

3rd Quarterly Report
March 31,
2024



ITTEHAD CHEMICALS LIMITED

Building a Better Tomorrow



ITTEHAD CHEMICALS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 3RD QUARTER ENDED MARCH 31, 2024 (UN-AUDITED)

Contents

- 2 Corporate Information
- 3 Directors' Report
- 5 Unconsolidated Condensed Interim Statement of Financial Position
- 6 Unconsolidated Condensed Interim Statement of Profit or Loss Account
- 7 Unconsolidated Condensed Interim Statement of Comprehensive Income
- 8 Unconsolidated Condensed Interim Statement of Cash Flows
- 9 Unconsolidated Condensed Interim Statement of Changes in Equity
- 10 Notes to the Condensed Interim Financial Statements
- 22 Directors' Report on the Consolidated Financial Statements
- 23 Consolidated Condensed Interim Statement of Financial Position
- 24 Consolidated Condensed Interim Statement of Profit or Loss Account
- 25 Consolidated Condensed Interim Statement of Comprehensive Income
- 26 Consolidated Condensed Interim Statement of Cash Flows
- 27 Consolidated Condensed Interim Statement of Changes in Equity
- 28 Notes to the Consolidated Condensed Interim Financial Statements

Corporate Information

BOARD OF DIRECTORS

Mr. Muhammad Siddique Khatri	Chairman	Non-Executive Director
Mr. Abdul Sattar Khatri	Director/CEO	Executive Director
Mr. Waqas Siddiq Khatri	Director	Executive Director
Mr. Ahmed Mustafa	Director	Non-Executive Director
Mrs. Farhana Abdul Sattar Khatri	Director	Non-Executive Director
Mr. Pervez Ismail	Director	Independent Director
Mr. Ali Asrar Hossain Aga	Director	Independent Director

AUDIT COMMITTEE

Mr. Pervez Ismail	Chairman
Mr. Ahmed Mustafa	Member
Mr. Ali Asrar Hossain Aga	Member

HR & REMUNERATION COMMITTEE

Mr. Ali Asrar Hossain Aga	Chairman
Mr. Ahmed Mustafa	Member
Mr. Waqas Siddiq Khatri	Member

RISK MANAGEMENT COMMITTEE

Mr. Pervez Ismail	Chairman
Mr. Abdul Sattar Khatri	Member
Mr. Waqas Siddiq Khatri	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
1st Floor, H.M. House, 7 Bank Square
The Mall, Lahore.
Tel: 042 - 37235081 - 82

BANKERS

<u>Banks - Conventional Side</u>	<u>Banks - Islamic Window Operations</u>
Askari Bank Limited	Al-Baraka Bank (Pakistan) Limited
Allied Bank Limited	The Bank of Punjab (Taqwa Islamic Banking)
Faysal Bank Limited	Dubai Islamic Bank (Pak) Limited
Habib Metro Bank Limited	Bank Alfalah Limited - Islamic-Banking
MCB Bank Limited	MCB Islamic 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	

AUDITORS

M/s. BDO Ebrahim & Co., Chartered Accountants,
2nd 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 are pleased to present the standalone un-audited condensed interim financial statements of the Company for the third quarter and nine months ended March 31, 2024.

During the period under review, the Company posted net sales revenue of Rupees 17,863 Million (2023: Rupees 18,382 Million). The cost of sales was Rupees 14,277 Million (2023: Rupees 14,661 Million) bringing gross profit to Rupees 3,586 Million (2023: Rupees 3,722 Million). The gross profit margin slightly dropped to 20.07% from 20.25% vis-à-vis the corresponding period of last year. Ever increasing utility rates, higher taxation and financial charges have squeezed the profit margin. The bottom line showed a net profit after tax of Rupees 977 Million (2023: Rupees 1,322 Million) which yielded earnings per share of Rupees 9.77 (2023: Rupees 13.22 per share).

As conveyed earlier, the company is undertaking CAPEX for establishing a biomass power plant in addition to its existing RLNG captive gas-fired power facility. This biomass plant will utilize biomass and allied inputs as a feedstock for power generation through a sustainable and efficient process. The wholly owned subsidiary ICL Power (Pvt.) Limited is in the process of completing requisite regulatory approvals for the Biomass Power Plant establishment. In addition, ICL has taken a further step towards environmental, sustainability, and governance (ESG) framework by implementing a wastewater recycling plant and taking other steps. The wholly owned subsidiary i.e. Ittehad Salt Processing (Pvt.) Limited is committed to acquire Mining Lease though it is delayed due to prevailing impediments.

VIS Credit Rating Company Limited (VIS) has reaffirmed entity ratings of the Company at "A-/A-2". The medium to long term rating of "A-" signifies good credit quality with adequate protection factors. The short-term rating of "A-2" denotes good certainty of timely payments coupled with sound liquidity and company fundamentals. The outlook on the rating has been maintained "stable" as announced on April 02, 2024.

Despite all the challenges in the economic environment, we are devising our level best to mitigate the adversaries by keeping our focus on viable alternate energy sources, reducing our operational cost, introducing more value added products, exploring new markets and modernizing our existing plant.

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

On behalf of the Board



Lahore
April 25, 2024

Muhammad Siddique Khatri
Chairman



Abdul Sattar Khatri
Chief Executive Officer

ڈائریکٹر رپورٹ

آپ کی کمپنی کے ڈائریکٹر 31 مارچ 2024ء کو اختتام پذیر ہونے والی تیسری سہ ماہی اور رواں مالی سال کے پہلے نو ماہ کے غیر مربوط غیر پڑتال شدہ بین المدتی مختصر مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ مدت کے دوران، کمپنی کی فروخت 17,863 ملین روپے (2023: 18,382 ملین روپے) رہی۔ فروخت کی لاگت 14,277 ملین روپے (2023: 14,661 ملین روپے) رہی جس سے 3,586 ملین روپے (2023: 3,722 ملین روپے) خام منافع حاصل ہوا۔ خام منافع کا تناسب گزشتہ سال کے اسی عرصے کے مقابلے میں %20.25 فیصد سے معمولی سا کم ہو کر %20.07 فیصد ہو گیا۔ یوٹیلیٹی قیمتوں میں مسلسل اضافہ، زیادہ ٹیکس اور مالیاتی چارجز نے منافع کے مارجن کو کم کیا۔ ٹیکس کی ادائیگی کے بعد گوشوارے کی آخری سطر مبلغ 977 ملین روپے (2023: 1,322 ملین روپے) کا منافع ظاہر کرتی ہے جس کے نتیجے میں فی حصص 9.77 روپے (2023: 13.22 روپے فی حصص) کی آمدنی ہوئی۔

