



ITTEHAD CHEMICALS LIMITED

ICL/KSE-112/17
February 20, 2017

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

FORM - 3
FAX NO. 021- 111 573 329

BY T.C.S
UNDER SEALED COVER

SUB: FINANCIAL RESULTS FOR THE PERIOD ENDED DECEMBER 31, 2016

Dear Sir

We have to inform you that the Board of Directors of the Company in their meeting held on February 20, 2017 at 11:00 a.m. at the Registered Office of the Company, 39-Emress Road, Lahore, has determined the following:

CASH DIVIDEND

NIL

BONUS SHARES

NIL

RIGHT SHARES

Issuance of 18.462% Right Shares in proportion of 18.462 shares for every 100 shares held on entitlement date at Rs 25/- per share (including premium of Rupees 15/- per share)

FINANCIAL RESULTS

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

ANY OTHER PRICE SENSITIVE INFORMATION

The Board of directors has approved to initiate work on IEM Plant-3 having capacity 37,500 M. Ton Per Annum in order to replace IEM Plant 1 (installed in 2003). Total Project Cost of IEM Plant 3 is estimated Rupees 1,014 Million which will be financed through Equity (Right Issue) Rupees 300 Million and Long term loan of Rupees 714 Million. The new IEM Plant-3 shall further contribute towards the Company's profitability.

EXTRAORDINARY GENERAL MEETING / ELECTION OF DIRECTOR

The Board of Directors has fixed the number of Directors to seven (7) under Section 178(1) of the Companies Ordinance, 1984 for a period of three (03) years commencing from March 28, 2017. It is further decided to hold

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Ms Certification
No of Certificate 236
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EN ISO 14001:2004



ITTEHAD
GROUP

www.ittehadchemicals.com

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

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

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

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



ITTEHAD CHEMICALS LIMITED

— Extraordinary General Meeting of the Shareholders of the Company on Tuesday, March 28, 2017 at 11:00 a.m. at the Registered Office of the Company situated at 39-Empress Road, Lahore for election of Directors.

Book Closure for Right Entitlement / Participation in EOGM

The shares transfer books of the Company will remain closed from **18TH March, 2017 to 28th March, 2017 (both days inclusive)**. Transfers received at the Share Registrar Office, M/s CORPLINK (PVT.) LIMITED, Wings Arcade, 1-K, Commercial, Model Town, Lahore, Telephone Numbers 042-35839182, 35887262, Fax No. 042-35869037 at the close of business on 17th March, 2017 will be treated in time for the purpose of entitlement of Right offer and for attending and vote in the Extraordinary General Meeting of the Company.

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

- A certified copy of the resolution of the Board of Directors (Annexure "B")
- A statement containing purpose of Right Issue, benefits to the Company, use of funds, financial projections and risk associated duly approved by the Board as per Annexure "C".

We will be sending you 200 copies of printed accounts of the Company for distribution amongst the members of the Exchange.

