



ITTEHAD CHEMICALS LIMITED

**For a Greener Tomorrow,
GROW RESPONSIBLY
TODAY**



2024
ANNUAL
REPORT



Green growth refers to an economic development model that emphasizes sustainable practices, aiming to foster growth while ensuring the protection of the environment. It seeks to balance economic progress with ecological preservation, recognizing that long-term prosperity is only achievable if natural resources are used responsibly.

This approach includes the adoption of clean technologies, promoting energy efficiency, reducing waste, and encouraging the responsible management of ecosystems. Green growth is not about sacrificing economic gains but rather about decoupling growth from environmental degradation, ensuring that growth is inclusive and equitable for present and future generations.

The future
will be green,
or not at all.

-Jonathon Porritt

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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. Ali Asrar Hossain Aga	Member
Mr. Ahmed Mustafa	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. Waqas Siddiq Khatri	Member
Mr. Abdul Sattar 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
 Ph: 042 – 37235081 – 82

BANKERS

Banks - Conventional Side
 Askari Bank Limited
 Allied 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
 Soneri Bank Limited
 Samba 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
 Meezan Bank
 Askari Bank Limited – Islamic Banking
 Faysal Bank Limited
 UBL Ameen – Islamic Banking
 Bank Al Habib Limited – Islamic Banking

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

Product Profile

CAUSTIC SODA

Caustic Soda is mainly used as a raw material in soap manufacturing and also for mercerization of cotton in the textile industry. ICL produces caustic Soda in liquid form (50% & 31%) and also in the form of flakes, supplied in 25kg bags.



LIQUID CHLORINE

Liquid Chlorine is used in water treatment, paper industry, manufacturing of pharmaceuticals and agro chemicals. ICL supplies liquid chlorine in 100 Kg and 900 Kg cylinders.



SODIUM HYPOCHLORITE

Sodium hypochlorite is widely used as a bleaching agent and for disinfection and sanitization purposes. Sodium hypochlorite is supplied by ICL in rubber-lined tankers of 10 to 30 MT.



HYDROCHLORIC ACID

Hydrochloric acid has a very diverse range of applications. Some of the main applications include steel industry, manufacturing of gelatin, textile, dyestuff and synthetic rubber. ICL produces 33% HCL which is mainly transported in rubber-lined tankers of up to 30 MT.





LABSA (Linear Alkylbenzene Sulfonic Acid)

LABSA is an anionic surfactant widely used in production of laundry detergents and industrial cleaners. ICL supplies 96% LABSA in 215 KG drums and also in bulk tankers.



CALCIUM CHLORIDE

Calcium chloride is produced primarily for use in Oil and Gas industry. The product is supplied in 25KG and 1000 KG bags to customers in Pakistan and in the Middle East.



SLES (Sodium Lauryl Ether Sulfate)

SLES is primarily used in production of personal hygiene products such as shampoos, handwash, cosmetic products and oral hygiene products. ICL produces 3 grades of SLES being SLES1, SLES2 and SLES3. SLES is supplied in 160 Kg drums and also in bulk tankers.



Sodium Sulphate

Sodium Sulphate is used in manufacturing of detergents, textile and glass products. ICL produces 99% sodium sulphate, supplied in 50 kg bags.

Vision-Mission-Values

VISION

An "ITTEHAD" of PAKISTAN'S best TALENT & TECHNOLOGY that serves as a catalyst to deliver SUSTAINABLE CHEMICAL products to its CUSTOMERS thus optimizing returns for INVESTORS

MISSION

Key ingredients of ICL Mission are:

- Create an environment to attract and retain the best talent
- Optimize cost and securitize energy through latest technology
- Serving the customers to their satisfaction levels
- Ensuring that we are environment friendly & Zero injury company
- CSR is our forte

VALUES

Integrity:

We conduct ourselves in accordance with the highest moral and ethical standards, and in full compliance with all applicable laws.

Teamwork

We are committed to promoting a culture of teamwork and cooperation among our employees to enhance their productivity and well-being.

Accountability

We hold ourselves accountable for our actions to our employees, our management, our shareholders and to the community that we operate in.

Respect:

We treat our employees and all our stakeholders with professionalism, respect and dignity, creating an environment where people can express their professional opinions, contribute, innovate and excel.



Enabling Technologies for Sustainability & Growth



Deployment of Trukkr Portal to integrate transporters and their vehicles.

ICL has always taken pride in being the industry leader in embracing latest technology and innovations. We are one of the first few companies in Pakistan to have deployed a fully integrated SAP ERP system. During the last one year, we have taken several initiatives to improve our business process efficiencies and to ensure best value-delivery to all our stakeholders. Some of the important milestones achieved were:

- 1- Deployment of Trukkr portal to integrate transporters and their vehicles.
- 2- Sales Portal for online ordering and tracking
- 3- Deployment of Business Intelligence Module for management reporting & Stewardship
- 4- Provision for Toll Manufacturing Process
- 5- Integrated Out-bound Logistics Process

Transportation of chemicals to our valued customers plays an important role in the company's overall service delivery. In order to incorporate the company's transporters and their vehicles in our management system, Trukkr.pk deployed their proprietary Logistics Management System (LMS) at the company. Our in-house IT experts worked with the service provider (Trukkr) to ensure a smooth roll out of the system without any disruption to the normal operations. The system is integrated with SAP and allows for the company's transporters to digitally interact with company's stakeholders to fulfill orders. This interaction includes bidding done by transporters for any specific trip as well as assigning vehicle and driver to any specific order, which has allowed to optimize costs as well as processes to save significant man hours in executing orders.

The Trukkr system also enables real-time product delivery tracking and reporting mechanism, which gives our customers live updates on the location of their shipments during transit along with its ETA (expected time of arrival). This helps ICL ensure timely delivery of its products to the customer and also reduces the chances of pilferage and product quality degradation during transport. ICL is proud to be the first in the chemical manufacturing industry in Pakistan to implement a real-time shipment monitoring system.

Sales Portal for Online Ordering

B2B businesses like ICL, traditionally operated through offline sales channels only with order generation typically done via phone or during one-to-one interaction with the clients. Taking the covid-19 situation as an opportunity, ICL has developed an online ordering system where our customers have been given access to an online sales portal for ordering company's products without having to call or visit our offices. Implementation of sales portal has greatly reduced the time needed for the customer to place an order and it also gives them an automated account of their transactions with the company without having to ask for account statements on regular basis.



Dashboard

Drivers
03

Vehicles
02

Units
00

Transporter
22

On Going Trips 199

Select Fleet

Search Trip

Ittehad Chemicals Limited → NABEEL INDUSTRIES (PVT) LTD. 8%
TRP#273811 - NABEEL INDUSTRIES (PVT) LTD.
E-8274

Ittehad Chemicals Limited → MODERN WIRE AND CABLE INDUSTRI
TRP#273800 - MODERN WIRE AND CABLE INDUSTRI
Rim-7495

Ittehad Chemicals Limited → Fatima Fertilizers Co Ltd Unit 32%
TRP#273792 - Fatima Fertilizers Co Ltd Unit
5198lei

Ittehad Chemicals Limited → PAK ARAB REFINERY LIMITED.



Business Intelligence (BI) Module – Management Reporting & Stewardship

In order to optimize the decision making at various levels, ICL has implemented Qlik Sense Business intelligence module to provide the decision makers with the right set of information. The system is integrated with SAP and provides customized analytics based on user selected criteria. Based on the success of this tool for sales and distribution, company plans to implement similar solutions for finance, production planning and inventory management in the coming years.



Provision for Toll Manufacturing Process through ERP

ICL greatly values flexibility in its business operations. Our guiding principle is to understand specific requirements of our customers and to fulfill them in best possible way. Some of our key clients requested us to provide them with toll manufacturing services for specific products. The process of toll manufacturing involves same steps in plant operations but requires an entirely different treatment when handled within the ERP system starting from raw material handling, storage, conversion and the shipment of the end product. Our capable in-house IT team, working with supply chain, finance and operations department, not only handled the development and deployment process in-house but also implemented it in a seamless manner without any disruption to the normal operations.



Sustainability is no longer about doing less harm. It's about doing more good.

- Jochen Zeitz

Integrated Out-bound Logistics

In view of its commitment to sustainability and to reduce paper usage in its operations, ICL implemented an integrated out-bound logistics process through SAP. All the information sharing, approvals and reporting for outward product movement is now done through SAP. In addition to reducing the use of paper this has also resulted in significant improvement in end-to-end processing time.



ICL goes green

Ittehad Chemicals Limited, a pioneer in manufacturing of chemicals in Pakistan, firmly believes in “Green Manufacturing” whereby manufacturing processes are optimized to minimize their environmental impact. Our company operates on the concept of a double bottom line, where, not only do we strive to maximize our profit margins but also to minimize our environmental impact. By the grace of Allah, and through concerted efforts of our management and employees, ICL has been able to achieve multiple landmarks in this regard. Some of our key achievements during last one year were:

Efficiency Improvement of Gas Fired Power Plant:

Energy is as an essential factor of production for our industry. ICL currently operates a 30 MW (6 x 5 MW) gas-fired, engine based power plant adjacent to its plant facility at Kala Shah Kaku. Over the last few years, due to advancements in internal combustion engine technology, the efficiency of engine designs have improved significantly. A need was felt to enhance the efficiency of our power plant to reduce carbon emissions and to maximize the power output from given amount of fuel. Engine OEM (M/S Wartsila) was contracted for the job. Based on their detailed study and recommendations, the company has signed the agreement for efficiency enhancement of the power plant. The project shall be implemented in a phased manner with minimum disruption to plant operations. Once fully implemented, this shall enhance the plant capacity by almost 20% and fuel efficiency by 9%, thus reducing carbon emissions significantly and minimizing our dependence on the national grid.

Waste Water Treatment Plant:

Being a socially responsible company, ICL is one of the first chemical manufacturer in the industry to initiate work on a full capacity waste water treatment plant. This shall reduce the impact of effluent discharge to the waste water streams in the area and also help us conserve ground water.



OLD

A transition to clean energy is about making an investment in our future.