جیسا کہ پہلے بتایا جا چکا ہے، کمپنی اپنے موجودہ RLNG گیس سے چلنے والے پاور پلانٹ کے علاوہ ایک بائیو ماس پاور پلانٹ قائم کرنے کے لیے CAPEX کر رہی ہے۔ یہ جدید بائیو ماس پلانٹ بجلی بنانے کے لیے ایک موثر اور پائیدار عمل کے ذریعے بائیو ماس اور منسلک اجزاء کو بطور فیڈ اسٹاک استعمال کرے گا۔ مکمل ملکیتی ماتحت کمپنی آئی سی ایل پاور (پرائیویٹ) لمیٹڈ بائیو ماس پاور پلانٹ کے قیام کے لیے ضروری ریگولیٹری منظور یوں کو مکمل کرنے کے عمل میں ہے۔ اس کے علاوہ، ICL نے ضائع شدہ پانی کے ری سائیکلنگ پلانٹ کو نافذ کر کے ماحولیاتی، پائیداری اور گورننس (ESG) فریم ورک کی طرف ایک اور قدم اٹھایا ہے۔ مکمل ملکیتی ذیلی کمپنی اتحاد سالت پروسیڈنگ (پرائیویٹ) لمیٹڈ کان کنی کی لیز کے حصول کے لیے پرعزم ہے، تاہم کچھ رکاوٹوں کی وجہ سے اس میں تاخیر ہو رہی ہے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے کمپنی کی درجہ بندی کو "A-2/A-1" پر برقرار رکھا ہے۔ "A-" کی درمیانی سے طویل مدتی درجہ بندی مناسب تحفظ کے عوامل کے ساتھ اچھے کریڈٹ کوالٹی کی نشاندہی کرتی ہے۔ "A-2" کی مختصر مدت کی درجہ بندی درست لیکویڈیٹی اور کمپنی کے بنیادی اصولوں کے ساتھ بروقت ادائیگیوں کی اچھی یقین دہانی کو ظاہر کرتی ہے۔ 02 اپریل 2024ء کو جاری کردہ درجہ بندی پر نقطہ نظر کو "مستحکم" پر برقرار رکھا ہے۔

معاشی ماحول میں تمام تر چیلنجز کے باوجود، ہم اپنے مسائل کا مقابلہ کرنے کے لیے بہترین حکمت عملی بنا رہے ہیں، اس میں توانائی کے ممکنہ متبادل ذرائع پر اپنی توجہ مرکوز رکھنا، آپریشنل اخراجات کو کم کرنا، قدر افزوہ مصنوعات کی وسیع رینج متعارف کرانا، نئی مارکیٹوں کی تلاش اور ہمارے موجودہ پلانٹ کو جدید بنانا ہے۔

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

منجانب بورڈ

محمد صدیق کھتری

چیرمین

لاہور

25 اپریل 2024ء

عبدالستار کھتری

چیف ایگزیکٹو آفیسر

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	Note	March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
----- (Rupees in thousand)-----			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	7,656,209	6,322,977
Capital work in progress	7	1,178,302	908,192
		<u>8,834,511</u>	<u>7,231,169</u>
Intangible assets		464	883
Investment property		562,500	562,500
Long term Investments	8	3,500	2,500
Long term deposits		247,882	66,375
		<u>9,648,857</u>	<u>7,863,427</u>
CURRENT ASSETS			
Stores and spares		608,253	533,525
Stock in trade		2,356,561	2,197,162
Trade debts		2,304,781	1,939,538
Loans and advances	9	245,064	172,452
Trade deposits and short term prepayments		18,556	37,990
Tax refunds due from Government		654,351	723,163
Taxation - net		83,657	-
Short term Investments		12,932	300,000
Cash and bank balances		400,289	923,733
		<u>6,684,444</u>	<u>6,827,563</u>
TOTAL ASSETS		<u><u>16,333,301</u></u>	<u><u>14,690,990</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	10.1	2,000,000	2,000,000
Issued, subscribed and paid up capital	10.2	1,000,000	1,000,000
Share premium money		177,000	177,000
Unappropriated profit		4,936,751	4,141,170
Merger Reserves		(6,445)	(6,445)
Surplus on revaluation of fixed assets		2,872,504	1,392,042
		<u>8,979,810</u>	<u>6,703,767</u>
NON CURRENT LIABILITIES			
Long term financing	11	662,286	938,485
Long term diminishing musharaka	12	50,497	190,561
Deferred liabilities		698,098	571,317
Deferred grant		47,681	72,194
		<u>1,458,562</u>	<u>1,772,557</u>
CURRENT LIABILITIES			
Trade and other payables		3,569,449	3,737,996
Unclaimed dividend		3,618	4,012
Mark-up accrued		122,333	76,317
Short term borrowings		1,467,400	1,314,051
Current portion of lease liabilities		-	4,116
Current portion of deferred grant		48,861	55,585
Current portion of long term liabilities		683,268	754,557
Taxation - net		-	268,032
		<u>5,894,929</u>	<u>6,214,666</u>
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>16,333,301</u></u>	<u><u>14,690,990</u></u>

