

3rd Quarterly Report
March 31,
2022



Innovation - Growth - Prosperity



ITTEHAD CHEMICALS LIMITED

ITTEHAD CHEMICALS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE 3RD QUARTER ENDED MARCH 31, 2022

(UN-AUDITED)

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Corporate Information

BOARD OF DIRECTORS	Mr. Muhammad Siddique Khatri Mr. Abdul Sattar Khatri Mr. Waqas Siddiq Khatri Mr. Abdullah Mustafa Mrs. Farhana Abdul Sattar Khatri Mr. Pervaiz Ahmad Khan Mr. Pervez Ismail	Chairman Director/CEO Director Director Director Director Director	Non-Executive Director Executive Director Executive Director Non-Executive Director Non-Executive Director Independent Director Independent Director
AUDIT COMMITTEE	Mr. Pervez Ismail Mr. Abdullah Mustafa Mr. Pervaiz Ahmad Khan	Chairman Member Member	
HR & REMUNERATION COMMITTEE	Mr. Pervaiz Ahmad Khan Mr. Abdullah Mustafa Mr. Waqas Siddiq Khatri	Chairman Member Member	
RISK MANAGEMENT COMMITTEE	Mr. Muhammad Siddique Khatri Mr. Abdul Sattar Khatri Mr. Waqas Siddiq Khatri	Chairman Member Member	
CHIEF FINANCIAL OFFICER	Mr. Shahbaz Ali		
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	Banks - Conventional Side 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	Banks - Islamic Window Operations Al-Baraka Bank (Pakistan) Limited The Bank of Punjab (Taqwa Islamic Banking) Dubai Islamic Bank (Pak) Limited Bank Alfalah Limited - Islamic-Banking	
AUDITORS	M/s. BDO Ebrahim & Co., Chartered Accountants, 2 nd Floor, Block- C, Lakson Square Building No.1, Sarwar Shaheed Road, Karachi. Ph: 021 - 35683189, 35683498, Fax : 021 - 35684239		
LEGAL ADVISOR	Cornelius, Lane & Mufti Advocates & Solicitors Nawa-e-Waqt House 4 - Shahrah-e-Fatima Jinnah Lahore-54000		

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the standalone un-audited condensed interim financial statements of the Company for the third quarter and nine months ended March 31, 2022.

During the period under review, the Company posted net sales revenue of Rupees 10,878 Million (2021: Rupees 8,212 Million) denoting an increase of 32% from corresponding period of last year. The cost of sales was Rupees 9,482 Million (2021: Rupees 6,654 Million) bringing gross profit to Rupees 1,396 Million (2021: Rupees 1,557 Million). The gross profit margin reduced to 13% from 19% vis-à-vis corresponding period of last year primarily due to increased energy cost during the period under review. The bottom line showed a net profit after tax of Rupees 374 Million (2021: Rupees 517 Million) which yielded earning per share of Rupees 3.74 (2021: Rupees 5.17 per share). During the ongoing Financial Year, the Company has issued Bonus shares amounting to Rupees 153 Million; hence EPS for preceding period has been restated accordingly.

Looking forward, the capacity enhancement of LABSA / SLES Plant would come on stream during the ongoing quarter as conveyed through earlier reports. Moreover, the work on up gradation of power plant engines to increase capacity and to improve fuel efficiency is also taking place as planned. The wholly owned subsidiary i.e. Ittehad Salt Processing (Pvt.) Limited is also in the process of acquiring Mining Lease from the concerned Government Department. The Management is optimistic about future growth and healthy returns with the ultimate objective to maximize shareholders' wealth in the long run.

The oil prices are still volatile in the international market. During the current month, State Bank of Pakistan (SBP) has increased its policy rate by 250 basis points to 12.25% which may result in further increase in finance cost of the corporate sector. On a positive note, the COVID-19 pandemic reported cases are declining globally and several countries have lifted restrictions.

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 21, 2022

Abdul Sattar Khatri
Chief Executive Officer



Muhammad Siddiq Khatri
Chairman

ڈائریکٹرز رپورٹ


آپ کی کمپنی کے ڈائریکٹرز 31 مارچ 2022ء کو اختتام پذیر ہونے والی تیسری سہ ماہی اور رواں مالی سال کے پہلے نو ماہ کے غیر پڑتال شدہ بین المدتی مختصر مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ مدت میں کمپنی کی فروخت گزشتہ سال کے اسی عرصہ کے مقابلے میں 32 فیصد اضافہ کے ساتھ 10,878 ملین روپے (2021: 8,212 ملین روپے) رہی۔ فروخت کی لاگت 9,482 ملین روپے (2021: 6,654 ملین روپے) رہی جس سے کمپنی کا خام منافع 1,396 ملین روپے (2021: 1,557 ملین روپے) بنتا ہے۔ خام منافع کا تناسب گزشتہ سال کے اسی عرصے کے مقابلے میں 19 فیصد سے کم ہو کر 13 فیصد ہو گیا جس کی بنیادی وجہ زیر جائزہ مدت کے دوران توانائی کی لاگت میں اضافہ ہے۔ ٹیکس کی ادائیگی کے بعد گوشوارے کی آخری سطر مبلغ 374 ملین روپے (2021: 517 ملین روپے) کا منافع ظاہر کرتی ہے جس کے نتیجے میں فی حصص 3.74 روپے (2021: فی حصص 5.17 روپے) آمدنی ہوئی۔ جاری مالی سال کے دوران کمپنی نے 153 ملین روپے کے بونس حصص جاری کئے؛ لہذا سابقہ مدت کے لیے فی حصص منافع کو اس کے مطابق دوبارہ بیان کیا گیا ہے۔

آگے دیکھتے ہوئے، SLES / LABSA پلانٹ کی صلاحیت میں اضافہ جاری سہ ماہی کے دوران کام شروع کر دے گا جیسا کہ پہلے کی رپورٹوں کے ذریعے بتایا گیا ہے۔ مزید برآں، صلاحیت بڑھانے اور ایندھن کی کارکردگی کو بہتر بنانے کے لیے پاور پلانٹ انجنوں کی اپ گریڈیشن پر بھی منصوبہ بندی کے مطابق کام ہو رہا ہے۔ مکمل ملکیت والی ذیلی کمپنی یعنی اتحاد سولٹ پروسیسنگ (پرائیویٹ) لمیٹڈ بھی متعلقہ سرکاری محکمے سے مائننگ لیز حاصل کرنے کے عمل میں ہے۔ انتظامیہ مستقبل کی ترقی اور بہتر منافع کے بارے میں پرامید ہے جس کا حتمی مقصد طویل مدت میں حصص داران کی خوشحالی کو بہتر کرنا ہے۔

