | 3,122,373 | 3,122,373 | - | - | - | - |
| Mark-up accrued | | - | 76,317 | 76,317 | - | - | - | - |
| Short-term borrowings | 21 | - | 1,314,051 | 1,314,051 | - | - | - | - |
| | | <u>-</u> | <u>6,523,435</u> | <u>6,523,435</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

31.1 The Company has valued free hold land at fair value and classified under property, plant and equipment. The carrying value and level of fair value of these non - financial assets have been disclosed in the relevant note to the financial statements.

31.2 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.

32 CORRESPONDING FIGURES

- 32.1 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.
- 32.2 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the consolidated condensed interim statement of financial position comprise of balances as per the audited annual consolidated financial statements of the Group for year ended June 30, 2023 and the corresponding figures in the condensed consolidated interim statement of profit or loss and the condensed consolidated interim comprehensive income, condensed consolidated interim statement of cash flows and condensed consolidated interim statement of changes in equity comprise of balances of comparable period as per the condensed consolidated interim financial statements of the Group for the half year ended December 31, 2022.

33 DATE OF AUTHORIZATION FOR ISSUE

These condensed consolidated interim financial statements were authorized for issue on February 21, 2024 by the Board of Directors of the Company.

34 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

- 34.1 The Board of Directors of the Company in its meeting held on February 21, 2024 has recommended interim cash dividend at 10% i.e Rs. 1 per share. These financial statements do not reflect this appropriation.
- 34.2 A new wholly owned company ICL Power (Private) Limited has been incorporated on January 2, 2024 the new subsidiary will generate and provide electricity to the Company.

35 GENERAL

- 35.1 Figures have been rounded off to the nearest rupees in thousand unless otherwise stated.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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