The annexed notes from 1 to 22 form an integral part of these condensed financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT - (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2024	2023	2024	2023
----- (Rupees in thousand) -----					
Revenue from contracts with customers		17,863,341	18,382,339	5,689,589	6,363,216
Cost of sales	14	(14,277,466)	(14,660,659)	(4,534,425)	(4,841,692)
Gross profit		3,585,875	3,721,680	1,155,164	1,521,524
Selling and distribution expenses		(929,555)	(1,273,424)	(332,533)	(526,162)
General and administrative expenses		(271,053)	(207,754)	(100,782)	(76,178)
Other operating expenses		(134,547)	(139,028)	(37,577)	(63,160)
Other operating income		47,113	150,354	(56,684)	75,882
		(1,288,042)	(1,469,852)	(527,576)	(589,618)
Operating profit		2,297,833	2,251,828	627,588	931,906
Financial charges		(527,546)	(440,944)	(133,618)	(118,362)
Profit before taxation		1,770,287	1,810,884	493,970	813,544
Taxation		(792,804)	(489,374)	(210,789)	(247,017)
Profit after taxation		977,483	1,321,510	283,181	566,527
Earnings per share - basic and diluted (Rupees)	15	9.77	13.22	2.83	5.67

The annexed notes from 1 to 22 form an integral part of these condensed financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Nine months ended March 31,		Quarter ended March 31,	
	2024	2023	2024	2023
	----- (Rupees in thousand) -----			
Profit for the period	977,483	1,321,510	283,181	566,527
Other comprehensive income for the period				
Items that will not be reclassified subsequently to statement of profit or loss				
Revaluation surplus on free hold land	1,523,560	-	-	-
Total comprehensive income for the period	<u>2,501,043</u>	<u>1,321,510</u>	<u>283,181</u>	<u>566,527</u>

The annexed notes from 1 to 22 form an integral part of these condensed financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Nine Months Ended March 31,	
	2024	2023
	----- (Rupees in thousand) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,770,287	1,810,884
Adjustments for items not involving movement of funds:		
Depreciation	490,102	459,374
Amortisation of intangible assets	418	418
Provision for gratuity	32,953	18,020
Gain on sale of fixed assets	(3,529)	(865)
Gain on foreign exchange	(4,552)	(124,301)
Provision for obsolete stores	13,500	13,500
Financial charges	527,546	440,944
Net cash flow before working capital changes	2,826,725	2,617,974
Decrease / (increase) in current assets		
Stores and spares	(88,228)	(102,707)
Stock in trade	(159,399)	748,094
Trade debts	(360,692)	(114,244)
Loans and advances	(72,612)	114,892
Trade deposits and short term prepayments	19,434	(13,654)
Tax refunds due from the Government	(51,607)	130,831
	(713,104)	763,212
(Decrease) / Increase in current liabilities		
Trade and other payables	(168,547)	328,295
Cash generated from operations	1,945,074	3,709,481
Income taxes paid	(924,739)	(449,841)
Gratuity paid	(5,507)	(8,024)
Financial charges paid	(494,638)	(465,704)
Net cash generated from operating activities	520,190	2,785,912
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets - net	(54,736)	(36,810)
Additions to capital work in progress	(588,586)	(431,619)
Proceeds from sale of operating fixed assets	90,076	3,520
Long term Investments	(1,000)	-
Short term Investments	287,068	-
Long term deposits	(181,507)	(8,715)
Net cash used in investing activities	(448,685)	(473,624)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	41,500	325,993
Repayment of long term financing	(279,288)	(189,416)
Repayment of long term diminishing musharaka	(281,002)	(281,002)
Repayment of lease Liability	(4,114)	(6,399)
Dividend paid	(225,394)	(199,433)
Short term borrowings	153,349	(1,419,107)
Net cash outflow from financing activities	(594,949)	(1,769,364)
Net (decrease) / increase in cash and cash equivalents	(523,444)	542,924
Cash and cash equivalents at the beginning of the period	923,733	194,542
Cash and cash equivalents at the end of the period	400,289	737,466

The annexed notes from 1 to 22 form an integral part of these condensed financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Share capital	Surplus on revaluation of fixed assets	Balance arising upon merger	Share premium money	Unappropriated profit	Total
----- (Rupees in thousand) -----						
Balance as at July 01, 2022	1,000,000	1,392,042	(6,445)	177,000	2,618,421	5,181,018
Transaction with owners:						
Interim cash dividend @ Rs. 2 per share	-			-	(200,000)	(200,000)
Total Comprehensive income for the period	-	-		-	1,321,510	1,321,510
Balance as at March 31, 2023	1,000,000	1,392,042	(6,445)	177,000	3,739,931	6,302,528
Transaction with owners:						
Interim cash dividend @ Rs. 1 per share	-			-	(100,000)	(100,000)
Total Comprehensive income for the period:						
Profit for the period	-	-		-	504,686	504,686
Remeasurement of defined benefit liability - net	-	-		-	(3,447)	(3,447)
Balance as at June 30, 2023	1,000,000	1,392,042	(6,445)	177,000	4,141,170	6,703,767
Transaction with owners:						
Final cash dividend @ Rs. 1.25 per share	-			-	(125,000)	(125,000)
Interim cash dividend @ Rs. 1 per share					(100,000)	(100,000)
Total Comprehensive income for the period	-	-	-	-	977,483	977,483
Revaluation surplus for the period		1,523,560	-	-	-	1,523,560
Revaluation surplus transferred to revenue reserves		(43,098)	-	-	43,098	-
Balance as at March 31, 2024	1,000,000	2,872,504	(6,445)	177,000	4,936,751	8,979,810

The annexed notes from 1 to 22 form an integral part of these condensed financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS - (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Company holds 100% shares of ICL Power (Private) Limited (subsidiary company), which is a private limited company and incorporated in Pakistan under the Companies Act, 2017 on January 02, 2024, as company limited by shares. The subsidiary company is engaged in the business of generating, purchasing, importing, transforming, converting, distributing, supplying exploring and dealing in electricity and all other forms of energy and product or services associated therewith. The registered office of subsidiary company is situated at 39 Empress Road, Lahore. The Chief Executive of subsidiary company is Mr. Waqas Siddique Khatri.

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 have been followed.

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

This condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 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 this 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 profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the nine months period ended March 31, 2023.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

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

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2023.

4.2 The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2023. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial statements. There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial statements.