- Barack Obama

Notice of Annual General Meeting

Notice is hereby given that the 33rd Annual General Meeting of the Shareholders of **Ittehad Chemicals Limited** will be held on **Monday, October 28, 2024 at 11:00 a.m.** at the Registered Office of the Company situated at 39-Empress Road, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of Extraordinary General Meeting held on November 20, 2023.
2. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the Financial Year ended June 30, 2024 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.
3. To declare and approve, as recommended by the Directors, the payment of final cash dividend at the rate of PKR 1.50 (15 %) for the year ended June 30, 2024. This is in addition to interim cash dividends of PKR 2/- (20%) per share.
4. To appoint Auditors for the Financial Year 2024-25 and to fix their remuneration. M/s BDO Ebrahim & Co., Chartered Accountants retire and being eligible, have offered themselves for re-appointment.

Special Business:

5. To ratify and approve transactions carried out by the Company with Related Parties as specified in statement under Section 134(3) of the Companies Act, 2017 by passing the following Special Resolution with or without modification.

"Resolved that the transactions carried out in the normal course of business with related parties and associated companies as disclosed in Note # 48 of the Financial Statements for the year ended June 30, 2024, be and are hereby ratified and approved."

"Further resolved that the Board of Directors be and is hereby authorized to approve transactions to be carried out in the normal course of business with related parties and associated companies during the financial year ending on June 30, 2025."

The statement of material facts providing the information as required under Section 134(3) of the Companies Act, 2017 is being sent to shareholders along with the Notice of AGM.

Any Other Business:

6. To transact any other business with the permission of the Chair.

Lahore
October 02, 2024

By Order of the Board
Abdul Mansoor Khan
Company Secretary

Notes:-

- i. The Share Transfer Books of the Company will remain closed from October 21, 2024 to October 28, 2024 (both days inclusive). Transfers received in order by our Share Registrars, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, The Mall, Lahore by the close of business on October 20, 2024 will be considered in time for attending and vote in Annual General Meeting and for the purpose of entitlement of dividend.
- ii. A member of the Company entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The proxy, in order to be effective, must be received at the registered office of the Company duly signed and stamped not less than 48 hours before the time of meeting.

- iii. The CDC Account holders/sub-account holders are requested to bring with them their original CNICs or Passports along with the Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose.
- iv. In case of Corporate entity, the Board of Directors' resolution / power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting. The nominee shall produce his original CNIC at the time of attending the meeting for identification purpose.
- v. We invite our shareholders to participate in the upcoming Annual General Meeting via video link facility. The interested participants are required to email their credentials including their names, folio/CDC account, CNIC, Cell number and email address with subject matter "AGM 2024" at: mansoor.khan@ittehadchemicals.com & fahad.hussain@ittehadchemicals.com not later than seven (07) days before Annual General Meeting. Upon authentication, the video link and login credentials will be shared to participants.
- vi. Members are requested to notify the change of address immediately, if any, to Company's Shares Registrar.
- vii. Under the provisions of Section 242 of the Companies Act 2017, any dividend payable in cash shall only be paid through electronic mode directly into the Bank Account designated by the entitled shareholders. The shareholders are hereby advised to provide a dividend mandate in favour of e-dividend mandate form (specimen available on Company's website). In case of CDC shareholders, please update the record with CDC Participant.
- viii. The Government of Pakistan has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are (a) 15% for filer of income tax returns and (b) 30% for non-filers of income tax returns. The members are advised to update their status accordingly in order to avoid any inconvenience for any dividend.
- ix. Pursuant to "Companies (Postal Ballot) Regulations, 2018" issued vide SECP SRO.254(I)/2018 dated February 22, 2018 members may exercise their right to vote through e-voting in accordance with the requirements and procedures contained in the aforesaid regulations.
- x. Under Section # 72 of the Companies Act, 2017, the shareholders who hold shares in physical form are required to replace their physical shares with book-entry form within the period to be notified by the SECP. Hence, the shareholders who hold shares in physical form are advised to convert their physical shares in electronic form at their earliest.
- xi. The Annual Report for the Financial Year ended June 30, 2024 will be placed on Company's website www.ittehadchemicals.com in due course of time.

<https://ittehadchemicals.com/investor-information/>



The shareholders of the company have passed an ordinary resolution in the previous Annual General Meeting held on October 26, 2023 to transmit annual report through QR enabled code and weblink in compliance of directive of S.R.O 389(I)/2023 dated March 21, 2023. Shareholders can also request hard copies of financial statements by submitting an application to the Company Secretary / Shares Registrar, the company will provide hard copy of annual report free of charge within one week.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING:

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2024.

Item No. 5 of the Agenda - To ratify and approve transactions carried out by the Company with Related

Parties as specified in statement under Section 134(3) of the Companies Act, 2017 by passing the following Special Resolution with or without modification.

Transactions carried out with related parties have to be approved by the Board of Directors as recommended by the Audit Committee under the prevailing corporate laws and Company's Related Party Transaction Policy. Ittehad Chemicals Limited (the "ICL") is enjoying marketing advisory services from Chemi Multifabrics Limited (the "CML") which is a Public Limited Company. However, relative(s) of director(s) of ICL holds few shares in CML (which the relevant ICL Directors have disclosed to the ICL Board); nevertheless, the marketing advisory services agreement executed between the ICL and CML has been approved by shareholders in the General Meeting as a "Special resolution". However, in order to ensure that the related party transactions are more transparent, the management has decided to place the related party transactions as provided in Note # 48 of the unconsolidated Financial Statements for the year ended June 30, 2024 in the Annual General Meeting of the shareholders to be held on October 28, 2024 to get the transactions approved from shareholders as a "Special Resolution". The Company's Financial Statements are available on its website www.ittehadchemicals.com.

STATEMENT UNDER REGULATION 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS 2017:-

(1) M/s Ittehad Salt Processing (Pvt.) Limited (A wholly owned subsidiary)

Name of the investee Company	Ittehad Salt Processing (Pvt.) Limited
(a) total investment approved;	Rupees 300,000,000
b) amount of investment made to date	Rupees 2,500,000
(c) reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time;	No deviation. The Company is a wholly owned subsidiary of Ittehad Chemicals Limited. The investment will be made as per requirements of the subsidiary.
(d) material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	No Change.

(2) M/s ICL Power (Pvt.) Limited (A wholly owned subsidiary)

Name of the investee Company	ICL Power (Pvt.) Limited
(a) total investment approved;	Rupees 5,000,000,000
(b) amount of investment made as on Balance Sheet Date	Rupees 2,500,000
(c) amount of investment (Loan) made as on Balance Sheet Date	Rupees 8,881,575
(d) reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time;	No deviation. The Company is a wholly owned subsidiary of Ittehad Chemicals Limited. The investment will be made as per requirements of the subsidiary.
(e) material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	No Change.

Chairman's Review

Dear stakeholders

It is a great pleasure to express the achievements of the Board of Directors in leading the Company towards strategic directions during the Financial Year ended June 30, 2024.

ICL continued to display remarkable resilience in challenging conditions and the Company's turnover remained in upward trajectory during the year. The Board remained focused on ensuring Company's strategic vision of being recognized for quality, sustainability, and innovation. With strong commitments, the Board ensured high performance and steady growth while adapting the changing dynamics of the global and local markets.

A wholly owned subsidiary i.e. M/s ICL Power (Pvt.) Limited was incorporated on January 02, 2024 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 aforesaid wholly owned subsidiary is in the process of completing requisite regulatory approvals for the Biomass Power Plant establishment. The Subsidiary has also entered into an agreement with a seller for purchase of partial plant and equipment for 1x37.2 MW Biomass power plant. This strategic decision will make it contribution towards the Company's profitability and testifies the Management's commitment to enhance the shareholder's value. M/s Ittehad Salt Processing (Pvt.) Limited (a wholly owned subsidiary), remains committed to acquiring the Mining Lease, however; the process has been delayed due to prevailing Government policies.

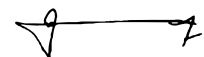
Recognizing the importance of sustainability, the Board continued to emphasize environmental, social, and governance (ESG) initiatives. During the year, the company made a financial contribution of more than Rupees 30 Million to several charitable institutions. We are committed to promoting diversity, equity, and inclusion (DE&I) within our workforce and community by equal employment opportunities, community support and social responsibility.

During the year under review, the Company conducted a Corporate Briefing Session to present its strategic direction, financial position, operational activities and overall performance. The Board recognizes the importance of building a strong relationship with all its stakeholders.

Presently, Pakistan is facing economic, geopolitical, and external debt challenges that may impede short-term growth. While the IMF agreement offers temporary respite, long-term stability will depend on implementing comprehensive structural reforms. A further reduction in discount rates during FY25 is anticipated but rising utility costs will continue to present significant challenges in cost management. Despite these obstacles, I remain confident about our company's commitment to enhance shareholders' value and upholding high product standards.

Last but not the least, I would like to acknowledge the immense contribution and commitment of each member of the Board and the employees of the Company, who ensured our journey of growth and success.

Lahore
October 02, 2024



Muhammad Siddique Khatri
Chairman



Directors' Report

The Directors of your Company take pleasure to present the Annual Report along with Audited Financial Statements for the Financial Year ended June 30, 2024, and Auditor's Report thereon.

ECONOMY OVERVIEW

During the Financial Year under review, Pakistan's economy remained sluggish driven by soaring inflation, political instability, legal disputes and government inaction. Tight monetary policy has been employed to control inflation, but high-interest rates have constrained economic growth. Large-scale manufacturing saw only a marginal increase reflecting reduced output and profitability across various industries. The measures taken to meet IMF conditions to stabilize the economy have had broad effects across all sectors. Furthermore, complex negotiations with international financial institutions have raised uncertainties in governance and persistent structural issues. These factors have diminished consumer purchasing power, leading to reduced spending and impacting economic growth across various industries. Pakistan is experiencing unpredictable weather patterns, leading to occurrences such as flash floods, severe droughts, glacial lake outbursts, intense heat waves and unexpected rainfall. Consequently, its ecosystems and landscapes are gradually deteriorating.