بین الاقوامی منڈی میں تیل کی قیمتیں بدستور اتار چڑھاؤ کا شکار ہیں۔ رواں ماہ کے دوران اسٹیٹ بینک آف پاکستان (اسٹیٹ بینک) نے اپنی پالیسی شرح 250 پیسے پوائنٹس بڑھا کر 12.25 فیصد کر دی ہے جس کے نتیجے میں کارپوریٹ سیکٹر کی مالی لاگت میں مزید اضافہ ہو سکتا ہے۔ مثبت بات یہ ہے کہ کوویڈ-19 وباء کے رپورٹ کردہ واقعات عالمی سطح پر کم ہو رہے ہیں اور متعدد ممالک نے پابندیاں ختم کر دی ہیں۔

بورڈ اپنے تمام قابل قدر معزز اراکین، صارفین، سپلائرز، بینکوں اور سرکاری محکموں کے اعتماد، مستقل حمایت اور سرپرستی کے لیے ان کا شکر گزار ہے اور کمپنی کے تمام ملازمین کے تعاون، لگن اور محنت کے لیے ان کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ

 محمد صدیق کھتری
 چیئرمین


 عبدالستار کھتری
 چیف ایگزیکٹو آفیسر

21 اپریل 2022ء

لاہور

Unconsolidated Condensed Interim Statement of Financial Position (Un-audited) as at March 31, 2022

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	5,427,269	5,722,682
Operating fixed assets	8	1,433,836	417,167
Capital work in progress		6,861,105	6,139,849
Intangible assets		8,024	6,445
Investment property		307,500	307,500
Long term Investments		2,500	100
Long term deposits		52,708	51,007
		<u>7,231,837</u>	<u>6,504,901</u>
CURRENT ASSETS			
Stores and spares		579,454	442,955
Stock in trade		988,228	1,121,263
Trade debts		1,437,270	1,167,876
Loans and advances	9	155,198	341,458
Trade deposits and short term prepayments		25,167	33,878
Tax refunds due from Government		383,159	529,200
Taxation - net		245,504	66,459
Cash and bank balances		269,406	338,635
		<u>4,083,386</u>	<u>4,041,724</u>
TOTAL ASSETS		<u>11,315,223</u>	<u>10,546,625</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	10.1	2,000,000	1,250,000
Issued, subscribed and paid up capital	10.2	1,000,000	847,000
Share premium		177,000	330,000
Unappropriated profit		2,679,703	2,305,352
Surplus on revaluation of fixed assets		1,392,042	1,392,042
		<u>5,248,745</u>	<u>4,874,394</u>
NON CURRENT LIABILITIES			
Long term financing	11	724,915	287,969
Long term diminishing musharaka	12	683,568	964,570
Lease Liabilities		12,594	17,899
Deferred liabilities		515,284	448,301
Deferred grant		33,875	1,038
GIDC Payable		-	77,012
		<u>1,970,236</u>	<u>1,796,789</u>
CURRENT LIABILITIES			
Trade and other payables		2,627,096	2,139,661
Unclaimed dividend		1,992	5,303
Mark-up accrued		64,875	38,618
Short term borrowings		770,288	1,161,440
Current portion of lease liabilities		7,520	7,520
Current portion of deferred grant		18,002	4,077
Current portion of long term liabilities		606,469	518,823
		<u>4,096,242</u>	<u>3,875,442</u>
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		<u>11,315,223</u>	<u>10,546,625</u>

The annexed notes from 1 to 22 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 nine months ended March 31, 2022

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2022	2021	2022	2021
—— (Rupees in thousand) ——					
Sales - net		10,877,635	8,211,553	4,079,853	2,917,654
Cost of sales	14	(9,481,885)	(6,654,055)	(3,513,215)	(2,542,578)
Gross profit		1,395,750	1,557,498	566,638	375,076
Selling and distribution expenses		(488,672)	(425,107)	(164,896)	(139,343)
General and administrative expenses		(170,996)	(148,243)	(58,801)	(49,248)
Other operating expenses		(41,902)	(95,291)	(18,345)	(19,129)
Other operating income		47,896	78,597	14,886	29,676
		(653,674)	(590,044)	(227,156)	(178,044)
Operating profit / loss		742,076	967,454	339,482	197,032
Financial charges		(203,718)	(158,142)	(67,804)	(41,497)
Profit / (loss) before taxation		538,358	809,312	271,678	155,535
Taxation		(164,007)	(292,287)	(80,749)	(65,936)
Profit / (loss) after taxation		374,351	517,025	190,929	89,599
Earnings per share - basic and diluted (Rupees)	15	3.74	5.17	1.91	0.90

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the nine months ended March 31, 2022

Note	Nine months ended March 31,		Quarter ended March 31,	
	2022	2021	2022	2021
	—— (Rupees in thousand) ——			
Profit / (loss) for the period	374,351	517,025	190,929	89,599
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>374,351</u>	<u>517,025</u>	<u>190,929</u>	<u>89,599</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) for the nine months ended March 31, 2022

	Nine months ended March 31,	
	2022	2021
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	538,358	809,312
Adjustments for items not involving movement of funds:		
Depreciation	360,628	383,881
Amortisation of intangible assets	93	-
Provision for gratuity	13,670	22,402
Loss on sale of fixed assets	(1,054)	21,831
Gain on disposal of right to use assets	-	(2,822)
Gain on extinguishment of original GIDC liability	-	(25,486)
Loss / (Gain) on foreign exchange	(13,760)	6,194
Bad debts written off	-	1,021
Provision for obsolete stores	13,500	12,000
Financial charges	203,718	158,142
Net cash flow before working capital changes	1,115,153	1,386,475
Decrease / (increase) in current assets		
Stores and spares	(149,999)	8,914
Stock in trade	133,035	151,033
Trade debts	(255,634)	(134,639)
Loans and advances	186,260	(94,693)
Trade deposits and short term prepayments	7,086	(1,027)
Tax refunds due from the Government	25,476	59,933
	(53,776)	(10,479)
Increase / (decrease) in current liabilities		
Trade and other payables	410,423	378,594
Cash generated from operations	1,471,800	1,754,590
Income taxes paid	(164,494)	(60,718)
Gratuity paid	(4,681)	(5,798)
Financial charges paid	(207,222)	(205,687)
Net cash (used in) / generated from operating activities	1,095,403	1,482,387
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets - net	(47,769)	(11,429)
Additions to intangible assets	(1,672)	-
Additions to capital work in progress	(1,005,215)	(340,380)
Proceeds from sale of operating fixed assets	1,915	240,616
Long term Investments	(2,400)	-
Long term deposits	(76)	(10,985)
Net cash used in investing activities	(1,055,217)	(122,178)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	678,549	98,475
Repayment of long term financing	(107,197)	(57,954)
Repayment of long term diminishing musharaka	(281,002)	(54,472)
Repayment of lease Liability	(5,303)	(6,753)
Dividend paid	(3,310)	(251,071)
Short term borrowings	(391,152)	(1,024,134)
Net cash inflow from financing activities	(109,415)	(1,295,909)
Net increase in cash and cash equivalents	(69,229)	64,300
Cash and cash equivalents at the beginning of the period	338,635	134,501
Cash and cash equivalents at the end of the period	269,406	198,801