5 ESTIMATES

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

	Note	March 31, 2024 (Unaudited) (Rupees in thousand)	June 30, 2023 (Audited)
6 OPERATING FIXED ASSETS			
Fixed Assets	6.1	7,656,209	6,321,437
Right of use Assets	6.2	-	1,540
		<u>7,656,209</u>	<u>6,322,977</u>
6.1 Opening net book value (NBV)		6,321,437	6,289,161
Additions (at cost) during the period / year	6.1.1	386,321	651,555
Revaluation of Free hold land	6.1.2	1,523,560	-
		<u>8,231,318</u>	<u>6,940,716</u>
Disposals (at NBV) during the period / year	6.1.3	(86,547)	(3,410)
Depreciation charged during the period / year		(488,562)	(615,869)
		<u>(575,109)</u>	<u>(619,279)</u>
Closing net book value (NBV)		<u>7,656,209</u>	<u>6,321,437</u>

March 31,
2024
(Unaudited)
(Rupees in thousand)

June 30,
2023
(Audited)

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

Building	27,141	149,556
Plant and machinery	334,495	436,426
Other equipment	3,476	79
Furniture and fixtures	290	480
Office and other equipment	1,003	6,283
Vehicles - owned	19,916	58,731
	<u>386,321</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	1,072	1,724
	<u>86,547</u>	<u>3,410</u>

6.2 Right of use Assets

Opening net book value (NBV)	1,540	8,947
Disposal (at WDV) during the period / year	-	(3,111)
Depreciation charged during the period / year	(1,540)	(4,296)
	<u>-</u>	<u>1,540</u>

7 CAPITAL WORK IN PROGRESS

Advances		104,139	48,251
Building	7.1	10,830	20,295
Plant and machinery	7.1	1,063,333	839,646
		<u>1,178,302</u>	<u>908,192</u>

	March 31, 2024 (Unaudited) (Rupees in thousand)	June 30, 2023 (Audited) (Rupees in thousand)
7.1 Movement of carrying amount		
	Building	Plant & Machinery
	(Rupees in thousand)	
Period Ended March 2024		
Opening balance July 2023	20,295	839,646
Additions (at cost)	17,001	528,806
Transferred to operating fixed assets	<u>(26,466)</u>	<u>(305,119)</u>
Closing balance	<u><u>10,830</u></u>	<u><u>1,063,333</u></u>
Year Ended June 2023		
Opening balance July 2022	24,388	357,918
Additions (at cost)	55,524	1,009,483
Transferred to operating fixed assets	<u>(59,617)</u>	<u>(527,755)</u>
Closing balance	<u><u>20,295</u></u>	<u><u>839,646</u></u>
8 LONG TERM INVESTMENTS		
Investment in related party - unquoted		
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 8.1	<u>(56,250)</u>	<u>(56,250)</u>
	-	-
Relevant information:		
Percentage of investment in equity held 7.91%		
(2023: 7.91%) (Chief Executive : Mr. Usman Ghani)		
Ittehad salt processing (pvt) Ltd		
250,000 (2023: 250,000) fully paid ordinary shares	2,500	2,500
Relevant information:		
Percentage of investment in equity held 100%		
(Chief Executive : Mr. Ahmed Mustafa)		
ICL Power (Pvt) Ltd		
100,000 (2023: Nil) fully paid ordinary shares	1,000	-
Relevant information:		
Percentage of investment in equity held 100%		
(Chief Executive : Mr. Waqas Siddique Khatri)		
	<u><u>3,500</u></u>	<u><u>2,500</u></u>

8.1 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.

March 31,
2024
(Unaudited)
(Rupees in thousand)

June 30,
2023
(Audited)

9 LOAN AND ADVANCES

Advances - (Unsecured - considered good)			
To employees	9.1	20,957	20,771
Advance for supplies and services (Unsecured)			
Considered good		206,288	75,988
Considered doubtful		1,374	1,374
		207,662	77,362
Advances to subsidiary ICL Power (Pvt) Ltd		8,432	-
Against import		9,387	73,225
		246,438	171,358
Accrued Interest receivable		-	2,468
Less: Provision for doubtful advances		1,374	1,374
		245,064	172,452

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

10 SHARE CAPITAL

10.1 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

10.2 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: 48,000,000) fully paid bonus shares of Rs. 10/- each		480,000	480,000
		1,000,000	1,000,000

	March 31, 2024 (Unaudited) (Rupees in thousand)	June 30, 2023 (Audited)
11 LONG TERM FINANCING		
From banking companies and financial institutions - secured		
Balance as at July 01	1,306,037	921,842
Obtained during the period / year	41,500	746,660
Adjustment as deferred grant - net	31,238	(77,986)
Repayments made during the period / year	<u>(279,288)</u>	<u>(284,479)</u>
	1,099,487	1,306,037
Current portion shown under current liabilities	<u>(437,201)</u>	<u>(367,552)</u>
	<u>662,286</u>	<u>938,485</u>
12 LONG TERM DIMINISHING MUSHARAKA		
From banking companies and financial institutions - secured		
Balance as at July 01	577,566	771,068
Repayments made during the period / year	<u>(281,002)</u>	<u>(193,502)</u>
	296,564	577,566
Current portion shown under current liabilities	<u>(246,067)</u>	<u>(387,005)</u>
	<u>50,497</u>	<u>190,561</u>

13 CONTINGENCIES AND COMMITMENTS**13.1 Contingent liabilities**

- a) Letters of guarantee outstanding as at March 31, 2024 were Rs. 471.522 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.

13.2 Commitments

Commitments as on March 31, 2024 were as follows:

- Against letters of credit amounting to Rs.1,330.662 million (June 30, 2023: Rs. 3,123.055 million).
- Against purchase of land amounting to Rs. 79.139 million (June 30, 2023: Rs. 145.639 million).