Despite the challenges, there are opportunities for reform and growth if effective policy implementation can be achieved. The restoration of macroeconomic stability is imperative for establishing a platform to stimulate



growth, enhance employment, and improve the overall quality of life for the people. We are optimistic that economic situation of Pakistan which has started its march towards recovery and growth will result in better performance of the Company.

FINANCIAL PERFORMANCE

During the year under review, the Company posted net sales revenue of Rupees 24,315 Million (2023: Rupees 24,268 Million). The cost of sales stood at Rupees 19,503 Million (2023: Rupees 19,275 Million) bringing gross profit to Rupees 4,811 Million (2023: Rupees 4,994 Million). The annual gross profit margin was 20% (2023: 21%). Ever increasing utility rates, higher taxation and financial charges have squeezed the profit margin. The bottom line showed a net profit after tax amounting to Rupees 1,386 Million (2023: Rupees 1,826 Million) which yielded earning(s) per share Rupees 13.86 per share (2023: Rupees 18.26 per share).

FINANCIAL HIGHLIGHTS

The comparative financial results for the years ended June 30, 2023 & 2024 are as under:

	Financial Year ended June 30	
	2024	2023
	Rupees in "000"	
Net Sales	24,314,588	24,268,283
Gross Profit	4,811,373	4,993,779
Operating Profit	2,987,950	3,088,648
Profit / (Loss) before Tax	2,369,610	2,680,191
Profit after Tax	1,385,752	1,826,196
Earnings Per Share (Rupees)	13.86	18.26

PROFIT AND APPROPRIATIONS

	Financial Year ended June 30	
	2024	2023
	Rupees in "000"	
Total Comprehensive Income for the Year	1,428,369	1,822,749
Add: - Un-appropriated profit brought forward	4,141,170	2,618,421
Profit available for appropriation	5,569,539	4,441,170
Appropriations:		
Final Cash Dividend paid @ 12.5% for the Financial Year 2022-23	(125,000)	-
Interim Cash Dividend paid @ 20% for the Financial Year 2023-24 (2022-23:30%)	(200,000)	(300,000)
Profit available for appropriation	5,244,539	4,141,170

CASH DIVIDEND

The Board of Directors is pleased to propose a final cash dividend of Rs. 1.50 per share i.e. 15%, in addition to interim cash dividends already paid at Rs. 2.00 per share i.e. 20%, for the Financial Year ended June 30, 2024. The final dividend is subject to the approval of shareholders in Annual General Meeting scheduled to be held on October 28, 2024.

VIS CREDIT RATING COMPANY LIMITED (Formerly JCR-VIS Credit Rating Company Limited)

As announced on April 02, 2024 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".

CORPORATE BRIEFING SESSION (CBS)

In compliance with the requirements of the Pakistan Stock Exchange, all listed companies are obligated to conduct at least one Corporate Briefing Session (CBS) for stakeholders during each financial year. Accordingly, during the year under review, the Company held a CBS on June 26, 2024, at its Registered Office, with participation also facilitated via video link. This session was convened to highlight the Company's strategy, financial position, operations, and performance. The Board acknowledges the importance of maintaining strong relationships with all stakeholders. Corporate briefings serve as interactive forums, providing Management with the opportunity to communicate the Company's overall performance and future outlook to stakeholders.

BOARD AND ITS COMMITTEES' MEETINGS AND ATTENDANCE

As per requirements of Clause # 34 (2) (i, ii, iii) of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "CCG"), the composition of the Board and its Committees has been given in "Statement of Compliance" annexed with this Annual Report. During the year, four (04) Board meetings, four (04) Audit Committee meetings, two (02) HR & Remuneration Committee meetings and one (01) Risk Management Committee meeting were held. The attendance at the Board and its Committees meetings is hereunder:



Name of Director	Number of Meetings attended			
	Board of Directors	Audit Committee	HR & R Committee	Risk Management Committee
Mr. Muhammad Siddique Khatri	4	N/A	N/A	N/A
Mr. Abdul Sattar Khatri	4	N/A	N/A	1
Mr. Waqas Siddiq Khatri	4	N/A	2	1
Mrs. Farhana Abdul Sattar Khatri	4	N/A	N/A	N/A
Mr. Ahmed Mustafa	4	4	2	N/A
Mr. Pervez Ismail	4	4	N/A	1
Mr. Ali Asrar Hossain Aga	3	3	2	N/A

The names of Members of Board Committees are also disclosed under the head “Corporate Information” as required under the Clause # 34 of CCG.

DIRECTORS’ REMUNERATION

The Company doesn’t pay any remuneration to Independent / Non-executive directors; however, the Board has approved payment of Meeting Attendance Fee of Rupees 60,000 for each Board and its Committees Meetings to independent and Non-Executive Directors only and Rupees 70,000 for Chairman of the Board / Committees as well as reimbursement of expenses incurred (if any) for boarding, lodging and travelling of the Board Members.

CODE OF CONDUCT

The Company expects all employees, regardless of their title or location, to demonstrate behavior that reflects the highest ethical, moral, and legal standards. While this is an individual responsibility, the Company has established specific standards of conduct to guide these obligations. The Code of Conduct has been distributed to all employees across the organization and is also available on the Company’s website.

COMPLIANCE WITH THE LISTED COMPANIES CODE OF CORPORATE GOVERNANCE REGULATIONS, 2019

At Ittehad Chemicals Limited, we place a strong emphasis on corporate governance and regulatory compliance. The compliance with the best practices of Code of Corporate Governance is always ensured by the Board. A statement to this effect is annexed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Following are the statements on Corporate and Financial Reporting Framework:

- i. The financial statements together with notes thereon have been drawn up by the management in conformity with the Companies Act 2017. These statements present the Company's state of affairs fairly, the results of its operations, cash flow and changes in equity.
- ii. Proper books of accounts of the Company have been maintained
- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
- v. The system of internal control is sound in design and has been effectively implemented and monitored.
- vi. There are no significant doubts upon the Company's ability to continue as a going concern.
- vii. The key operating and financial data for the last six years is annexed.
- viii. Information about outstanding taxes and levies is given in Notes to the Accounts.
- ix. The value of investments of the Provident Fund as on June 30, 2024 is given in relevant Note(s) of the Financial Statements.
- x. All material information, as described in the Code is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in a timely fashion.
- xi. The Company has complied with requirements as stipulated in Code relating to related party transactions.





HEALTH, SAFETY AND ENVIRONMENT

We are dedicated to ensuring a safe and healthy work environment for our employees. We actively work towards eliminating potential causes of accidents, preventing environmental pollution, minimizing waste, conserving energy, promoting safety awareness, conducting regular training, enhancing emergency preparedness, and managing environmental impacts that may affect both the surrounding communities and the broader environment. The Company complies with all applicable laws and government regulations, as well as its own internal standards. The Company has been certified for Occupational Health & Safety Management System ISO 45001:2018, Quality Management System (QMS) ISO 9001:2015, Environmental Management Systems (EMS) ISO 14001:2015 by Global Inter Certifications (GIC), and Halal Food Management System PS 3733:2019 P-2 by ACTS - Al-Waiz certification and Training Services (Pvt.) Limited.

ICL AND THE COMMUNITY

ICL has a unique and intrinsic relationship with its community. The following projects have been established for the welfare of its workers and for the locals,

SPORTS ACTIVITIES FOR WORKERS

In order to create a healthy environment and social activities, respective teams of cricket and badminton, constituting ICL workers, have been selected with the entire tournament funding arranged by the company.

FREE MEDICATION/MEDICINE FOR LOCALS

To facilitate the local residents, the company doctor visit local residential areas to provide free medicine and medical check-up.

SEWING SCHOOL FOR GIRLS

Two sewing schools for local girls are in operation with twenty girls registered in each school. Two lady teachers are hired to teach sewing and stitching, with a third school being set up in a nearby locality.

UP-GRADATION / RENOVATION OF LOCAL SCHOOLS

To raise the standard of the local schools up-gradation and renovation have been planned. Few of the local schools need a science laboratory and some schools are in need of computers. Apart from this, most schools need their buildings to be renovated.

WEDDING GIFT (ON-GOING)

To help employees at the time of marriage of their daughters, financial assistance is provided. This scheme is in progress and the employees below supervisor cadre benefit from it.

During the year under review, the company made a financial contribution of Rupees 30,541,723/- to several charitable institutions.



The Earth does not belong to us; we belong to the Earth.

-Chief Seattle



SUSTAINABILITY RISKS, MANAGEMENT, AND DE&I MEASURES

ICL Future Plans and Sustainability Vision:

- New ESG Strategy to be in place before the upcoming Biomass Power plant is operational – The Strategy project timeline is August – December 2024.
- The biomass Power Plant would be versatile, able to take any type of biomass as energy source. There are plans to set up collection / aggregation facilities for biomass as well – ICL aspires to be the leader in utilization of biomass. There were plans for coal-fired Power Plant since 2013 but ICL decided not to move forward with it due to coal being a 'dirty fuel'. Work has been started during October 2024.
- ICL plans to diversify towards sustainable chemistry and biochemistry and produce green chemicals.
- ICL intends to connect with GCF and other such grants for its sustainability initiatives in the long-term.
- ICL plans to enhance its market base and export to Europe and Middle East. The ESG requirements of these markets and customers to be adequately met.
- Future projects / initiatives are categorized into short-, medium- and long-term, which brings flexibility and ease in implementation as well

Risk Management and Mitigation

We have implemented a variety of strategies to manage and mitigate risks:

Environmental Protection:

The company applies stringent environmental criteria in its operations, focusing on integrating projects with minimal environmental impact. We have introduced an **Energy Conservation Task Team (ECTT)** that continuously evaluates and optimizes factory processes to reduce resource wastage and enhance energy efficiency. These initiatives contribute to the company's goal of operating more sustainably while reducing carbon emissions.