The annexed notes from 1 to 22 form an integral part of these 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, 2022

	Share Capital	Surplus on Revaluation of fixed assets	Share premium	Unappropriated profit	Total
	(Rupees in thousand)				
Balance as at July 01, 2020	847,000	972,734	330,000	1,904,070	4,053,804
Transaction with owners:					
Final cash dividend					
2020 : Rs 1 per share	-	-	-	(84,700)	(84,700)
Interim cash dividend					
2021 : Rs 2 per share	-	-	-	(169,400)	(169,400)
Total Comprehensive income for the period	-	-	-	517,025	517,025
Balance as at March 31, 2021	847,000	972,734	330,000	2,166,995	4,316,729
Total Comprehensive income for the period:					
Profit for the period	-	-	-	139,742	139,742
Remeasurement of defined benefit liability - net	-	-	-	(1,385)	(1,385)
Revaluation Surplus for the year	-	419,308	-	-	419,308
Balance as at June 30, 2021	847,000	1,392,042	330,000	2,305,352	4,874,394
Transaction with owners:					
Bonus Shares Issued @ 18.06%	153,000	-	(153,000)	-	-
Total Comprehensive income for the period	-	-	-	374,351	374,351
Balance as at March 31, 2022	<u>1,000,000</u>	<u>1,392,042</u>	<u>177,000</u>	<u>2,679,703</u>	<u>5,248,745</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended March 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

Ittehad Chemicals Limited (the Company) 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 the Company became a wholly owned subsidiary of Federal Chemical and Ceramics Corporation (Private) Limited. The Company was privatized on July 03, 1995. The company is engaged in the business of manufacturing and selling caustic soda and allied chemicals.

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

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 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 Sheikhupura and regional offices are located as follows:

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

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

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

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

This condensed interim financial information does 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, 2021 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 information has been extracted from the annual audited financial information of the Company for the year ended June 30, 2021, 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 information for the nine months period ended March 31, 2021.

3.2 Basis of measurement

This condensed interim financial information 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.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

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, 2021.

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, 2021. 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, 2021. 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 TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2022, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate for the Tax Year 2022 is 29%. Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

6 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, 2021.

	Note	(Un-audited) March 31, 2022	(Audited) June 30, 2021
(Rupees in thousand)			
7 PROPERTY PLANT & EQUIPMENT			
Fixed Assets	7.1	5,417,147	5,709,033
Right of use Assets	7.2	10,122	13,649
		<u>5,427,269</u>	<u>5,722,682</u>
7.1 Opening net book value (NBV)		5,709,033	5,842,860
Additions (at cost) during the period / year	7.1.1	66,076	647,290
		<u>5,775,109</u>	<u>6,490,150</u>
Disposals (at NBV) during the period / year	7.1.2	(861)	(274,996)
Depreciation charged during the period / year		<u>(357,101)</u>	<u>(506,121)</u>
		<u>(357,962)</u>	<u>(781,117)</u>
Closing net book value (NBV)		<u>5,417,147</u>	<u>5,709,033</u>

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

Freehold Land	-	419,308
Building	-	20,796
Plant and machinery	19,144	186,049
Other equipment	3,295	1,169
Furniture and fixtures	1,120	240
Office and other equipment	3,531	5,262
Vehicles - owned	38,986	14,466
	<u>66,076</u>	<u>647,290</u>

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
Note	(Rupees in thousand)	

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

Building	-	2,922
Plant and machinery	-	270,075
Furniture and fixtures	-	14
Office and other equipment	-	80
Vehicles	861	1,905
	<u>861</u>	<u>274,996</u>

7.1.3 Fair value measurement (revalued property, plant and equipment)

7.1.4 Fair value measurement of free hold land is based on the valuations carried out by an independent valuer M/s. Harvestor Services (Private) Limited as at June 30, 2021 on the basis of market value.

7.1.5 Fair value measurement of revalued land is based on assumptions considered to be level 2 inputs.

7.1.6 Valuation techniques used to derive level 2 fair values - Land

Fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input in this valuation approach is price / rate per kanal in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

7.2 Right of use assets

Opening net book value (NBV)	13,649	29,553
Disposal (at WDV) during the period / year	-	(9,192)
Depreciation charged during the period / year	(3,527)	(6,712)
	<u>10,122</u>	<u>13,649</u>

8 CAPITAL WORK IN PROGRESS

Advances	8.2	169,748	161,372
Building	8.1	44,946	12,247
Plant and machinery	8.1	1,219,142	243,548
		<u>1,433,836</u>	<u>417,167</u>

8.1 Movement of carrying amount

	Building	Plant & Machinery
	(Rupees in thousand)	
Period Ended March 2022		
Opening balance July 2021	12,247	243,548
Additions (at cost)	32,699	993,900
Transferred to operating fixed assets	-	(18,306)
Closing balance	<u>44,946</u>	<u>1,219,142</u>

	Building	Plant & Machinery
	—— (Rupees in thousand) ——	
Year Ended June 2021		
Opening balance July 2020	8,315	20,872
Additions (at cost)	23,508	393,124
Transferred / Adjustment	(2,111)	17,761
Transferred / Adjustment	3,332	(3,332)
Transferred to operating fixed assets	(20,797)	(184,877)
Closing balance	<u>12,247</u>	<u>243,548</u>

- 8.2** Advances includes payment (31%) against land of 1.39 acres at Plot No. D-4 South Avenue S.I.T.E Karachi amounting to Rs. 155.00 million to Mehran Gums (Private) Limited and classified under the capital work in progress. The Company has intention to establish plant at stated land.

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
Note	—— (Rupees in thousand) ——	

9 LOAN AND ADVANCES

Advances - (Unsecured - considered good)		
To employees	9.1 24,644	19,575
Advance to supplies and services (Unsecured)		
Considered good	128,631	320,541
Considered doubtful	1,374	1,374
	130,005	321,915
Against import	1,923	1,342
	156,572	342,832
Less: Provision for doubtful advances	1,374	1,374
	<u>155,198</u>	<u>341,458</u>

- 9.1** This includes advance to Mr. Abdul Hai Khatri amounting to Rs. 5.310 million (2021: Nil) being a related party of the Company. This also includes advance to employees against salaries in accordance with the terms of their employment, which is not past due. These advances are unsecured, interest free and payable on demand.