----- (Unaudited) -----
 Nine months ended March Quarter ended March 31,
 2024 2023 2024 2023
 ----- (Rupees in thousand) -----

14 COST OF SALES

Raw materials consumed	6,944,126	7,303,549	1,659,100	1,922,147
Other overheads:				
Stores, spares and consumables	332,649	221,006	125,991	88,277
Packing materials consumed	185,767	183,401	52,472	68,904
Salaries, wages and other benefits	679,131	530,281	225,147	173,883
Fuel and power	5,825,919	5,776,761	1,846,878	1,905,708
Repair and maintenance	60,437	62,429	23,942	34,131
Rent, rates and taxes	4,698	9,001	1,548	2,668
Insurance	13,746	13,172	4,935	4,132
Depreciation	470,868	442,274	167,077	148,534
Vehicle running expenses	21,457	18,802	6,343	6,233
Telephone, telex and postage	841	753	261	270
Printing and stationery	61	1,213	18	57
Provision for slow moving stores & spares	13,500	13,500	4,500	-
Other expenses	5,416	4,198	1,513	1,611
	7,614,490	7,276,791	2,460,625	2,434,408
Opening work in process	75,529	53,901	71,602	63,900
Closing work in process	(91,167)	(68,277)	(91,167)	(68,277)
	(15,638)	(14,376)	(19,565)	(4,377)
Cost of goods manufactured	14,542,978	14,565,964	4,100,160	4,352,178
Cost of stores traded	-	7,178	-	-
Opening stock of finished goods	1,073,329	667,255	1,773,106	1,069,252
Closing stock of finished goods	(1,338,841)	(579,738)	(1,338,841)	(579,738)
	(265,512)	87,517	434,265	489,514
	14,277,466	14,660,659	4,534,425	4,841,692

----- (Unaudited) -----
Nine months ended March **Quarter ended March 31,**
2024 **2023** **2024** **2023**
 ----- (Rupees in thousand) -----

15 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation - (Rs. in thousand)	<u>977,483</u>	<u>1,321,510</u>	<u>283,181</u>	<u>566,527</u>
Weighted average number of ordinary shares - (in thousand)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Earnings per share - basic and diluted - (Rs.)	<u>9.77</u>	<u>13.22</u>	<u>2.83</u>	<u>5.67</u>

The earning per share of prior periods has restated due to issue of bonus shares during the period.

16 TRANSACTIONS WITH RELATED PARTIES

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

		----- (Unaudited) -----				
		Nine months ended March 31		Quarter ended March 31		
		2024	2023	2024	2023	
		----- (Rupees in thousand) -----				
Transaction with:	Relationship with the Company	Nature of transaction				
	Subsidiary Company					
	ICL Power (Pvt) Ltd	Investment Made	1,000	-	1,000	-
		Advance given	8,432	-	8,432	
	Associated Company					
	Ittehad Developers	Loan Obtained	100,000	-	100,000	-
	Other related party					
	Chemi Multifabrics Ltd	Marketing services charges	85,021	78,984	27,456	26,859
	Chemitex industries Ltd	Purchase of Vehicle	3,053	-	-	-
	Retirement benefit Plans	Contribution to staff retirement benefit plans	665	491	292	161
	Key management personnel	Remuneration and other benefits	88,126	80,794	31,341	29,300

March 31, **June 30,**
2024 **2023**
(Unaudited) **(Audited)**
(Rupees in thousand)

Period / year end balances:

Relationship with the Company	Nature of outstanding balances		
Chemi Multifabrics Ltd	Trade and other payables	128,400	105,429
ICL Power (Pvt) Ltd	Loan and advances	8,432	-
Ittehad Developers	Short Term borrowing	100,000	-

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Company which are measured at fair value as of March 31, 2024 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.

18 FINANCIAL RISK MANAGEMENT

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

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

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

20 Ittehad Chemicals Limited

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.

19 CORRESPONDING FIGURES

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

20 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 25, 2024 by the Board of Directors of the Company.

21 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on April 25, 2024 has recommended interim cash dividend at 10% i.e. Rs.1 Per share. These financial statements do not reflect this appropriation.

22 GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

ITTEHAD CHEMICALS LIMITED

(CONSOLIDATED)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 3RD QUARTER ENDED MARCH 31, 2024

(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 companies, "Ittehad Salt Processing (Pvt.) Limited" (the "ISPPL") and "ICL Power (Pvt.) Limited" (the "ICLPPL") for the third quarter and nine months ended March 31, 2024.

Ittehad Salt Processing (Private) Limited ("ISPPL") was established pursuant to the provisions of the Companies Act, 2017 in Pakistan, being incorporated as a company limited by shares on December 3, 2019. The registered office of the company is situated in Lahore, Punjab. The principal aim of this wholly owned subsidiary is to investigate the opportunities present in Rock Salt Mining, subject to compliance with all prerequisites mandated by the applicable laws. The subsidiary has successfully obtained an exploration license from the Punjab Mines and Minerals Department for an expanse of 1,356.07 acres located in close proximity to Dhok Jabba /Lafi, District Chakwal. Currently, efforts are underway to secure a Mining Lease from the relevant Government Department.

ICL Power (Private) Limited ("ICLPPL") was incorporated under the Companies Act, 2017 in Pakistan as a company limited by shares on January 2, 2024. The registered office of the Company is situated in Lahore, Punjab. The main objective of this wholly owned subsidiary is to carry out all or any of the businesses of generating, purchasing, importing, transforming, converting, distributing, supplying, exporting and dealing in electricity, in Pakistan or elsewhere in the world subject to the applicable laws. The wholly owned subsidiary is currently in the process of Biomass Power Plant establishment.

The Consolidated Financial Statements showed Earnings per share Rs. 9.77 for the nine months ended March 31, 2024.

Adequate internal financial controls have been established, and Management diligently oversees their comprehensive and satisfactory implementation. Management holds an optimistic outlook regarding future growth and robust returns, particularly following the acquisition of the Mining Lease from the Punjab Mines & Minerals Department and the Power Plant License from the respective Government Department.