<p>Health and Safety:</p>	<p>We ensure safe working conditions by investing in equipment and safety systems. We also maintain strict safety protocols for employees, contractors, and the public. These measures help to reduce accidents and safeguard worker health, a critical risk in the chemical manufacturing sector.</p>
<p>Sustainable Energy Use:</p>	<p>Our efforts towards energy conservation include the adoption of IT solutions such as SAP to move toward a paperless environment, further minimizing environmental impact. The company's energy management programs also focus on re-engineering processes to improve overall energy efficiency.</p>

Diversity, Equity, and Inclusion (DE&I) Initiatives

We are committed to promoting diversity, equity, and inclusion (DE&I) within our workforce and community. Key measures include:

<p>Equal Employment Opportunities:</p>	<p>We emphasize diversity in our hiring practices, ensuring that employees are selected based on their qualifications and abilities, without discrimination. We are committed to fostering an inclusive environment where employees from various backgrounds can thrive.</p>
<p>Community Support and Social Responsibility:</p>	<p>We have implemented several community-focused programs to promote education, health, and social welfare. These programs not only contribute to local community development but also align with our DE&I vision by empowering marginalized groups.</p>



Employee Engagement:	We involve our employees in decision-making and planning processes, ensuring that they have a voice in shaping the company's direction. Sports activities and other recreational programs also enhance workplace inclusivity and promote team spirit.
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By integrating environmental sustainability efforts with DE&I measures, we aim to operate as a socially responsible corporate entity that minimizes risks while contributing positively to both the environment and the community.

EXTERNAL AUDITORS

The present auditors M/s. BDO Ebrahim & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment for the year 2024-25. The Board of Directors has endorsed the Audit Committees' recommendation for the re-appointment of M/s. BDO Ebrahim & Co., Chartered Accountants as Auditors of the Company for the ensuing year subject to the approval of the members in the forthcoming Annual General Meeting. The external auditors have been given a satisfactory rating under the Quality Control Review by the Institute of Chartered Accountants of Pakistan.

PATTERN OF SHAREHOLDING

The pattern of shareholding as on June 30, 2024 is annexed.

FUTURE OUTLOOK

Despite the prevailing challenges, the Company continues to focus on strategic initiatives that will not only strengthen its market position but also ensure sustainable growth. Keeping in view the fact that the chlor-alkali sector is power intensive accordingly, fuel expense accounted for more than half of its cost of sales, the company is undertaking CAPEX for multiple projects including in Power project as conveyed in earlier reports. A wholly owned subsidiary i.e. M/s ICL Power (Pvt.) Limited has been incorporated for establishing a Biomass power plant. The Subsidiary has entered into a definitive agreement with a seller for purchase of partial plant and equipment for Biomass power plant. This strategic decision will make its contribution towards the Company's profitability in the long run. M/s Ittehad Salt Processing (Pvt.) Limited (a wholly owned subsidiary), remains committed to acquiring the Mining Lease, however; the process has been delayed due to prevailing Government policies. In addition, the Management has also taken further steps towards environmental, sustainability, and governance (ESG) framework and consistently improving these issues.

ACKNOWLEDGEMENT

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



Muhammad Siddique Khatri
Chairman



Abdul Sattar Khatri
Chief Executive Officer

Lahore
October 02, 2024

Operating and Financial Highlights

	Unit	2024	2023	2022	2021	2020	2019
PROFIT AND LOSS							
Sales	Rs. in mln	24,315	24,268	15,681	11,124	8,857	6,644
Gross Profit	Rs. in mln	4,811	4,994	2,065	1,886	1,182	1,379
Operating Profit	Rs. in mln	2,988	3,089	993	1,093	496	756
Profit / (loss) before tax	Rs. in mln	2,370	2,680	764	980	78	505
Profit after tax	Rs. in mln	1,386	1,826	415	657	61	405
EBITDA	Rs. in mln	3,677	3,709	1,508	1,606	1,069	1,248
Earning per share - Basic and Diluted	Rs.	13.86	18.26	4.15	6.57	0.72	4.78
BALANCE SHEET							
Operating Fixed assets (NBV)	Rs. in mln	8,505	6,323	6,298	5,723	5,872	6,335
Current Assets	Rs. in mln	7,778	6,828	5,706	3,805	2,968	2,915
Current Liabilities	Rs. in mln	6,570	6,215	5,775	3,639	2,508	3,461
Long Term Liabilities	Rs. in mln	1,409	1,773	1,909	1,797	2,579	2,012
Share capital	Rs. in mln	1,000	1,000	1,000	847	847	847
Shareholders' Equity (Excluding revaluation Surplus)	Rs. in mln	6,415	5,312	3,789	3,482	3,081	3,031
Shareholders' Equity (with revaluation Surplus)	Rs. in mln	9,288	6,704	5,181	4,874	4,054	4,004
INVESTOR INFORMATION							
Gross Profit Margin	%	19.79	20.58	13.17	16.95	13.34	20.75
Net Profit Margin	%	5.70	7.53	2.64	5.90	0.69	6.10
Return on Equity (Excluding revaluation Surplus)	%	24%	40%	11.40	20.01	1.99	14.05
Return on Equity (with revaluation Surplus)	%	17%	31%	8	15	1.5	11
Price Earning Ratio Restated		3.40	2.14	7.20	4.91	36.60	5.64
Net Asset Per Share	Rs.	64.15	53.12	37.89	41.11	36.38	35.78
Long -Term Debt to Equity Ratio		0.19	0.37	0.51	0.51	0.60	0.66
Current Ratio		1.18	1.10	0.99	1.05	1.18	0.84
Quick Ratio		0.74	0.66	0.53	0.64	0.74	0.50
Interest Coverage Ratio		4.09	5.49	3.01	4.85	1.03	2.96
Debtor Turnover	No. of Times	9.41	14.40	10.28	11.25	13.05	11.81
Inventory Turnover	No. of Times	6.64	7.06	5.11	5.91	6.95	4.40
Dividend Payout	%	25.26	23.27	24.12	30.45	139.31	-
Bonus Shares	%			18.06%	-	-	-
Dividend Per Share	Rs.	3.50	4.25	1.00	2.00	1.00	-

Statement of Value Added

Year ended June 30
2024 2023
(Rs. in Million)

Wealth Generated:

Total revenue net of discount and allowances
Bought-in-material and services

28,492	28,147
19,820	19,970
<u>8,673</u>	<u>8,177</u>

Wealth Distributed:

To Employees

Salaries, benefits and other costs
No. of Employees

1,131	954
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To Government

Income tax, sales tax and worker welfare fund

4,849	4,367
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To Providers of capital

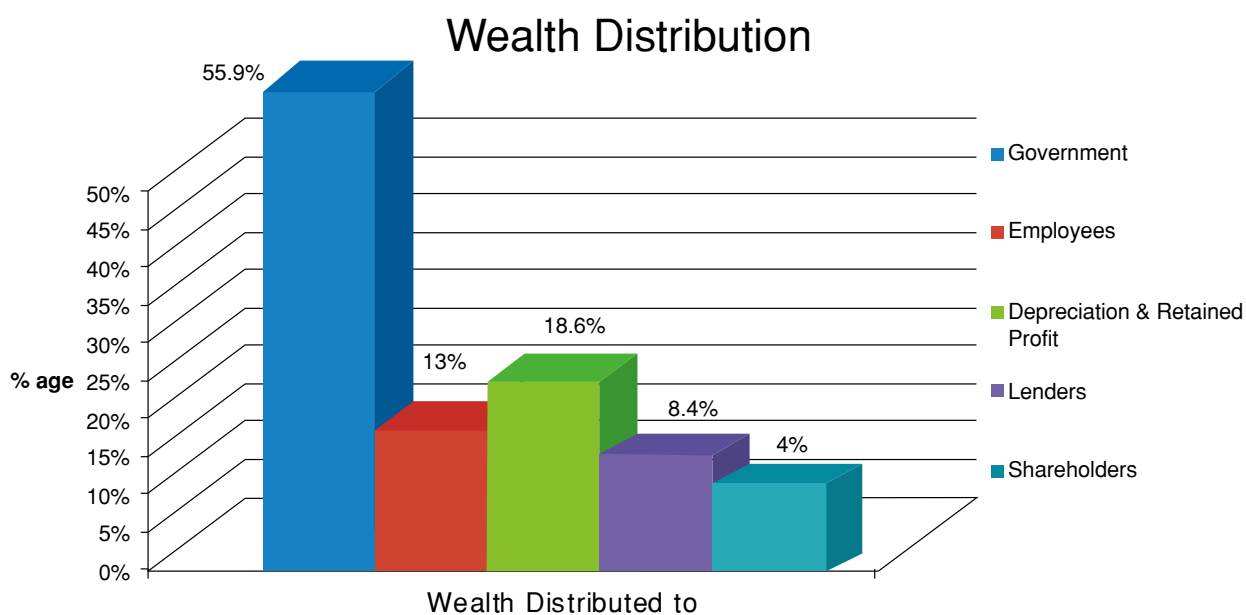
To shareholders (Dividend & Bonus Shares)
To Financial Institutes (Mark up/interest on borrowed funds)

350	425
731	562

Retained for Reinvestment and Growth

Depreciation and retained profits

1,612	1,868
<u>8,673</u>	<u>8,177</u>



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: Ittehad Chemicals Limited
Year ended: June 30, 2024

The company has complied the requirements contained in Regulations in the following manner:-

- The total number of directors are seven (07) as per the following:

Category	Numbers
Male	06
Female	01

- The composition of Board is as follows:

Category	Names
Independent Directors	Mr. Pervez Ismail
	Mr. Ali Asrar Hossain Aga
Executive Directors	Mr. Abdul Sattar Khatri
	Mr. Waqas Siddiq Khatri
Non-Executive Directors	Mr. Muhammad Siddique Khatri
	Mr. Ahmed Mustafa
Female Director	Mrs. Farhana Abdul Sattar Khatri (Non-Executive)

- The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
- The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
- The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- Presently all Board Members have attained certification offered by SECP approved Institutes for Director's Training Program.
- The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- CFO and CEO duly endorsed the financial statements before approval of the Board.
- The Board has formed committees comprising of members given below:

a) Audit Committee

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

b) HR and Remuneration Committee

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

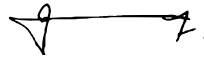
c) Risk Management Committee

Names	Designation held
Mr. Pervez Ismail	Chairman
Mr. Abdul Sattar Khatri	Member
Mr. Waqas Siddiq Khatri	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees during the Financial Year ended June 30, 2024 were as per following:
 - a) Audit Committee: Four (04) meetings held (at least one (01) meeting in each quarter).
 - b) HR and Remuneration Committee: Two (02) meetings held.
 - c) Risk Management Committee: One (01) meeting held.
15. The Board has set up an effective internal audit function. The staff is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3,6,7,8,27,32,33 and 36, of the CCG have been complied with.