10 SHARE CAPITAL

10.1 Authorized share capital

175,000,000 (June 30, 2021: 100,000,000) ordinary shares of Rs. 10/- each	1,750,000	1,000,000
25,000,000 (June 30, 2021.: 25,000,000) preference shares of Rs. 10/- each	250,000	250,000
	<u>2,000,000</u>	<u>1,250,000</u>

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
Note	(Rupees in thousand)	
10.2 Issued, subscribed and paid up share capital		
27,100,000 (June 30, 2021: 27,100,000) ordinary shares of Rs. 10/- each fully paid in cash	271,000	271,000
24,900,000 (June 30, 2021: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash	249,000	249,000
48,000,000 (June 30, 2021: 32,700,000) fully paid bonus shares of Rs. 10/- each	480,000	327,000
	<u>1,000,000</u>	<u>847,000</u>
11 LONG TERM FINANCING		
From banking companies and financial institutions - secured		
Balance as at July 01	419,787	359,228
Obtained during the period / year	631,790	143,135
Repayments made during the period / year	(107,197)	(82,576)
	<u>944,380</u>	<u>419,787</u>
Current portion shown under current liabilities	(219,465)	(131,818)
	<u>724,915</u>	<u>287,969</u>
12 LONG TERM DIMINISHING MUSHARAKA		
From banking companies and financial institutions - secured		
Balance as at July 01	1,351,575	1,460,519
Obtained during the period / year	-	-
Repayments made during the period / year	(281,002)	(108,944)
	<u>1,070,573</u>	<u>1,351,575</u>
Current portion shown under current liabilities	(387,005)	(387,005)
	<u>683,568</u>	<u>964,570</u>
13 CONTINGENCIES AND COMMITMENTS		
13.1 Contingent liabilities		
a)	Letters of guarantee outstanding as at March 31, 2022 were Rs. 445.820 million (June 2021: Rs. 347.693 million).	
b)	The taxation authorities have amended the deemed assessment for the Tax Year 2010 by passing an order u/s 122(5A) of the Income Tax Ordinance, 2001 creating, thereby, income tax demand of Rs. 54.510 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) who partially set aside and remanded back and also partially decided in favour of the Company. The Company as well as tax department filed an appeal against the said order before Appellate Tribunal Inland Revenue. The cross appeals were decided through a consolidated order. The ATIR order did not adjudicated on the issues of TY 2010 and thereafter rectification of order vide misc application has been filed before ATIR to pass revised speaking order. Misc. application has been heard and the Honourable ATIR has	

called back its original order for re-hearing. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in maximum tax payable of Rs. 54.510 million (June 30, 2021: Rs. 54.510 million).

- c) The taxation authorities have amended the deemed assessment for Tax Year 2006 by passing an order u/s 122(5A) of the Income Tax Ordinance, 2001. The Company challenged the same before Commissioner Inland Revenue (Appeals) who partially set aside and partially decided against the Company. The Company has filed an appeal before Appellate Tribunal Inland Revenue against the said order. The ATIR remanded the case back to the Additional Commissioner Inland Revenue (ADCIR). In remand back proceeding ADCIR decided the case partially in favour of the Company. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) CIR (A) against the remaining portion. The CIR(A) has decided the case in favour of the Company. Thereafter the CIR has filed appeal before ATIR. The Company considers the appeal of CIR as for sake only and therefore expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 4.080 million (June 30, 2021: Rs. 4.080 million).
- d) The Company is facing claims, launched in the labour courts, pertaining to staff retirement benefits. In the event of an adverse decision, the Company would be required to pay an amount of Rs. 12.077 million (June 30, 2021: Rs. 12.077 million) against these claims.
- e) Show cause notice was served by the ACIR whereby taxpayer is required to explain the alleged illegal input (sales tax) tax adjustment amounting to Rs. 28.725 million. Detailed reply was filed by the Company. In response to which ACIR issued assessment order and created demand amounting to Rs. 19.724 million along with penalty amounting to Rs. 0.986 million. The Company being aggrieved filed appeal before CIR (A). The CIR(A) has reduced the demand from Rs. 19.724 million to Rs. 1.20 million. The Company has challenged the demand of Rs. 1.20 million in ATIR. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 1.20 million (June 30, 2021: 1.20 million).
- f) Income tax credit u/s 65B (BMR) of Income Tax Ordinance, 2001 was reduced from 10% to 5% by Finance Act, 2019 retrospectively for Tax Year 2019. The Company has challenged this amendment in the Honorable Lahore High Court through writ petition 67856/2019. In this regard the Court has issued interim order and has directed the taxpayers to file their income tax return manually. If the case is decided in favour of the Company it may result in a contingent deductible allowance of Rs. 63.20 million (June 30, 2021: Rs. 63.20 million).
- g) The Finance Act, 2017 has substituted Section 5A of the Income Tax Ordinance, 2001 and further amended by Finance Supplementary (Second Amendment) Act 2019 introduced tax on every public company from Tax Year 2018 at the rate of 5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company, which distributes at least 20% of its after tax profits within six (6) months of the end of the tax year through cash dividend. The Company has filed Writ Petition (WP) before Lahore High Court (LHC) during 2020, to challenge the vires of Section 5A of the Income Tax Ordinance, 2001 and management believes that it has meritorious grounds to file this writ petition and is confident of its outcome in the Company's favour. Accordingly, no provision amounting to Rs. 25.50 million has been made against the same in the financial statements. However, if the

case is decided against the Company, it may result in tax payable of Rs. 25.50 million (June 30, 2021: 25.50 million).

13.2 Commitments

Commitments as on March 31, 2022 were as follows:

- Against letters of credit amounting to Rs. 1,754.204 million (June 30, 2021: Rs. 1,711.130 million).
- Against purchase of land amounting to Rs. 346.639 million (June 30, 2021: Rs. 1.639 million).