On behalf of the Board



Lahore
April 25, 2024

Muhammad Siddique Khatri
Chairman



Abdul Sattar Khatri
Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

		March 31, 2024 (Un-audited)	June 30, 2023 (Audited)
ASSETS			
NON CURRENT ASSETS	Note	----- (Rupees in thousand)-----	
Property, plant and equipment			
Operating fixed assets	6	7,656,209	6,322,977
Capital work in progress	7	1,186,302	908,192
		<u>8,842,511</u>	<u>7,231,169</u>
Intangible assets		716	1,135
Investment property		562,500	562,500
Long term Investments	8	-	-
Long term deposits		249,382	67,875
		<u>9,655,109</u>	<u>7,862,679</u>
CURRENT ASSETS			
Stores and spares		608,253	533,525
Stock in trade		2,356,561	2,197,162
Trade debts		2,304,781	1,939,538
Loans and advances	9	236,632	172,452
Trade deposits and short term prepayments		18,556	37,990
Tax refunds due from Government		654,351	723,163
Taxation - net		83,657	-
Short term Investments		12,932	300,000
Cash and bank balances		402,701	925,198
		<u>6,678,424</u>	<u>6,829,028</u>
TOTAL ASSETS		<u>16,333,533</u>	<u>14,691,707</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	10.1	2,000,000	2,000,000
Issued, subscribed and paid up capital	10.2	1,000,000	1,000,000
Share premium money		177,000	177,000
Unappropriated profit		4,935,973	4,140,827
Merger Reserves		(6,445)	(6,445)
Surplus on revaluation of fixed assets		2,872,504	1,392,042
		<u>8,979,032</u>	<u>6,703,424</u>
NON CURRENT LIABILITIES			
Long term financing	11	662,286	938,485
Long term diminishing musharaka	12	50,497	190,561
Deferred liabilities		698,098	571,317
Deferred grant		47,681	72,194
		<u>1,458,562</u>	<u>1,772,557</u>
CURRENT LIABILITIES			
Trade and other payables		3,569,449	3,738,046
Short term loan		1,010	1,010
Unclaimed dividend		3,618	4,012
Mark-up accrued		122,333	76,317
Short term borrowings		1,467,400	1,314,051
Current portion of lease liabilities		-	4,116
Current portion of deferred grant		48,861	55,585
Current portion of long term liabilities		683,268	754,557
Taxation - net		-	268,032
		<u>5,895,939</u>	<u>6,215,726</u>
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		<u>16,333,533</u>	<u>14,691,707</u>

The annexed notes from 1 to 22 form an integral part of consolidated condensed financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT - (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2024	2023	2024	2023
----- (Rupees in thousand) -----					
Revenue from contracts with customers		17,863,341	18,382,339	5,689,589	6,363,216
Cost of sales	14	(14,277,466)	(14,660,659)	(4,534,425)	(4,841,692)
Gross profit		3,585,875	3,721,680	1,155,164	1,521,524
Selling and distribution expenses		(929,555)	(1,273,424)	(332,533)	(526,162)
General and administrative expenses		(271,488)	(207,928)	(101,213)	(76,178)
Other operating expenses		(134,547)	(139,028)	(37,577)	(63,160)
Other operating income		47,113	150,354	(56,684)	75,882
		(1,288,477)	(1,470,026)	(528,007)	(589,618)
Operating profit		2,297,398	2,251,654	627,157	931,906
Financial charges		(527,546)	(440,944)	(133,618)	(118,362)
Profit before taxation		1,769,852	1,810,710	493,539	813,544
Taxation		(792,804)	(489,374)	(210,789)	(247,017)
Profit after taxation		977,048	1,321,336	282,750	566,527
Earnings per share - basic and diluted (Rupees)	15	9.77	13.21	2.83	5.67

The annexed notes from 1 to 22 form an integral part of consolidated condensed financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Nine months ended March 31,		Quarter ended March 31,	
	2024	2023	2024	2023
	----- (Rupees in thousand) -----			
Profit for the period	977,048	1,321,336	282,750	566,527
Other comprehensive income for the period Items that will not be reclassified subsequently to statement of profit or loss				
Revaluation surplus on free hold land	1,523,560	-	-	-
Total comprehensive income for the period	<u>2,500,608</u>	<u>1,321,336</u>	<u>282,750</u>	<u>566,527</u>

The annexed notes from 1 to 22 form an integral part of consolidated condensed financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS - (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Nine Months Ended March 31,	
	2024	2023
	----- (Rupees in thousand) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,769,852	1,810,710
Adjustments for items not involving movement of funds:		
Depreciation	490,102	459,374
Amortisation of intangible assets	418	418
Provision for gratuity	32,953	18,020
Gain on sale of fixed assets	(3,529)	(865)
Gain on foreign exchange	(4,552)	(124,301)
Provision for obsolete stores	13,500	13,500
Financial charges	527,546	440,944
Net cash flow before working capital changes	<u>2,826,290</u>	<u>2,617,800</u>
Decrease / (increase) in current assets		
Stores and spares	(88,228)	(102,707)
Stock in trade	(159,399)	748,094
Trade debts	(360,692)	(114,244)
Loans and advances	(64,180)	114,892
Trade deposits and short term prepayments	19,434	(13,654)
Tax refunds due from the Government	(51,607)	130,831
	<u>(704,672)</u>	<u>763,212</u>
(Decrease) / Increase in current liabilities		
Trade and other payables	(168,597)	328,245
Cash generated from operations	<u>1,953,021</u>	<u>3,709,257</u>
Income taxes paid	(924,739)	(449,841)
Gratuity paid	(5,507)	(8,024)
Financial charges paid	(494,638)	(465,704)
Net cash generated from operating activities	<u>528,137</u>	<u>2,785,688</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets - net	(54,736)	(36,810)
Additions to capital work in progress	(596,586)	(431,619)
Proceeds from sale of operating fixed assets	90,076	3,520
Short term Investments	287,068	-
Long term deposits	(181,507)	(8,715)
Net cash used in investing activities	<u>(455,685)</u>	<u>(473,624)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	41,500	325,993
Repayment of long term financing	(279,288)	(189,416)
Proceeds from loan from related party	-	80
Repayment of long term diminishing musharaka	(281,002)	(281,002)
Repayment of lease Liability	(4,114)	(6,399)
Dividend paid	(225,394)	(199,433)
Short term borrowings	153,349	(1,419,107)
Net cash outflow from financing activities	<u>(594,949)</u>	<u>(1,769,284)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(522,497)</u>	<u>542,780</u>
Cash and cash equivalents at the beginning of the period	925,198	196,151
Cash and cash equivalents at the end of the period	<u>402,701</u>	<u>738,931</u>