19. The Company has fully ensured the compliance of mandatory provisions of the Code. Since the Code requires “comply or explain approach” towards the non-mandatory provisions of the Code; hence, we confirm that all requirements of optional provisions also complied with except presently the Board has not constituted a separate Nomination Committee and the functions are being performed by the HR & RC and the fractional requirement for Independent directors has not been rounded up as one keeping in view the requisite qualification, experience and expertise of the present Board of Directors.

Lahore
October 02, 2024



Muhammad Siddique Khatri
Chairman



Abdul Sattar Khatri
Chief Executive Officer

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ITTEHAD CHEMICALS LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Ittehad Chemicals Limited for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Lahore
Dated: October 03, 2024

UDIN: CR202410087FhHUIbDz8



Chartered Accountants
Engagement Partner: Sajjad Hussain Gill

Financial Statements

for the year ended 30 June 2024



Independent Auditors' Report to the Members of Ittehad Chemicals Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of ITTEHAD CHEMICALS LIMITED (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2024, and unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows, the unconsolidated statement of changes in equity for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	Revenue Recognition	
	As described in Note 5.22 and Note 36 to the financial statements, the Company generates revenue from several types of products including two major products i.e., Caustic Soda and Linear Alkyl Benzene Sulfonic Acid. During the year ended June 30, 2024, the Company generated net revenue of Rs. 24,315 million as compared to Rs. 24,268 million, which represents an increase of 0.19% as compared to last year. The revenue recognition is identified as a key audit matter due to revenue being one of the key performance indicators of the Company and raises the risk that revenue could be misstated to meet targets.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> Obtained an understanding of the Company's processes and design and implementation of internal controls relating to revenue recognition, credit control processes (credit limits), discount policies and on a sample basis, testing the effectiveness of those controls, particularly in relation to revenue recognition and timing;

S. No	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Evaluating the appropriateness of the Company 's revenue recognition policies and procedures to ensure compliance with International Financial Reporting Standards (IFRS) as applicable in Pakistan; • Assessed IT general controls and application controls for effectiveness in processing revenue transactions; • Performed test of controls on identified controls to ensure that they are operating effectively; • Performed sequential testing of sales invoices to assess the completeness and accuracy of recorded revenue. This involved examining the numerical sequence of invoices to detect any gaps or duplicates, investigating any irregularities, and verifying that all invoices were accurately recorded within the financial year; • Examined supporting documentation for a sample of sales transactions, which involved verifying sales orders, invoices, goods dispatch notes, gate passes and conducting additional detailed procedures; • performed substantive analytical procedures to reconcile sales reported in the sales tax returns with those in the internal sales reports. This included comparing the figures, investigating any discrepancies, and ensuring that all sales were accurately recorded and properly reported for tax purposes; • Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and • Assessing the appropriateness and adequacy of the disclosures provided in Note 36 to the financial statements in accordance with relevant accounting standards;

S. No	Key audit matters	How the matter was addressed in our audit
2.	<p data-bbox="242 314 829 349">Stock in trade</p> <p data-bbox="242 358 829 663">As described in Note 13 to the financial statements, the Company's stock in trade includes items of raw-materials in hand and raw-materials in transit against which the rights and obligations have been transferred to the Company and the finished good items as at reporting date amounting to Rs. 2,274 million as compared to Rs. 2,197 million which represents 3.50% increase as compared to last year.</p> <p data-bbox="242 703 829 800">We identified this area as a key audit matter because inventories constitute significant portion of total assets of the Company.</p> <p data-bbox="242 840 829 977">Further, determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgment and estimation.</p>	<p data-bbox="842 358 1418 424">Our audit procedures amongst others included the following:</p> <ul data-bbox="842 460 1418 1979" style="list-style-type: none"> <li data-bbox="842 460 1418 703">• Obtained an understanding of the Company's processes and design and implementation of internal controls relating the purchase and recording on inventory and on a sample basis, testing the effectiveness of those controls, particularly in relation to timing and recording on inventory; <li data-bbox="842 738 1418 836">• Observed physical inventory count procedures and compared on a sample basis, physical count with inventory sheets; <li data-bbox="842 871 1418 1221">• We evaluated the effectiveness of the Company's internal controls over inventory management across various stages of production. This included performing IT audit controls (ITAC) to ensure that overhead costs were properly allocated, and inventory was recorded and issued at accurate moving average rates. We also verified that stock issuance rates were correctly calculated and that inventory was appropriately valued; <li data-bbox="842 1256 1418 1530">• Performed substantive analytical procedures to reconcile stock issuance as per stock movement records with the amounts recorded in the trial balances. This involved investigating any discrepancies, including those related to interdepartmental issuances, and ensuring that consumption is accurately reflected in the financial statements; <li data-bbox="842 1566 1418 1743">• Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; <li data-bbox="842 1778 1418 1979">• Performing procedures related to purchases cut-off to ensure that recorded purchases were of the relevant period. This help verifying that the costs associated with inventory were properly allocated to the correct accounting period.

S. No	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Assessed the provision for slow moving stock as at the year end and assessed whether it is in accordance with the relevant accounting and reporting standards; and • Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting standards.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of cash flows and the unconsolidated statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Lahore
Dated: October 03, 2024

UDIN: AR202410087r6PvEfcOh



BDO Ebrahim & Co
Chartered Accountants

Statement of Financial Position

as at 30 June, 2024

	Note	2024 ----- Rupees in thousand -----	2023 -----
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	8,504,920	6,322,977
Capital work in progress	7	242,090	908,192
		8,747,010	7,231,169
Intangible assets	8	326	883
Investment property	9	675,000	562,500
Long term investments	10	3,500	2,500
Long term deposits	11	63,144	62,357
		9,488,980	7,859,409
CURRENT ASSETS			
Stores, spares and loose tools	12	661,237	533,525
Stock in trade	13	2,274,309	2,197,162
Trade debts	14	3,015,773	1,939,538
Loans, advances and other receivables	15	256,358	172,452
Receivable from related parties	16	8,882	-
Trade deposits and short term prepayments	17	204,211	42,008
Tax refunds due from the Government	18	723,993	723,163
Taxation - net	19	333,136	-
Short term investments	20	12,200	300,000
Cash and bank balances	21	287,556	923,733
		7,777,655	6,831,581
		17,266,635	14,690,990
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	22.1	2,000,000	2,000,000
Issued, subscribed and paid up share capital	22.2	1,000,000	1,000,000
Reserves	23		
Capital reserves - Share premium		177,000	177,000
Revenue reserves - Unappropriated profit		5,244,539	4,141,170
Merger reserve	24	(6,445)	(6,445)
Surplus on revaluation of freehold land	25	2,872,504	1,392,042
		9,287,598	6,703,767
NON CURRENT LIABILITIES			
Long term financing	26	582,415	938,485
Long term diminishing musharaka	27	-	190,561
Lease liabilities	28	-	-
Deferred liabilities	29	799,378	571,317
Deferred grant	30	27,526	72,194
		1,409,319	1,772,557
CURRENT LIABILITIES			
Trade and other payables	31	3,247,100	3,354,535
Contract liabilities		250,984	383,461
Unclaimed dividend		5,932	4,012
Mark-up accrued	32	107,870	76,317
Short term borrowings	33	2,294,448	1,314,051
Taxation - net	19	-	268,032
Current portion of long term liabilities	34	663,384	814,258
		6,569,718	6,214,666
		17,266,635	14,690,990
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	35		

The annexed notes from 1 to 60 form an integral part of these unconsolidated financial statements



Chief Executive



Director



Chief Financial Officer

Statement of Profit or Loss

For the year ended 30 June, 2024

		2024	2023
	Note	----- Rupees in thousand -----	
Revenue from contracts with customers	36	24,314,588	24,268,283
Cost of sale	37	(19,503,215)	(19,274,504)
Gross profit		4,811,373	4,993,779
Selling and distribution expenses	38	(1,352,122)	(1,627,248)
General and administrative expenses	39	(359,765)	(299,945)
Other operating expense	40	(227,617)	(196,441)
Other income	41	116,081	218,503
		(1,823,423)	(1,905,131)
Operating profit		2,987,950	3,088,648
Finance cost	42	(730,840)	(562,207)
Fair value gain on investment property	9	112,500	153,750
Profit before income tax and final taxes		2,369,610	2,680,191
Final taxes	43	(16,284)	(38,092)
Profit before income tax		2,353,326	2,642,099
Income tax	43		
Current		(782,559)	(885,316)
Deferred		(185,015)	69,413
		(967,574)	(815,903)
Profit after income tax		1,385,752	1,826,196
Earnings per share - Basic and diluted (Rupees)	45	13.86	18.26

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 60 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



Chief Financial Officer

Statement of Comprehensive Income

For the year ended 30 June, 2024

	Note	2024	2023
— Rupees in thousand —			
Profit after taxation for the year		1,385,752	1,826,196
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Remeasurement of defined benefit liability	29.2	(759)	(4,835)
Revaluation surplus on freehold land	6.1	1,523,560	-
Related tax effect		278	1,388
		1,523,079	(3,447)
Items that may be reclassified subsequently to statement of profit or loss			
		-	-
		1,523,079	(3,447)
Total comprehensive income for the year		<u>2,908,831</u>	<u>1,822,749</u>

The annexed notes from 1 to 60 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