(Unaudited)			
Nine months ended March 31,		Quarter ended March 31,	
2022	2021	2022	2021
(Rupees in thousand)			

14 COST OF SALES

Raw materials consumed	3,846,934	2,445,537	1,407,398	915,269
Other overheads:				
Stores, spares and consumables	223,256	155,058	65,210	57,699
Packing materials consumed	115,362	124,626	35,405	35,103
Salaries, wages and other benefits	439,906	401,039	146,544	132,110
Fuel and power	4,464,644	2,955,349	1,645,357	1,126,618
Repair and maintenance	29,561	25,997	8,650	8,279
Rent, rates and taxes	6,936	124	2,302	31
Insurance	10,428	10,761	3,728	3,414
Depreciation	347,653	371,501	116,436	122,157
Vehicle running expenses	12,423	9,690	4,224	3,160
Telephone, telex and postage	775	728	289	248
Printing and stationery	226	203	99	61
Provision for slow moving stores & spares	13,500	12,000	4,500	-
Other expenses	2,746	1,199	1,645	463
	<u>5,667,416</u>	<u>4,068,275</u>	<u>2,034,389</u>	<u>1,489,343</u>
Opening work in process	43,626	38,912	48,634	43,366
Closing work in process	(50,730)	(42,136)	(50,730)	(42,136)
	<u>(7,104)</u>	<u>(3,224)</u>	<u>(2,096)</u>	<u>1,230</u>
Cost of goods manufactured	<u>9,507,246</u>	<u>6,510,588</u>	<u>3,439,691</u>	<u>2,405,842</u>
Cost of stores traded	14,774	2,232	2,424	2,232
Opening stock of finished goods	444,948	392,491	556,183	385,760
Closing stock of finished goods	(485,083)	(251,256)	(485,083)	(251,256)
	<u>(40,135)</u>	<u>141,235</u>	<u>71,100</u>	<u>134,504</u>
	<u><u>9,481,885</u></u>	<u><u>6,654,055</u></u>	<u><u>3,513,215</u></u>	<u><u>2,542,578</u></u>

(Unaudited)

Nine months ended March 31,	Quarter ended March 31,
2022	2021
2022	2021

(Rupees in thousand)

15 EARNINGS PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation - (Rs. in thousand)	374,351	517,025	190,929	89,599
Weighted average number of ordinary shares - (in thousand)	100,000	100,000	100,000	100,000
Earnings per share - basic and diluted - (Rs.)	3.74	Restated 5.17	1.91	Restated 0.90

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				
Subsidiary Company	Investment Made	2,400	-	-	-
Related party	Marketing services charges	53,693	39,783	20,250	14,249
Retirement benefit	Contribution to staff plans retirement benefit plans	440	404	147	138
Key management personnel	Remuneration and other benefits	75,565	59,321	26,026	20,293
	Loan & advances	5,310	-	(4,700)	-
				(Un-audited) March 31, 2022	(Audited) June 30, 2021
Period / year end balances:			Note	(Rupees in thousand)	

Relationship with the Company	Nature of outstanding balances		
----------------------------------	--------------------------------	--	--

Other related Parties	Trade and other payables	13,649	8,139
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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, 2022 and June 30, 2021.

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 information 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, 2021.

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, 2021.

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 IMPACT OF COVID -19 ON THE FINANCIAL STATEMENT

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position. While this is still an evolving situation as at the time of issuing these condensed interim financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. However, the management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 21, 2022 by the Board of Directors of the Company.

22 GENERAL

- i) Amounts have been rounded off to the nearest rupees in thousand unless otherwise stated.
- ii) The board of directors of the company in its meeting held on April 21, 2022 have declared an interim dividend at 10% i.e Rs. 1 per share (June 30, 2021:0% i.e Rs. Nil per share). These financial statements do not reflect this appropriation.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ITTEHAD CHEMICALS LIMITED

**CONSOLIDATED
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE 3RD QUARTER ENDED MARCH 31, 2022
(UN-AUDITED)**

DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors take pleasure in presenting their report together with 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 quarter ended March 31, 2022.

Ittehad Salt Processing (Private) Limited ("ISPPL") was incorporated under the Companies Act, 2017 in Pakistan as a company limited by shares on December 3, 2019. The registered office of the Company is situated in Lahore, Punjab. The main objective of the wholly owned subsidiary is to explore opportunities available in the Rock Salt Mining subject to fulfillment of prerequisites under the applicable laws.

The wholly owned subsidiary has already acquired the exploration license from Punjab Minerals and Mines Department for an area of 1,356.07 acres situated near Dhok Jabba / Lafi District Chakwal and is in the process of acquiring Mining Lease from the concerned Government Department.

The Consolidated Financial Statements showed Earning per share Rs. 3.74 (2021: Rupees 5.17 per share) for the quarter ended March 31, 2022. Adequate internal financial controls are in place and Management ensures complete and satisfactory implementation of the same. The Management is optimistic about future growth and healthy returns after obtaining the Mining license from Punjab Minerals and Mines Department.

On behalf of the Board



Abdul Sattar Khatri
Chief Executive Officer



Muhammad Siddiq Khatri
Chairman

Lahore
April 21, 2022

Consolidated Condensed Interim Statement of Financial Position (Un-audited) as at March 31, 2022

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	5,427,269	5,722,682
Operating fixed assets	8	1,433,836	417,167
Capital work in progress		6,861,105	6,139,849
		8,076	6,697
Intangible assets		307,500	307,500
Investment property		52,708	51,007
Long term deposits		7,229,589	6,505,053
CURRENT ASSETS			
Stores and spares		579,454	442,955
Stock in trade		988,228	1,121,263
Trade debts		1,437,270	1,167,876
Loans and advances	9	155,198	341,458
Trade deposits and short term prepayments		26,667	33,878
Tax refunds due from Government		383,159	529,200
Taxation - net		245,504	66,459
Cash and bank balances		271,032	338,731
		4,086,512	4,041,820
TOTAL ASSETS		11,316,101	10,546,873
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	10.1	2,000,000	1,250,000
Issued, subscribed and paid up capital	10.2	1,000,000	847,000
Share premium		177,000	330,000
Unappropriated profit		2,679,651	2,305,352
Surplus on revaluation of fixed assets		1,392,042	1,392,042
		5,248,693	4,874,394
NON CURRENT LIABILITIES			
Long term financing	11	724,915	287,969
Long term diminishing musharaka	12	683,568	964,570
Lease Liabilities		12,594	17,899
Deferred liabilities		515,284	448,301
Deferred grant		33,875	1,038
GIDC Payable		-	77,012
		1,970,236	1,796,789
CURRENT LIABILITIES			
Trade and other payables		2,628,026	2,139,969
Unclaimed dividend		1,992	5,303
Mark-up accrued		64,875	38,618
Short term borrowings		770,288	1,161,440
Current portion of lease liabilities		7,520	7,520
Current portion of deferred grant		18,002	4,077
Current portion of long term liabilities		606,469	518,823
		4,097,172	3,875,690
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		11,316,101	10,546,873

The annexed notes from 1 to 22 form an integral part of these 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, 2022