Thanking you

Yours truly

For **Ittehad Chemicals Limited**

Abdul Mansoor Khan
Company Secretary

Encl: A.A

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

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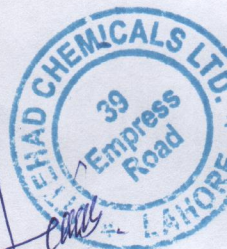
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ITTEHAD CHEMICALS LIMITED
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - (UNAUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Half year ended December 31,		Quarter ended December 31,	
	2016	2015	2016	2015
	----- (Rupees in thousand) -----			
Sales - net	2,337,941	2,167,841	1,306,779	1,045,595
Cost of sales	<u>(1,948,147)</u>	<u>(1,801,873)</u>	<u>(1,095,081)</u>	<u>(907,463)</u>
Gross profit	389,794	365,968	211,698	138,132
Selling and distribution expenses	(129,778)	(122,194)	(69,612)	(67,013)
General and administrative expenses	(83,516)	(79,418)	(42,585)	(38,503)
Other operating expenses	(5,506)	(4,759)	(3,163)	(99)
Other operating income	8,146	8,781	5,198	5,922
	<u>(210,654)</u>	<u>(197,590)</u>	<u>(110,162)</u>	<u>(99,693)</u>
Operating profit	179,140	168,378	101,536	38,439
Financial charges	<u>(89,675)</u>	<u>(87,779)</u>	<u>(48,704)</u>	<u>(41,367)</u>
Profit / (loss) before taxation	89,465	80,599	52,832	(2,928)
Taxation	<u>39,996</u>	<u>(21,219)</u>	<u>14,566</u>	<u>(2,894)</u>
Profit / (loss) after taxation	<u>129,461</u>	<u>59,380</u>	<u>67,398</u>	<u>(5,822)</u>
Earnings per share - basic and diluted (Rupees)	<u>1.99</u>	<u>1.08</u>	<u>1.04</u>	<u>(0.11)</u>





ITTEHAD CHEMICALS LIMITED

ANNEXURE "B"

EXTRACTS FROM THE MINUTES OF BOARD OF DIRECTORS' MEETING OF "ITTEHAD CHEMICALS LIMITED" HELD ON FEBRUARY 20, 2017 AT 11.00 A.M. AT REGISTERED OFFICE OF THE COMPANY, 39 - EMPRESS ROAD, LAHORE

TO DISCUSS PROJECT FINANCING - IEM PLANT 3 (HAVING CAPACITY OF 37,500 M.T) THROUGH ISSUANCE OF RIGHT SHARES AND LONG TERM LOAN

After discussions at length, the directors approved to initiate work on IEM Plant-3 having capacity 37,500 M. Ton Per Annum in order to replace IEM Plant 1 (installed in 2003) consuming Caustic Soda Plant. The total Project Cost of IEM Plant 3 is estimated Rupees 1,014 Million. The directors determined that the project be financed through Equity (Right Issue) Rupees 300 Million (i.e. Issuance of 18.462 % Ordinary Right shares (in proportion of 18.462 Right shares for every 100 shares held) at offer price Rs. 25 including premium of Rs. 15 per share) and Long term loan of Rupees 714 Million from Financial Institutions. Thereafter following resolutions were passed unanimously:

Resolved that Company be and is hereby authorized to issue 12,000,000 rights shares @ 18.462 % (i.e. in the proportion of 18.462 right shares for every 100 ordinary shares held) at offer price Rs. 25 per share (including a premium of Rs. 15 per share) to the members whose names appear in the register of members of the company as the holders of the existing ordinary shares as on close of business on March 17, 2017.

Further resolved that the Share Transfer Books of the company will remain closed from March 18, 2017 to March 28, 2017 (both days inclusive) in order to determine the Right Entitlements of the shareholders.

Further resolved that the Right shares now offered shall rank pari passu in all respects with the existing ordinary shares of the Company after allotment.

Further resolved that the purpose of the Right issue, use of funds of Right issue, its benefits, the risk factors associated with the Right issue, financial plan and five years financial projections in terms of Rule 5 (ii) & (iii) of the Companies (Issue of Capital) Rules 1996 (annexed herewith) be and are hereby approved.

Further resolved that the Board of directors be and is hereby authorized to consolidate and dispose of fractional entitlements on the Pakistan Stock Exchange and the proceeds of such sale be distributed in



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due course by the Company in the manner as they deem fit and most beneficial to the shareholders / Company.

Further resolved that the aforesaid offer shall be valid for payment up to such date as agreed with the Pakistan Stock Exchange or otherwise decided by the Chief Executive Officer and the entitled shareholders shall have the right to renounce any new shares offered to them and not subscribed by them in favor of any other person or to sell the unpaid rights shares on the Stock Exchange.