Chief Financial Officer

Statement of Cash Flows


For the year ended 30 June, 2024

		2024	2023
	Note	— Rupees in thousand —	
Cash flows from operating activities			
Net cash flows from operating activities before working capital changes	47	3,736,852	3,598,887
(Increase) / decrease in current assets			
Stores, spares and loose tools		(145,712)	(77,488)
Stock in trade		(77,147)	(28,636)
Trade debts		(1,078,840)	(9,382)
Loans, advances and other receivables		(83,906)	106,476
Receivable from related parties		(8,882)	-
Trade deposits and short term prepayments		(162,203)	(10,623)
Tax refunds due from the Government		(121,250)	12,737
		(1,677,940)	(6,916)
(Decrease) / increase in current liabilities			
Trade and other payables		(109,122)	347,434
Contract liabilities		(132,477)	158,646
		(241,599)	506,080
Cash generated from operations		1,817,313	4,098,051
Taxes paid		(1,277,904)	(637,322)
Gratuity paid		(7,323)	(8,450)
Finance cost paid		(654,194)	(559,234)
Net cash (used in) / generated from operating activities		(122,108)	2,893,045
Cash flows from investing activities			
Additions to operating fixed assets		(52,505)	(64,183)
Additions to capital work in progress		(754,282)	(1,082,381)
Proceeds from sale of operating fixed assets		91,561	5,295
Long term investment - net		(1,000)	-
Short term investment - net		287,800	(300,000)
Long term deposits		(787)	(14,617)
Net cash used in investing activities		(429,213)	(1,455,886)
Cash flows from financing activities			
Long term financing - net		(351,052)	462,181
Long term diminishing musharaka - net		(387,005)	(387,005)
Repayment of finance lease liabilities		(4,116)	(8,046)
Dividend paid		(323,080)	(298,296)
Short term borrowings - net		980,397	(476,802)
Net cash used in financing activities		(84,856)	(707,968)
Net (decrease) / increase in cash and cash equivalents		(636,177)	729,191
Cash and cash equivalents at the beginning of the year		923,733	194,542
Cash and cash equivalents at the end of the year	21	287,556	923,733

The annexed notes from 1 to 60 form an integral part of these unconsolidated financial statements.



Chief Executive



Director



Chief Financial Officer

Statement of Changes in Equity

For the year ended 30 June, 2024

Issued, subscribed and paid-up share capital	Reserves				Total	
	Capital Reserves			Revenue Reserves		
	Surplus on revaluation of fixed assets	Merger reserve	Share premium	Unappropriated profit		
(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 on ordinary shares @						
- Rs. 1.00 per share on October 26, 2022	-	-	-	-	(100,000)	(100,000)
- Rs. 1.00 per share on February 16, 2023	-	-	-	-	(100,000)	(100,000)
- Rs. 1.00 per share on April 26, 2023	-	-	-	-	(100,000)	(100,000)
	-	-	-	-	(300,000)	(300,000)
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,826,196	1,826,196
Remeasurements of defined benefit liability - net	-	-	-	-	(3,447)	(3,447)
	-	-	-	-	1,822,749	1,822,749
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 on ordinary shares @						
Rs. 1.25 per share on September 20, 2023	-	-	-	-	(125,000)	(125,000)
Interim cash dividend on ordinary shares @						
- Rs. 1.00 per share on February 21, 2024	-	-	-	-	(100,000)	(100,000)
- Rs. 1.00 per share on April 25, 2024	-	-	-	-	(100,000)	(100,000)
	-	-	-	-	(325,000)	(325,000)
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,385,752	1,385,752
Remeasurements of defined benefit liability - net	-	-	-	-	(481)	(481)
Revaluation surplus for the year	-	1,523,560	-	-	-	1,523,560
Revaluation surplus transferred to Revenue reserves	-	(43,098)	-	-	43,098	-
	-	1,480,462	-	-	1,428,369	2,908,831
Balance as at June 30, 2024	1,000,000	2,872,504	(6,445)	177,000	5,244,539	9,287,598

The annexed notes from 1 to 60 form an integral part of these unconsolidated financial statements.


Chief Executive


Director


Chief Financial Officer

Notes to the Financial Statements

For the year ended 30 June, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Ittehad Chemicals Limited (the Company) was incorporated on September 28, 1991 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company was privatised on July 03, 1995. The Company is engaged in the business of manufacturing and selling caustic soda and other allied chemicals.

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

Karachi
Faisalabad
Islamabad

Office address

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act , 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for recognition of certain staff retirement liability which are measured at present value, freehold land and investment property which are measured at fair value as referred in Notes 5.1 and 5.3 respectively.

The preparation of unconsolidated financial statements in conformity with approved financial reporting standards requires management to make estimates, assumptions and use judgments that effect the application of policies and reported amounts, of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

3.3 Accounting estimates and judgments

The Company's main accounting policies affecting its result of operations and financial conditions are set out in Note 5. Judgments and assumptions have been required by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions. Key sources of estimation, uncertainty and critical accounting judgments are as follows:

a) Income taxes

The Company takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes as explained in note 5.10 to these unconsolidated financial statements.

b) Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis.

Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. As explained in Note 6 to these unconsolidated financial statements, the Company has revalued its free hold land as on November 03, 2023.

c) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in the statement of profit or loss as provision / reversal.

d) Expected credit losses

The carrying amount of trade and other receivables are assessed on regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of expected credit loss is recognized.

3.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees, which is the functional and presentation currency for the Company.

4 APPLICATION OF NEW STANDARDS, AMENDSMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS**4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024**

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

Effective date
(annual periods
beginning on or after)

Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes

January 01, 2023

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

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements

January 01, 2024

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments

January 01, 2026

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments

January 01, 2026

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions

January 01, 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current

January 01, 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants

January 01, 2024

Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements

January 01, 2024

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability

January 01, 2025

IFRS 17 Insurance Contracts

January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

5 MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented in these unconsolidated financial statements except as stated otherwise in notes to these unconsolidated financial statements.

5.1 Property, plant and equipment

a) Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is carried at revalued amount and capital work-in-progress which is stated at cost less impairment losses. Cost comprises of actual cost including, interest expense and trial run operational results.

Depreciation is charged on all fixed assets by applying the reducing balance method at the rates specified in Note 6. The rates are determined to allocate the cost of an asset less estimated residual value, if not insignificant, over its useful life.

Depreciation on assets is charged from the month of addition while no depreciation is charged for the month in which assets are disposed off.

Increases in the carrying amounts arising on revaluation of fixed assets is recognised, net of tax (if any), in other comprehensive income and accumulated revaluation surplus in shareholders' equity and value of fixed assets. If an assets' carrying amount is increased as a result of revaluation, the increase will be recognized in other comprehensive income. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an assets' carrying amount is decreased as a result of revaluation, the decrease shall be first charged to any revaluation surplus against this asset and the remaining balance recognized in profit or loss.

Maintenance and normal repairs are charged to income as and when incurred while cost of major replacements and improvements, if any, is capitalized.

Gains and losses on disposal and retirement of an asset are included in the statement of profit or loss.

b) Capital work in progress

Capital work-in-progress are stated at cost less impairment losses, if any, and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

c) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each unconsolidated statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each unconsolidated statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the statement of profit or loss.

5.2 Intangible assets

Costs that are directly associated with identifiable software products controlled by the Company and have probable economic benefits beyond one year are recognized as intangible assets. These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is provided on a straight line basis over the asset's estimated useful lives.

5.3 Investment property

Investment property is the property which is held either to earn rental income or for capital appreciation or for both. Investment property is initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition investment property is carried at fair value. The fair value is determined annually by an independent valuer. The fair values is based on market value being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arms length transaction.

Any gain or loss arising from a change in fair value is recognized in the income statement.

When an item of property, plant and equipment is transferred to investment property following a change in its use, differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property, plant and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the unconsolidated income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

5.4 Leases

Right of use assets

The right of use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Lease liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

5.5 Investment in associates

Investment in associates where the Company holds 20% or more of the voting power of the investee companies and where significant influence can be established are accounted for using the equity method. Investment in associates other than those described as above are classified as "Fair value through OCI".

In case of investments accounted for under the equity method, the method is applied from the date when significant influence is established until the date when that significant influence ceases.

5.6 Investments in subsidiary

Investment in unquoted subsidiary is initially valued at cost. At subsequent reporting dates, the Company reviews the carrying amount of the investment to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

Where impairment loss subsequently reverses, the carrying amount of investment is increased to its revised recoverable amount but limited to the extent of initial cost of investment. Reversal of impairment losses are recognized in the profit or loss.

The profits and losses of subsidiaries are carried forward in their unconsolidated financial statements and not dealt within these unconsolidated financial statements except to the extent of dividend declared by the subsidiaries which are recognized in other income. Gains and losses on disposal of investment is included in other income. When the disposal of investment in subsidiary resulted in loss of control such that it becomes an associate, the retained investment is carried at cost.

5.7 Stores, spares and loose tools

These are valued at lower of moving average cost and net realizable value less impairment, if any, except for items in transit, which are valued at cost comprising of invoice value plus other charges paid thereon till the unconsolidated statement of financial position date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools. For items which are slow moving and / or identified as surplus to the company's requirements, adequate provision is made for any excess book value over estimated realisable value.

5.8 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw and packing materials	- Moving average cost
Raw and packing materials in transit	- Invoice value plus other expenses incurred thereon
Work in process	- Cost of material as above plus proportionate production overheads
Finished goods	- Average cost of manufacture which includes proportionate production overheads including duties and taxes paid thereon, if any.

Adequate provision is made for slow moving and obsolete items.

Net realizable value represents the estimated selling prices in the ordinary course of business less expenses incidental to make the sale.

5.9 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold. The Company is required to recognize allowance for doubtful debts on all financial assets carried at amortized cost in accordance with Expected Credit Loss (ECL) requiring to recognize the loss irrespective whether the loss event has occurred.

5.10 Taxation

a) Change in accounting policy

During the year, the Company changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Ordinance, not based on the taxable profits of the Company, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: 'Accounting Policies, Changes in Accounting Estimates and Errors'. There is, however, no material impact on the financial statements of the prior years.

b) Taxation - Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

c) Deferred

Deferred tax is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

5.11 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as current income tax for the year, is then recognized as a levy.