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2022	2021	2022	2021
———— (Rupees in thousand) ————					
Sales - net		10,877,635	8,211,553	4,079,853	2,917,654
Cost of sales	14	(9,481,885)	(6,654,055)	(3,513,215)	(2,542,578)
Gross profit		1,395,750	1,557,498	566,638	375,076
Selling and distribution expenses		(488,703)	(425,107)	(164,927)	(139,343)
General and administrative expenses		(170,996)	(148,243)	(58,801)	(49,248)
Other operating expenses		(41,902)	(95,291)	(18,345)	(19,129)
Other operating income		47,896	78,597	14,886	29,676
		(653,705)	(590,044)	(227,187)	(178,044)
Operating profit / loss		742,045	967,454	339,451	197,032
Financial charges		(203,718)	(158,142)	(67,804)	(41,497)
Profit / (loss) before taxation		538,327	809,312	271,647	155,535
Taxation		(164,028)	(292,287)	(80,770)	(65,936)
Profit / (loss) after taxation		374,299	517,025	190,877	89,599
Earnings per share - basic and diluted (Rupees)	15	3.74	5.17	1.91	0.90

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
for the nine months ended March 31, 2022**

Note	Nine months ended March 31,		Quarter ended March 31,	
	2022	2021	2022	2021
	—— (Rupees in thousand) ——			
Profit / (loss) for the period	374,299	517,025	190,877	89,599
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>374,299</u>	<u>517,025</u>	<u>190,877</u>	<u>89,599</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Cash Flow Statement (Un-audited) for the nine months ended March 31, 2022

	Nine months ended March 31,	
	2022	2021
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	538,327	809,312
Adjustments for items not involving movement of funds:		
Depreciation	360,628	383,881
Amortisation of intangible assets	93	-
Provision for gratuity	13,670	22,402
Loss on sale of fixed assets	(1,054)	21,831
Gain on disposal of right to use assets	-	(2,822)
Gain on extinguishment of original GIDC liability	-	(25,486)
Loss / (Gain) on foreign exchange	(13,760)	6,194
Bad debts written off	-	1,021
Provision for obsolete stores	13,500	12,000
Financial charges	203,718	158,142
Net cash flow before working capital changes	1,115,122	1,386,475
Decrease / (increase) in current assets		
Stores and spares	(149,999)	8,914
Stock in trade	133,035	151,033
Trade debts	(255,634)	(134,639)
Loans and advances	186,260	(94,693)
Trade deposits and short term prepayments	5,586	(1,027)
Tax refunds due from the Government	25,476	59,933
	(55,776)	(10,479)
Increase / (decrease) in current liabilities		
Trade and other payables	411,105	378,594
Cash generated from operations	1,470,951	1,754,590
Income taxes paid	(164,515)	(60,718)
Gratuity paid	(4,681)	(5,798)
Financial charges paid	(207,222)	(205,687)
Net cash (used in) / generated from operating activities	1,094,533	1,482,387
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets - net	(47,769)	(11,429)
Additions to intangible assets	(1,672)	-
Additions to capital work in progress	(1,005,215)	(340,380)
Proceeds from sale of operating fixed assets	1,915	240,616
Long term deposits	(76)	(10,985)
Net cash used in investing activities	(1,052,817)	(122,178)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	678,549	98,475
Repayment of long term financing	(107,197)	(57,954)
Repayment of long term diminishing musharaka	(281,002)	(54,472)
Repayment of lease Liability	(5,303)	(6,753)
Dividend paid	(3,310)	(251,071)
Short term borrowings	(391,152)	(1,024,134)
Net cash inflow from financing activities	(109,415)	(1,295,909)
Net increase in cash and cash equivalents	(67,699)	64,300
Cash and cash equivalents at the beginning of the period	338,731	134,501
Cash and cash equivalents at the end of the period	271,032	198,801

The annexed notes from 1 to 22 form an integral part of these 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, 2022

	Share Capital	Directors' Loan	Surplus on Revaluation of fixed assets (Rupees in thousand)	Share premium	Unappropri- ated profit	Total
Balance as at July 01, 2020	847,000	-	972,734	330,000	1,904,070	4,053,804
Transaction with owners:						
Final cash dividend						
2020 : Rs 1 per share	-	-	-	-	(84,700)	(84,700)
Interim cash dividend						
2021 : Rs 2 per share	-	-	-	-	(169,400)	(169,400)
Total Comprehensive income for the period	-	-	-	-	517,025	517,025
Balance as at March 31, 2021	847,000	-	972,734	330,000	2,166,995	4,316,729
Total Comprehensive income for the period:						
Profit for the period	-	-	-	-	139,742	139,742
Remeasurement of defined benefit liability - net	-	-	-	-	(1,385)	(1,385)
Revaluation Surplus for the year	-	-	419,308	-	-	419,308
Directors' loan	-	219	-	-	-	219
Balance as at June 30, 2021	847,000	219	1,392,042	330,000	2,305,352	4,874,613
Transaction with owners:						
Bonus Shares Issued @ 18.06%	153,000	-	-	(153,000)	-	-
Reclassification / repayment of Directors' loan	-	(219)	-	-	-	(219)
Total Comprehensive income for the period	-	-	-	-	374,299	374,299
Balance as at March 31, 2022	<u>1,000,000</u>	<u>-</u>	<u>1,392,042</u>	<u>177,000</u>	<u>2,679,651</u>	<u>5,248,693</u>

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Notes to the consolidated Condensed Interim Financial Statements (Un-audited) for the nine months ended March 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

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

1.1 Status of the Parent Company

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

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

1.2 Status of the Subsidiary Company

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

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

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

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These 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 information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Group as at and for the year ended June 30, 2021 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 condensed interim financial information has been extracted from the annual audited financial information of the Group for the year ended June 30, 2021, 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 information for the nine months period ended March 31, 2021 .

3.2 Basis of measurement

This condensed interim financial information 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.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

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 Group.

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, 2021.

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, 2021. The adoption of these new and amended standards did not have material impact on the Group's condensed interim financial statements. There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Group's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have a significant effect on this condensed interim financial statements.

5 TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2022, have been made using the estimated effective tax rate applicable to expected total annual earnings. The applicable income tax rate for the Tax Year 2022 is 29%. Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

6 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 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, 2021.

	Note	(Un-audited) March 31, 2022	(Audited) June 30, 2021
(Rupees in thousand)			
7 PROPERTY PLANT & EQUIPMENT			
Fixed Assets	7.1	5,417,147	5,709,033
Right of use Assets	7.2	10,122	13,649
		<u>5,427,269</u>	<u>5,722,682</u>
7.1 Opening net book value (NBV)		5,709,033	5,842,860
Additions (at cost) during the period / year	7.1.1	66,076	647,290
		5,775,109	6,490,150
Disposals (at NBV) during the period / year	7.1.2	(861)	(274,996)
Depreciation charged during the period / year		(357,101)	(506,121)
		(357,962)	(781,117)
Closing net book value (NBV)		<u>5,417,147</u>	<u>5,709,033</u>

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

Freehold Land	-	419,308
Building	-	20,796
Plant and machinery	19,144	186,049
Other equipment	3,295	1,169
Furniture and fixtures	1,120	240
Office and other equipment	3,531	5,262
Vehicles - owned	38,986	14,466
	<u>66,076</u>	<u>647,290</u>

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

Building	-	2,922
Plant and machinery	-	270,075
Furniture and fixtures	-	14
Office and other equipment	-	80
Vehicles	861	1,905
	<u>861</u>	<u>274,996</u>

7.1.3 Fair value measurement (revalued property, plant and equipment)

7.1.4 Fair value measurement of free hold land is based on the valuations carried out by an independent valuer M/s. Harvestor Services (Private) Limited as at June 30, 2021 on the basis of market value.