Further resolved that Chief Executive Officer and / or Chief Financial Officer and / or Company Secretary be and is / are hereby singly empowered to appoint Bankers to the Issue, open bank account, negotiate terms and conditions and make arrangements for collection of funds against Right shares”

Further resolved that the Chief Executive Officer and / or the Chief Financial Officer and / or the Company Secretary be and is / are hereby singly authorized to take all necessary steps for the issue of letters of rights and circular under Section 86(3) and filing of returns with the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited, SECP CRO Lahore, Central Depository Company of Pakistan and / or any other regulatory authority and to take all such steps as requisite under the law or otherwise deem necessary in order to issue right shares, including but not limited to Change in Book Closure Dates, arrangements for the listing of the unpaid rights entitlements / Right shares on the Pakistan Stock Exchange Limited and the induction of Right securities in the Central Depository System of the Central Depository Company of Pakistan Limited and in that connection to sign all requisite applications, undertakings and other documents as deemed necessary or ancillary on behalf of the Company.

Certified to be true copy



Company Secretary



Me Certification
No of Certificate 236

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Annexure "C"

18.462% RIGHT ISSUE

STATEMENT OF PURPOSE, BENEFITS, USE OF FUNDS, RISK FACTORS ASSOCIATED WITH THE RIGHT ISSUE AND FINANCIAL PROJECTIONS

PURPOSE OF RIGHT ISSUE	The purpose of Right Issue is to ensure availability of funds for setting up IEM Plant 3 having capacity 37,500 M. Ton Per Annum) in order to replace IEM Plant 1 (installed in 2003). The new state of the art IEM 3 is more cost efficient. The management of the company is persistently taking cost efficient measures as the production process of the Company is power intensive.					
BENEFITS TO THE COMPANY	The new IEM Plant-3 is cost efficient and shall make its contribution towards the Company's profitability. It will further entail the following benefits: <table border="1" data-bbox="438 851 1447 978"> <tr> <td>Fuel efficient</td> <td>Reduce maintenance cost</td> <td>Increase in Profitability</td> <td>Improved Liquidity</td> <td>Strengthening the equity</td> </tr> </table>	Fuel efficient	Reduce maintenance cost	Increase in Profitability	Improved Liquidity	Strengthening the equity
Fuel efficient	Reduce maintenance cost	Increase in Profitability	Improved Liquidity	Strengthening the equity		
USE OF FUNDS	The funds accumulated through Right will be utilized to set up IEM Plant 3 having capacity 37,500 M. Ton Per Annum) which is cost efficient. Total Project Cost of IEM Plant 3 is estimated Rupees 1,014 Million which will be financed through Equity (Right Issue) = Rs. 300 Million & Long term Debt = Rs. 714 Million					

FINANCIAL PROJECTIONS BASED ON ANTICIPATED BENEFITS ARE GIVEN BELOW

Particulars	Rupees				
	2017-18	2018-19	2019-20	2020 -21	2021-22
Turnover	5,530,549,445	5,662,258,396	5,808,593,349	5,941,887,279	6,019,161,717
Profit before tax	713,155,690	744,394,522	754,070,407	799,339,147	836,173,793
Profit after tax	654,327,690	492,961,522	571,481,407	570,671,147	594,372,739
EPS	8.50	6.40	7.42	7.41	7.72
Paid Up Share Capital	770,000,000	770,000,000	770,000,000	770,000,000	770,000,000



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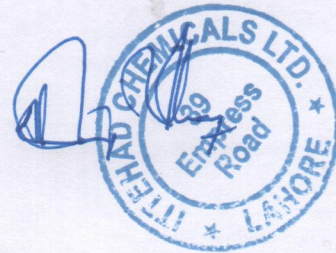


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RISK FACTORS ASSOCIATED WITH THE RIGHT ISSUE

There is no risk factor associated with Subscription / under subscription of Right shares in prevailing circumstances. The Right shares are being offered at Rs. 25 (including premium Rs. 15 per share) whereas present Market price is around Rs. 46. Further Sponsors have indicated their intention to subscribe more than 40% of Right offer and the subscription of remaining Right offer will be fully underwritten.

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



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