5.12 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and mark-up accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing cost on long term finances and short term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to the statement of profit or loss in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 "Borrowing cost".

5.13 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and subsequently measured at amortised cost. Exchange gains and losses arising on transaction in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.14 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

5.15 Deferred grant

The deferred grant is measured upon initial recognition as the difference between fair value of the loan and loan proceeds. The fair value of the loan is the present value of the loan proceed received, discounted using the prevailing market rates of interest for a similar instrument. Subsequently, the grant is recognized in unconsolidated statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

5.16 Cash and cash equivalents

For the purposes of unconsolidated cash flow statement, cash and cash equivalents consist of cash in hand, cheques in hand and balances with banks.

5.17 Dividend and appropriation to reserve

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's unconsolidated financial statements in the period in which the dividends are approved.

5.18 Financial instruments

5.18.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at unconsolidated statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Impairment

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company recognizes loss allowance for Expected Credit Losses (ECLs), except for the following, which are measured at 12-month ECLs, on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company applies the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Management uses actual credit loss experience over a past years to base the calculation of ECL.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

5.18.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

5.18.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.18.4 Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

5.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.20 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of transactions or at the contract rate. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing at the reporting date or at the contract rate. Exchange gains and losses are included in the statement of profit or loss currently.

5.21 Employee benefits

The Company's employees benefits comprise of gratuity scheme and compensated absences for eligible employees.

5.21.1 Staff retirement benefits

a) Defined contribution plan (Provident Fund)

A recognized provident fund scheme is in operation, which covers all permanent employees, who had not opted Voluntarily Separation Scheme / Golden Hand Shake Scheme announced at the time of privatization of the Company in 1995. The Company and the employees make equal contributions to the fund.

b) Defined benefit liability

The Company operates an un-funded gratuity scheme for all its permanent employees who have attained retirement age, died or resigned during service period and have served for the minimum qualification period. Provision is based on the actuarial valuation of the scheme carried out as at June 30, 2024 using the Projected Unit Credit Method in accordance with IAS-19 "Employee Benefits" and resulting vested portion of past service cost has been charged to income in the current year. The rereasurement gains / losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the statement of profit or loss account.

5.21.2 Compensated absences

The Company accounts for these benefits in the period in which the absences are earned.

5.22 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Company's activities as described below:

Revenue from contracts with customers

Sale of goods

The Company is engaged in the business of manufacturing and selling caustic soda and other allied chemicals, toll manufacturing, and trading. In toll manufacturing, the Company processes raw materials provided by third parties, converting them into finished products as per the specifications of the client. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

Revenue from sale of goods is recognized at a point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, generally on delivery.

Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

Others incomes

- Scrap sales are recognized on delivery to customers
- Return on deposits is accrued using effective interest rate.
- Dividend on equity investments is recognized as income when the right to receive payment is established.

5.23 Related party transactions

Transactions and contracts with the related parties are based on the policy approved by the Board. These prices are determined in accordance with the methods prescribed in the Companies Act, 2017.

5.24 Borrowing costs

Interest and commitment charges on long term loans are capitalized for the period up to the date of commencement of commercial production of the respective plant and machinery acquired out of the proceeds of such loans. All other interest and charges are treated as expenses during the year.

5.25 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components.

All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has only one reportable segment.

5.26 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.27 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

5.28 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.29 Capital reserves - Share premium

This reserve can be utilized by the Company only for the purposes specified in section 81(3) of the Companies Act, 2017.

5.30 Merger reserve

For the business combinations under the common control, the consideration paid over and above the carrying value of the assets and liabilities acquired is recognized as "merger reserve".

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Right of use assets

Note	2024 Rupees in thousand	2023
6.1	8,504,920	6,321,437
6.11	-	1,540
	<u>8,504,920</u>	<u>6,322,977</u>

6.1 Operating fixed assets

The following is the statement of operating fixed assets:

Description	(Rupees in thousand)							Total	
	Freehold land	Buildings on freehold land	Railway sidings	Plant and machinery	Other equipments	Furniture and fixtures	Office and other equipments		Vehicles
Net carrying value basis									
Year ended June 30, 2024									
Opening net book value (NBV)	1,592,895	363,074	565	4,185,339	42,619	4,019	19,662	113,264	6,321,437
Additions/ revaluation / transfer (at cost)	1,523,560	27,141	-	1,397,366	35,785	344	2,014	24,553	3,010,763
Disposals (NBV)	(85,475)	(3)	-	(49,662)	(2,040)	(322)	(1,541)	(1,390)	(140,433)
Depreciation charge	-	(37,826)	(56)	(611,813)	(6,979)	(417)	(3,727)	(26,029)	(686,847)
Closing net book value	3,030,980	352,386	509	4,921,230	69,385	3,624	16,408	110,398	8,504,920
Gross carrying value basis									
Year ended June 30, 2024									
Cost or revalued	3,030,980	636,877	3,906	9,414,780	183,033	10,523	72,820	214,425	13,567,344
Accumulated depreciation	-	(284,491)	(3,397)	(4,493,550)	(113,648)	(6,899)	(56,412)	(104,027)	(5,062,424)
Net book value	3,030,980	352,386	509	4,921,230	69,385	3,624	16,408	110,398	8,504,920
Net carrying value basis									
Year ended June 30, 2023									
Opening net book value (NBV)	1,592,895	248,840	628	4,296,427	50,061	4,387	18,536	77,387	6,289,161
Additions / transfer (at cost)	-	149,556	-	436,426	79	480	6,283	58,731	651,555
Disposals (NBV)	-	-	-	-	-	(387)	(1,299)	(1,724)	(3,410)
Depreciation charge	-	(35,322)	(63)	(547,514)	(7,521)	(461)	(3,858)	(21,130)	(615,869)
Closing net book value	1,592,895	363,074	565	4,185,339	42,619	4,019	19,662	113,264	6,321,437
Gross carrying value basis									
Year ended June 30, 2023									
Cost or revalued	1,592,895	609,779	3,906	8,213,076	162,302	11,603	77,517	196,516	10,867,594
Accumulated depreciation	-	(246,705)	(3,341)	(4,027,737)	(119,683)	(7,584)	(57,855)	(83,252)	(4,546,157)
Net book value	1,592,895	363,074	565	4,185,339	42,619	4,019	19,662	113,264	6,321,437
Depreciation rate % per annum	-	10	10	10 to 33	15	10	15 to 30	20	

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

- 6.3** This includes transfer from capital work-in-progress amounting to Rs. 1,434.443 million (2023: Rs. 587.372 million).
- 6.4** Freehold land was latest revalued by M/s Harvester Services (Private) Limited as at November 03, 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 freehold land based on historical cost would have been Rs. 158.476 million (2023: Rs. 200.853 million).

- 6.5** The forced sale value of free hold land was Rs. 2,353.650 million as at June 30, 2024.

6.6 The depreciation charge for the year has been allocated as follows:

	Note	2024	2023
		Rupees in thousand	
Cost of sale	37	663,207	596,886
Selling and distribution expenses	38	1,724	1,936
General and administrative expenses	39	23,456	21,343
		<u>688,387</u>	<u>620,165</u>
	6.1	686,847	615,869
	6.11	1,540	4,296
		<u>688,387</u>	<u>620,165</u>

6.7 The depreciation break-up is as follows:

Operating fixed assets	615,869
Right of use of assets	4,296
	<u>620,165</u>

6.8 The following operating fixed assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
Vehicles							
Honda City LEE-12-9497	1,389	1,079	310	1,070	760	Negotiation	Mr. Amjid Mehmood
Honda Civic LEB-17A- 1428	2,930	2,168	762	2,340	1,578	Negotiation	Mr. Mohsin Hafeez
Suzuki Bolan LEB-17-A-1425	774	591	183	315	132	Negotiation	Mr. Izzat Baig
Honda City - LEC-13-6374	1,492	1,363	129	1,150	1,021	Negotiation	Mr. Mehmood Ijaz
Honda CD 70 - LEZ-13-7597	59	53	6	20	14	Negotiation	Mr. Muhammad Faisal
Freehold land	85,475	-	85,475	86,666	1,191	Negotiation	Mr. Farrukh / Mr. Sohaib Javed
Buildings on freehold land	43	40	3	-	(3)	Scrapped	
Plant and machinery	195,662	146,000	49,662	-	(49,662)	Scrapped	
Other equipment	15,054	13,014	2,040	-	(2,040)	Scrapped	
Office and other equipments	6,711	5,170	1,541	-	(1,541)	Scrapped	
Furniture and fixtures	1,424	1,102	322	-	(322)	Scrapped	
Total - 2024	311,013	170,580	140,433	91,561	(48,872)		
Total - 2023	16,354	12,944	3,410	5,295	1,885		

6.9 Certain assets were retired during the year and sold as bulk scrap. Consequently, it is not practicable to assign sale proceeds to these retired assets individually.

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

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

6.10.2 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.

	2024	2023
Note	--- Rupees in thousand ---	---
6.11 Right of use assets		
The following is the statement of right-of-use assets:		
Building		
Year ended June 30,		
Net carry value basis		
Opening net book value (July 01,)	1,540	8,947
Disposals	-	(3,111)
Depreciation charge	(1,540)	(4,296)
Closing net book value	<u>-</u>	<u>1,540</u>
Gross carry value basis		
Cost	27,653	27,653
Accumulated depreciation	(27,653)	(26,113)
Net book value	<u>-</u>	<u>1,540</u>
Depreciation rate % per annum	10%	10%
7 CAPITAL WORK IN PROGRESS		
This comprises of:		
Building	12,707	20,295
Plant and machinery	125,243	839,646
Advances	104,140	48,251
7.2	<u>242,090</u>	<u>908,192</u>

	Advances	Building	Plant and machinery	Total
	Rupees in thousand			
7.1 Movement of carrying amount				
Year ended June 30, 2024				
Opening balance	48,251	20,295	839,646	908,192
Additions (at cost)	66,500	18,878	683,218	768,596
Transferred to operating fixed assets	(10,611)	(26,466)	(1,397,366)	(1,434,443)
Adjustments	-	-	(255)	(255)
Closing balance	104,140	12,707	125,243	242,090
Year ended June 30, 2023				
Opening balance	13,846	24,388	357,918	396,152
Additions (at cost)	34,405	55,524	1,009,483	1,099,412
Transferred to operating fixed assets	-	(59,617)	(527,755)	(587,372)
Closing balance	48,251	20,295	839,646	908,192

7.2 Advances include balances amounting to Rs. 1.639 million (2023: Rs. 1.639 million) and Rs. 102.50 million (2023: Rs. 36.00 million) against purchase of land at Karachi from Sindh Industrial Trading Estate and Jaryan No. 19, Jhampir, Tulaka Thatta respectively.