The annexed notes from 1 to 22 form an integral part of consolidated condensed financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	Share capital	Surplus on revaluation of fixed assets	Balance arising upon merger	Share premium money	Unappropriated profit	Total
----- (Rupees in thousand) -----						
Balance as at July 01, 2022	1,000,000	1,392,042	(6,445)	177,000	2,618,302	5,180,899
Transaction with owners:						
Interim cash dividend @ Rs. 2 per share	-			-	(200,000)	(200,000)
Total Comprehensive income for the period	-	-		-	1,321,336	1,321,336
Balance as at March 31, 2023	1,000,000	1,392,042	(6,445)	177,000	3,739,638	6,302,235
Transaction with owners:						
Interim cash dividend @ Rs. 1 per share	-			-	(100,000)	(100,000)
Total Comprehensive income for the period:						
Profit for the period	-	-		-	504,636	504,636
Remeasurement of defined benefit liability - net	-	-		-	(3,447)	(3,447)
Balance as at June 30, 2023	1,000,000	1,392,042	(6,445)	177,000	4,140,827	6,703,424
Transaction with owners:						
Final cash dividend @ Rs. 1.25 per share	-			-	(125,000)	(125,000)
Interim cash dividend @ Rs. 1 per share					(100,000)	(100,000)
Total Comprehensive income for the period	-	-	-	-	977,048	977,048
Revaluation surplus for the period		1,523,560				1,523,560
Revaluation surplus transferred to revenue reserves		(43,098)			43,098	-
Balance as at March 31, 2024	1,000,000	2,872,504	(6,445)	177,000	4,935,973	8,979,032

The annexed notes from 1 to 22 form an integral part of consolidated condensed financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS - (UNAUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

The group comprises of Ittehad Chemicals Limited (Parent/holding Company) (ICL), Ittehad Salt Processing (Private) Limited (Subsidiary Company) (ISPL) and ICL Power (Private) Limited (Subsidiary Company)(ICLPPL). 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's

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.

ICL Power (Private) Limited, is a Private Limited Company incorporated in Pakistan under the Companies Act, 2017 on January 2, 2024, as company limited by shares. The Company is engaged in the business of generating, purchasing, importing, transforming, converting, distributing, supplying exploring and dealing in electricity and all other forms of energy and product or services associated therewith.

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.

2.1 The registered office of the Company is situated at 31-A, Tech Society, Canal Bank, Lahore.

2.2 The registered office of the Company is situated at 39, Empress Road, Lahore.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act , 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

This consolidated condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Group 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 this consolidated condensed interim financial statements have been extracted from the consolidated annual audited financial statements of the Group for the year ended June 30, 2023, whereas the comparative consolidated condensed interim profit and loss accounts, 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 nine months period ended March 31, 2023.

3.2 Basis of measurement

This 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

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

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies adopted and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those for the preceding annual consolidated financial statements for the year ended June 30, 2023.

4.2 The Group has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2023. The adoption of these new and amended standards did not have material impact on the Group's consolidated condensed interim financial statements. There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Group's accounting period beginning on or after July 01, 2023. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have a significant effect on this consolidated condensed interim financial statements.

5 ESTIMATES

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

	Note	March 31, 2024 (Unaudited) (Rupees in thousand)	June 30, 2023 (Audited)
6 OPERATING FIXED ASSETS			
Fixed Assets	6.1	7,656,209	6,321,437
Right of use Assets	6.2	-	1,540
		<u>7,656,209</u>	<u>6,322,977</u>
6.1 Opening net book value (NBV)		6,321,437	6,289,161
Additions (at cost) during the period / year	6.1.1	386,321	651,555
Revaluation of Free hold land	6.1.2	1,523,560	-
		<u>8,231,318</u>	<u>6,940,716</u>
Disposals (at NBV) during the period/ year	6.1.3	(86,547)	(3,410)
Depreciation charged during the period / year		(488,562)	(615,869)
		<u>(575,109)</u>	<u>(619,279)</u>
Closing net book value (NBV)		<u>7,656,209</u>	<u>6,321,437</u>
6.1.1 Details of additions (at cost) during the period / year are as follows:			
Building		27,141	149,556
Plant and machinery		334,495	436,426
Other equipment		3,476	79
Furniture and fixtures		290	480
Office and other equipment		1,003	6,283
Vehicles - owned		19,916	58,731
		<u>386,321</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:

	March 31, 2024 (Unaudited) (Rupees in thousand)	June 30, 2023 (Audited)
Free hold Land	85,475	-
Furniture and fixtures	-	387
Office and other equipment	-	1,299
Vehicles	1,072	1,724
	<u>86,547</u>	<u>3,410</u>

6.2 Right of use Assets

Opening net book value (NBV)	1,540	8,947
Disposal (at WDV) during the period / year	-	(3,111)
Depreciation charged during the period / year	(1,540)	(4,296)
	<u>-</u>	<u>1,540</u>

7 CAPITAL WORK IN PROGRESS

Advances		112,139	48,251
Building	7.1	10,830	20,295
Plant and machinery	7.1	1,063,333	839,646
		<u>1,186,302</u>	<u>908,192</u>

7.1 Movement of carrying amount

	Building (Rupees in thousand)	Plant & Machinery
Period Ended March 2024		
Opening balance July 2023	20,295	839,646
Additions (at cost)	17,001	528,806
Transferred to operating fixed assets	(26,466)	(305,119)
Closing balance	<u>10,830</u>	<u>1,063,333</u>
Year Ended June 2023		
Opening balance July 2022	24,388	357,918
Additions (at cost)	55,524	1,009,483
Transferred to operating fixed assets	(59,617)	(527,755)
Closing balance	<u>20,295</u>	<u>839,646</u>

		March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
	Notes	(Rupees in thousand)	
8 LONG TERM INVESTMENTS			
Investment in related party - unquoted			
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	8.1	(56,250)	(56,250)
		-	-
Relevant information:			
Percentage of investment in equity held 7.91%			
(2023: 7.91%) (Chief Executive : Mr. Usman Ghani)			
Ittehad salt processing (pvt) Ltd			
250,000 (2023: 250,000) fully paid ordinary shares		-	-
Relevant information:			
Percentage of investment in equity held 100%			
(Chief Executive : Mr. Ahmed Mustafa)			
ICL Power (Pvt) Ltd			
100,000 (2023: Nil) fully paid ordinary shares		-	-
Relevant information:			
Percentage of investment in equity held 100%			
(Chief Executive : Mr. Waqas Siddique Khatri)			
		-	-
		-	-

- 8.1** 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.