7.1.5 Fair value measurement of revalued land is based on assumptions considered to be level 2 inputs.

7.1.6 Valuation techniques used to derive level 2 fair values - Land

Fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input in this valuation approach is price / rate per kanal in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

		(Un-audited) March 31, 2022	(Audited) June 30, 2021
	Note	(Rupees in thousand)	
7.2 Right of use assets			
Opening net book value (NBV)		13,649	29,553
Disposal (at WDV) during the period / year		-	(9,192)
Depreciation charged during the period / year		(3,527)	(6,712)
		<u>10,122</u>	<u>13,649</u>
8 CAPITAL WORK IN PROGRESS			
Advances	8.2	169,748	161,372
Building	8.1	44,946	12,247
Plant and machinery	8.1	1,219,142	243,548
		<u>1,433,836</u>	<u>417,167</u>
		Building	Plant & Machinery
		(Rupees in thousand)	
8.1 Movement of carrying amount			
Period Ended March 2022			
Opening balance July 2021		12,247	243,548
Additions (at cost)		32,699	993,900
Transferred to operating fixed assets		-	(18,306)
Closing balance		<u>44,946</u>	<u>1,219,142</u>
Year Ended June 2021			
Opening balance July 2020		8,315	20,872
Additions (at cost)		23,508	393,124
Transferred / Adjustment		(2,111)	17,761
Transferred / Adjustment		3,332	(3,332)
Transferred to operating fixed assets		(20,797)	(184,877)
Closing balance		<u>12,247</u>	<u>243,548</u>

- 8.2** Advances includes payment (31%) against land of 1.39 acres at Plot No. D-4 South Avenue S.I.T.E Karachi amounting to Rs. 155.00 million to Mehran Gums (Private) Limited and classified under the capital work in progress. The Group has intention to establish plant at stated land.

	Note	(Un-audited) March 31, 2022	(Audited) June 30, 2021
(Rupees in thousand)			
9 LOAN AND ADVANCES			
Advances - (Unsecured - considered good)			
To employees	9.1	24,644	19,575
Advance to supplies and services (Unsecured)			
Considered good		128,631	320,541
Considered doubtful		1,374	1,374
		130,005	321,915
Against import		1,923	1,342
		156,572	342,832
Less: Provision for doubtful advances		1,374	1,374
		155,198	341,458

- 9.1** This includes advance to Mr. Abdul Hai Khatri amounting to Rs. 5.310 million (2021: Nil) being a related party of the Group. This also includes advance to employees against salaries in accordance with the terms of their employment, which is not past due. These advances are unsecured, interest free and payable on demand.

10 SHARE CAPITAL

10.1 Authorized share capital

175,000,000 (June 30, 2021: 100,000,000) ordinary shares of Rs. 10/- each	1,750,000	1,000,000
25,000,000 (June 30, 2021.: 25,000,000) preference shares of Rs. 10/- each	250,000	250,000
	2,000,000	1,250,000

10.2 Issued, subscribed and paid up share capital

27,100,000 (June 30, 2021: 27,100,000) ordinary shares of Rs. 10/- each fully paid in cash	271,000	271,000
24,900,000 (June 30, 2021: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash	249,000	249,000
48,000,000 (June 30, 2021: 32,700,000) fully paid bonus shares of Rs. 10/- each	480,000	327,000
	1,000,000	847,000

	(Un-audited) March 31, 2022	(Audited) June 30, 2021
Note	(Rupees in thousand)	
11 LONG TERM FINANCING		
From banking companies and financial institutions - secured		
Balance as at July 01	419,787	359,228
Obtained during the period / year	631,790	143,135
Repayments made during the period / year	<u>(107,197)</u>	<u>(82,576)</u>
	944,380	419,787
Current portion shown under current liabilities	<u>(219,465)</u>	<u>(131,818)</u>
	<u>724,915</u>	<u>287,969</u>
12 LONG TERM DIMINISHING MUSHARAKA		
From banking companies and financial institutions - secured		
Balance as at July 01	1,351,575	1,460,519
Obtained during the period / year	-	-
Repayments made during the period / year	<u>(281,002)</u>	<u>(108,944)</u>
	1,070,573	1,351,575
Current portion shown under current liabilities	<u>(387,005)</u>	<u>(387,005)</u>
	<u>683,568</u>	<u>964,570</u>

13 CONTINGENCIES AND COMMITMENTS**13.1 Contingent liabilities**

- a) Letters of guarantee outstanding as at March 31, 2022 were Rs. 445.820 million (June 2021: Rs. 347.693 million).
- b) The taxation authorities have amended the deemed assessment for the Tax Year 2010 by passing an order u/s 122(5A) of the Income Tax Ordinance, 2001 creating, thereby, income tax demand of Rs. 54.510 million. The Group filed an appeal before Commissioner Inland Revenue (Appeals) who partially set aside and remanded back and also partially decided in favour of the Group. The Group as well as tax department filed an appeal against the said order before Appellate Tribunal Inland Revenue. The cross appeals were decided through a consolidated order. The ATIR order did not adjudicated on the issues of TY 2010 and thereafter rectification of order vide misc application has been filed before ATIR to pass revised speaking order. The Misc. application has been heard and the Honourable ATIR has called back its original order for re-hearing. The Group expects a favourable outcome of the proceedings. However, if the case is decided against the Group, it may result in maximum tax payable of Rs. 54.510 million (June 30, 2021: Rs. 54.510 million).

- c) The taxation authorities have amended the deemed assessment for Tax Year 2006 by passing an order u/s 122(5A) of the Income Tax Ordinance, 2001. The Group challenged the same before Commissioner Inland Revenue (Appeals) who partially set aside and partially decided against the Group. The Group has filed an appeal before Appellate Tribunal Inland Revenue against the said order. The ATIR remanded the case back to the Additional Commissioner Inland Revenue (ADCIR). In remand back proceeding ADCIR decided the case partially in favour of the Group. The Group has filed an appeal before Commissioner Inland Revenue (Appeals) CIR (A) against the remaining portion. The CIR(A) has decided the case in favour of the Group. Thereafter the CIR has filed appeal before ATIR. The Group considers the appeal of CIR as for sake only and therefore expects a favourable outcome of the proceedings. However, if the case is decided against the Group, it may result in tax payable of Rs. 4.080 million (June 30, 2021: Rs. 4.080 million).
- d) The Group is facing claims, launched in the labour courts, pertaining to staff retirement benefits. In the event of an adverse decision, the Group would be required to pay an amount of Rs. 12.077 million (June 30, 2021: Rs. 12.077 million) against these claims.
- e) Show cause notice was served by the ACIR whereby taxpayer is required to explain the alleged illegal input (sales tax) tax adjustment amounting to Rs. 28.725 million. Detailed reply was filed by the Group. In response to which ACIR issued assessment order and created demand amounting to Rs. 19.724 million along with penalty amounting to Rs. 0.986 million. The Group being aggrieved filed appeal before CIR (A). The CIR(A) has reduced the demand from Rs. 19.724 million to Rs. 1.20 million. The Group has challenged the demand of Rs. 1.20 million in ATIR. The Group expects a favorable outcome of the proceedings. However, if the case is decided against the Group, it may result in tax payable of Rs. 1.20 million (June 30, 2021: 1.20 million).
- f) Income tax credit u/s 65B (BMR) of Income Tax Ordinance, 2001 was reduced from 10% to 5% by Finance Act, 2019 retrospectively for Tax Year 2019. The Group has challenged this amendment in the Honorable Lahore High Court through writ petition 67856/2019. In this regard the Court has issued interim order and has directed the taxpayers to file their income tax return manually. If the case is decided in favour of the Group it may result in a contingent deductible allowance of Rs. 63.20 million (June 30, 2021: Rs. 63.20 million).
- g) The Finance Act, 2017 has substituted Section 5A of the Income Tax Ordinance, 2001 and further amended by Finance Supplementary (Second Amendment) Act 2019 introduced tax on every public Group from Tax Year 2018 at the rate of 5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company, which distributes at least 20% of its after tax profits within six (6) months of the end of the tax year through cash dividend. The Group has filed Writ Petition (WP) before Lahore High Court (LHC) during 2020, to challenge the vires of Section 5A of the Income Tax Ordinance, 2001 and management believes that it has meritorious grounds to file this writ petition and is confident

of its outcome in the Group's favour. Accordingly, no provision amounting to Rs. 25.50 million has been made against the same in the financial statements. However, if the case is decided against the Group, it may result in tax payable of Rs. 25.50 million (June 30, 2021: 25.50 million).

13.2 Commitments

Commitments as on March 31, 2022 were as follows:

- Against letters of credit amounting to Rs. 1,754.204 million (June 30, 2021: Rs. 1,711.130 million).
- Against purchase of land amounting to Rs. 346.639 million (June 30, 2021: Rs. 1.639 million).

(Unaudited)			
Nine months ended March 31,		Quarter ended March 31,	
2022	2021	2022	2021
(Rupees in thousand)			

14 COST OF SALES

Raw materials consumed	3,846,934	2,445,537	1,407,398	915,269
Other overheads:				
Stores, spares and consumables	223,256	155,058	65,210	57,699
Packing materials consumed	115,362	124,626	35,405	35,103
Salaries, wages and other benefits	439,906	401,039	146,544	132,110
Fuel and power	4,464,644	2,955,349	1,645,357	1,126,618
Repair and maintenance	29,561	25,997	8,650	8,279
Rent, rates and taxes	6,936	124	2,302	31
Insurance	10,428	10,761	3,728	3,414
Depreciation	347,653	371,501	116,436	122,157
Vehicle running expenses	12,423	9,690	4,224	3,160
Telephone, telex and postage	775	728	289	248
Printing and stationery	226	203	99	61
Provision for slow moving stores & spares	13,500	12,000	4,500	-
Other expenses	2,746	1,199	1,645	463
	<u>5,667,416</u>	<u>4,068,275</u>	<u>2,034,389</u>	<u>1,489,343</u>
Opening work in process	43,626	38,912	48,634	43,366
Closing work in process	(50,730)	(42,136)	(50,730)	(42,136)
	<u>(7,104)</u>	<u>(3,224)</u>	<u>(2,096)</u>	<u>1,230</u>
Cost of goods manufactured	<u>9,507,246</u>	<u>6,510,588</u>	<u>3,439,691</u>	<u>2,405,842</u>
Cost of stores traded	14,774	2,232	2,424	2,232
Opening stock of finished goods	444,948	392,491	556,183	385,760
Closing stock of finished goods	(485,083)	(251,256)	(485,083)	(251,256)
	<u>(40,135)</u>	<u>141,235</u>	<u>71,100</u>	<u>134,504</u>
	<u><u>9,481,885</u></u>	<u><u>6,654,055</u></u>	<u><u>3,513,215</u></u>	<u><u>2,542,578</u></u>

(Unaudited)			
Nine months ended March 31,		Quarter ended March 31,	
2022	2021	2022	2021
(Rupees in thousand)			

15 EARNINGS PER SHARE - BASIC AND DILUTED

Profit / (loss) after taxation - (Rs. in thousand)	374,299	517,025	190,877	89,599
Weighted average number of ordinary shares - (in thousand)	100,000	100,000	100,000	100,000
Earnings per share - basic and diluted - (Rs.)	3.74	Restated 5.17	1.91	Restated 0.90

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				
Subsidiary Company	Investment Made	2,400	-	-	-
Related party	Marketing services charges	53,693	39,783	20,250	14,249
Retirement benefit	Contribution to staff plans retirement benefit plans	440	404	147	138
Key management personnel	Remuneration and other benefits	75,565	59,321	26,026	20,293
	Loan & advances	5,310	-	(4,700)	-
Period / year end balances:				(Un-audited) March 31, 2022	(Audited) June 30, 2021
		Note	(Rupees in thousand)		

**Relationship with
the Company****Nature of outstanding balances**

Other related Parties	Trade and other payables	13,649	8,139
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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 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, 2022 and June 30, 2021.

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 condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's audited annual financial statements for the year ended June 30, 2021.

The Group's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2021.

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 IMPACT OF COVID -19 ON THE FINANCIAL STATEMENT

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Group's statement of financial position. While this is still an evolving situation as at the time of issuing these condensed interim financial statements yet, to date the operations of the Group have continued uninterrupted during this pandemic, future effects cannot be predicted. However, the management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 21, 2022 by the Board of Directors of the Group.

22 GENERAL

- i) Amounts have been rounded off to the nearest rupees in thousand unless otherwise stated.
- ii) The board of directors of company in its meeting held on April 21, 2022 have declared an interim dividend at 10% i.e Rs. 1 per share (June 30, 2021:0% i.e Rs. Nil per share). These financial statements do not reflect this appropriation.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

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