9 LOAN AND ADVANCES

Advances - (Unsecured - considered good)			
To employees	9.1	20,957	20,771
Advance for supplies and services (Unsecured)			
Considered good		206,288	75,988
Considered doubtful		1,374	1,374
		207,662	77,362
Against import		9,387	73,225
		238,006	171,358
Accrued Interest receivable		-	2,468
Less: Provision for doubtful advances		1,374	1,374
		236,632	172,452

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

	March 31, 2024 (Unaudited) (Rupees in thousand)	June 30, 2023 (Audited)
10 SHARE CAPITAL		
10.1 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>
10.2 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: 48,000,000) 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>
11 LONG TERM FINANCING		
From banking companies and financial institutions -		
Balance as at July 01	1,306,037	921,842
Obtained during the period / year	41,500	746,660
Adjustment as deferred grant - net	31,238	(77,986)
Repayments made during the period / year	<u>(279,288)</u>	<u>(284,479)</u>
	1,099,487	1,306,037
Current portion shown under current liabilities	<u>(437,201)</u>	<u>(367,552)</u>
	<u>662,286</u>	<u>938,485</u>
12 LONG TERM DIMINISHING MUSHARAKA		
From banking companies and financial institutions -		
Balance as at July 01	577,566	771,068
Repayments made during the period / year	<u>(281,002)</u>	<u>(193,502)</u>
	296,564	577,566
Current portion shown under current liabilities	<u>(246,067)</u>	<u>(387,005)</u>
	<u>50,497</u>	<u>190,561</u>
13 CONTINGENCIES AND COMMITMENTS		
13.1 Contingent liabilities		
a) Letters of guarantee outstanding as at March 31, 2024 were Rs. 471.522 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 antidated 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 Group expects a favorable outcome of the case.

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

13.2 Commitments

Commitments as on March 31, 2024 were as follows:

- a) Against letters of credit amounting to Rs.1,330.662 million (June 30, 2023: Rs. 3,123.055 million)
- b) Against purchase of land amounting to Rs. 79.139 million (June 30, 2023: Rs. 145.639 million)

----- (Unaudited) -----			
Nine months ended March		Quarter ended March 31,	
2024	2023	2024	2023
----- (Rupees in thousand) -----			

14 COST OF SALES

Raw materials consumed	6,944,126	7,303,549	1,659,100	1,922,147
Other overheads:				
Stores, spares and consumables	332,649	221,006	125,991	88,277
Packing materials consumed	185,767	183,401	52,472	68,904
Salaries, wages and other benefits	679,131	530,281	225,147	173,883
Fuel and power	5,825,919	5,776,761	1,846,878	1,905,708
Repair and maintenance	60,437	62,429	23,942	34,131
Rent, rates and taxes	4,698	9,001	1,548	2,668
Insurance	13,746	13,172	4,935	4,132
Depreciation	470,868	442,274	167,077	148,534
Vehicle running expenses	21,457	18,802	6,343	6,233
Telephone, telex and postage	841	753	261	270
Printing and stationery	61	1,213	18	57
Provision for slow moving stores & spares	13,500	13,500	4,500	-
Other expenses	5,416	4,198	1,513	1,611
	7,614,490	7,276,791	2,460,625	2,434,408
Opening work in process	75,529	53,901	71,602	63,900
Closing work in process	(91,167)	(68,277)	(91,167)	(68,277)
	(15,638)	(14,376)	(19,565)	(4,377)
Cost of goods manufactured	14,542,978	14,565,964	4,100,160	4,352,178
Cost of stores traded	-	7,178	-	-
Opening stock of finished goods	1,073,329	667,255	1,773,106	1,069,252
Closing stock of finished goods	(1,338,841)	(579,738)	(1,338,841)	(579,738)
	(265,512)	87,517	434,265	489,514
	14,277,466	14,660,659	4,534,425	4,841,692

----- (Unaudited) -----
Nine months ended March 2024 **Quarter ended March 31, 2023**
2024 **2023** **2024** **2023**
 ----- (Rupees in thousand) -----

15 EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation - (Rs. in thousand)	977,048	1,321,336	282,750	566,527
Weighted average number of ordinary shares - (in	100,000	100,000	100,000	100,000
Earnings per share - basic and diluted - (Rs.)	9.77	13.21	2.83	5.67

The earning per share of prior periods has restated due to issue of bonus shares during the period.

16 TRANSACTIONS WITH RELATED PARTIES

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

Transaction with: Relationship with the Company	Nature of transaction	----- (Unaudited) -----			
		Nine months ended March 31		Quarter ended March 31	
		2024	2023	2024	2023
		----- (Rupees in thousand) -----			
Subsidiary Company					
ICL Power (Pvt) Ltd	Investment Made	1,000	-	1,000	-
	Advance given	8,432	-	8,432	-
Associated Company					
Ittehad Developers	Loan Obtained	100,000	-	100,000	-
Other related party					
Chemi Multifabrics Ltd	Marketing services charges	85,021	78,984	27,456	26,859
Chemitex industries Ltd	Purchase of Vehicle	3,053	-	-	-
Retirement benefit Plans	Contribution to staff retirement benefit plans	665	491	292	161
Key management personnel	Remuneration and other benefits	88,126	80,794	31,341	29,300
				March 31, 2024 (Unaudited)	June 30, 2023 (Audited)
				(Rupees in thousand)	
Period / year end balances:	Nature of outstanding Company				
Chemi Multifabrics Ltd	Trade and other payables	128,400			105,429
ICL Power (Pvt) Ltd	Loan and advances	8,432			-
Ittehad Developers	Short Term borrowing	100,000			-

17 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 amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

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

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Group which are measured at fair value as of March 31, 2024 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.

18 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.

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

19 CORRESPONDING FIGURES

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

20 DATE OF AUTHORIZATION FOR ISSUE

This condensed consolidated interim financial information was authorized for issue on April 25, 2024 by the Board of Directors of the Company.

21 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Group in its meeting held on April 25, 2024 has recommended interim cash dividend at 10% i.e. Rs.1 Per share. These financial statements do not reflect this appropriation.

22 GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



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