7.3 During the year, borrowing cost amounting to Rs. 14.314 million (June 30, 2023: Rs. 17.030 million) has been capitalized in the cost of capital work in progress by using capitalization rate of 4%.

	Note	2024	2023
		— Rupees in thousand —	
8 INTANGIBLE ASSETS			
Computer software and licences	8.1	326	883
8.1 Computer software and licences			
Net carrying value as at June 30,			
Opening balance		883	1,440
Addition during the year		-	-
Amortization charge	39	(557)	(557)
Net book value		326	883
Gross carrying value as at June 30,			
Cost		24,214	24,214
Accumulated amortization		(23,888)	(23,331)
Net book value		326	883
Amortization % per annum		33.33%	33.33%
8.2 The amortization charge for the year has been allocated as follows:			
Administrative expenses	39	557	557
9 INVESTMENT PROPERTY			
Freehold land	9.1	675,000	562,500

	Note	2024 — Rupees in thousand —	2023 —
9.1 The movement in this account is as follows:			
Opening balance		562,500	408,750
Fair value gain on revaluation recognized as income	9.2	112,500	153,750
		<u>675,000</u>	<u>562,500</u>

9.2 Fair value measurement (Investment property)

This comprises commercial property that is freehold land held for capital appreciation. The carrying value of investment property is the fair value of the property as at June 30, 2024 as determined by approved independent valuer M/s Harvester Services (Private) Limited. Fair value is determined having regard to recent market transactions for similar properties in the same location and condition.

Fair value measurement of investment property is based on assumptions considered to be based on level 2 inputs.

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.

9.3 The forced sale value of investment property is Rs. 573.75 million (2023: Rs. 478.125 million).

10 LONG TERM INVESTMENTS

Investment in related parties - unquoted			
Chemi Visco Fiber Limited	10.1	-	-
Ittehad Salt Processing (Private) Limited	10.2	2,500	2,500
ICL Power (Private) Limited	10.3	1,000	-
		<u>3,500</u>	<u>2,500</u>
10.1 Chemi Visco Fiber Limited			
5,625,000 (2023: 5,625,000) fully paid ordinary shares		56,250	56,250
Less: Provision for diminution in value of investment	10.1.1	(56,250)	(56,250)
		<u>-</u>	<u>-</u>

Relevant information:

Percentage of investment in equity held 7.91%
(2023: 7.91%) (Chief Executive : Mr. Usman Ghani)

10.1.1 This provision was made in prior 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.

10.2 Ittehad Salt Processing (Private) Limited			
250,000 (2023: 250,000) fully paid ordinary shares	10.2.1	2,500	2,500
Relevant information:			
Percentage of investment in equity held 100% (2023: 100%)			

10.2.1 This represents investment made in wholly owned subsidiary, incorporated on December 03, 2019 in Pakistan. The principal line of business of the subsidiary is to carry on business of exploring, operating and working on mines to extract minerals, salt, sand and stone etc. The Chief executive of the Company is Mr. Ahmed Mustafa.

	Note	2024 — Rupees in thousand —	2023 —
10.3 ICL Power (Private) Limited			
100,000 (2023: Nil) fully paid ordinary shares	10.3.1	1,000	-
Relevant information:			
Percentage of investment in equity held 100% (2023: Nil)			

10.3.1 This represents investment made in wholly owned subsidiary, incorporated on January 02, 2024 in Pakistan. The principal line of business of the subsidiary is generating and providing of electricity. The Chief executive of the Company is Mr. Waqas Siddiq Khatri.

11 LONG TERM DEPOSITS

Long term deposit	11.1	63,144	62,357
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11.1 This includes security deposit against utilities which are refundable at the expiry of agreement. These deposits do not carry any interest or mark-up and are not recoverable within one year. IFRS 9 requires long-term non interest bearing financial assets to be discounted at average borrowing rate of the Company. The impact of discounting is considered insignificant by the management.

12 STORES, SPARES AND LOOSE TOOLS

Stores			
in hand	12.1	75,791	89,163
in transit		-	83
		75,791	89,246
Spares:			
in hand	12.1	501,965	410,957
in transit		101,481	33,322
		603,446	444,279
Less: Provision for obsolete stores and spares	12.2	679,237	533,525
		(18,000)	-
		661,237	533,525

12.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

12.2 Movement of provision for obsolete stores and spares			
Opening balance		-	36,959
Adjustment on account of write off during the year		-	(76,489)
Provision made during the year		18,000	39,530
		18,000	-

	Note	2024 — Rupees in thousand —	2023
13 STOCK IN TRADE			
Raw materials:			
in hand	37	784,056	233,689
in transit	13.1	151,529	784,484
		<u>935,585</u>	<u>1,018,173</u>
Packing materials			
in hand	37	47,217	30,131
Work in process	37	82,822	75,529
Finished goods	13.3 & 37	1,208,685	1,073,329
		<u>2,274,309</u>	<u>2,197,162</u>

13.1 This represents stock in transit which was still on the way from port at the year end.

13.2 Stock-in-trade up to a maximum amount of Rs. 2,274.309 million (2023: Rs. 2,197.162 million) are under hypothecation of commercial banks as security against short term borrowings.

13.3 This include provision for write down of finished goods inventory to net realizable value amounting to Rs. 7.918 million (2023: Rs. Nil).

14 TRADE DEBTS

Unsecured - Foreign			
Considered good		324,191	134,018
Secured - Local			
Considered doubtful	14.2	2,234	2,234
Less: Expected credit losses		(2,234)	(2,234)
		<u>324,191</u>	<u>134,018</u>
Unsecured - Local			
Considered good		2,691,582	1,805,520
Considered doubtful		68,317	66,861
		<u>2,759,899</u>	<u>1,872,381</u>
		3,084,090	2,006,399
Less: Expected credit losses	14.1	(68,317)	(66,861)
		<u>3,015,773</u>	<u>1,939,538</u>

14.1 Movement of expected credit losses (ECL) is as follows:

Opening balance		66,861	62,468
Adjustment on account of:			
Expected credit losses		1,456	4,393
Closing balance		<u>68,317</u>	<u>66,861</u>

14.2 This represents receivable from Punjab Chemicals Stores and Honest Enterprises which is secured against mortgage of property and also a memorandum of understanding (MOU) signed between the parties. Upon recovery of Rs. 15 million in prior year the Company has withdrawn the application filed under section 20 of the Arbitration Act, 1940. However, remaining amount has been kept fully impaired on prudence basis.

	Note	2024 — Rupees in thousand —	2023 — Rupees in thousand —
15 LOANS AND ADVANCES			
Advances - (Unsecured - considered good)			
To employees	15.1-4	21,864	20,771
Advance to supplier and services (Unsecured)			
Considered good		231,814	75,988
Considered doubtful		1,374	1,374
		233,188	77,362
Against import		1,576	73,225
		256,628	171,358
Accrued interest receivable		1,104	2,468
Less: Expected credit losses	15.5	1,374	1,374
		<u>256,358</u>	<u>172,452</u>

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

15.2 This includes advances provided to employees to meet business expenses. These advances do not carry any interest or mark-up.

15.3 This includes advances amounting to Rs. 11.919 million (2023: Rs. 15.192 million) deposited to the Honorable Lahore High Court against various cases for gratuity of employees. The Company is expecting favourable outcome and therefore, considered good.

15.4 Financial asset under this caption is advance to employees which are trivial for the decision making of users of the unconsolidated financial statements hence no impact on measurement has been considered.

15.5 Movement of provision for doubtful advances is as follows:

Opening balance	1,374	1,374
Addition during the year	-	-
Closing balance	<u>1,374</u>	<u>1,374</u>

16 RECEIVABLE FROM RELATED PARTIES

ICL Power (Private) Limited	16.1	<u>8,882</u>	<u>-</u>
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16.1 The Company had incurred expenses on behalf of the ICL Power (Private) Limited. This amount is receivable on demand and interest free.

16.2 The maximum amount due from ICL Power (Private) Limited at the end of any month during the year was Rs. 8.88 million (2023: Nil).

16.3 The aging of receivable from related parties at the reporting date is as follows:

Past due but not impaired	<u>8,882</u>	<u>-</u>
Aging:		
1-30 days	-	-
31-60 days	450	-
61-90 days	-	-
Above 90 days	8,432	-
Above 90 days	<u>8,882</u>	<u>-</u>

	Note	2024 —Rupees in thousand—	2023
17 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits - (Considered good)	17.1	8,727	19,342
Security deposits	17.2	186,528	15,542
Prepayments		8,956	7,124
		<u>204,211</u>	<u>42,008</u>

17.1 This represents short term deposits in the normal course of business and does not carry any interest or mark-up.

17.2 This includes security deposit against rented premises and utilities. These deposits do not carry any interest or mark-up and are recoverable within one year as the respective premises are vacated on expiry of agreements.

18 TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax		469,211	589,631
Sales tax		254,782	133,532
		<u>723,993</u>	<u>723,163</u>

19 TAXATION - NET			
Advance income tax		1,244,901	618,273
Less: Provision for taxation	43	911,765	886,305
		<u>333,136</u>	<u>(268,032)</u>

20 SHORT TERM INVESTMENTS			
Amortized cost			
Term Deposit Receipts - Shariah			
Faysal Bank Limited		-	300,000
Bank Al-Falah Limited		12,200	-
		<u>12,200</u>	<u>300,000</u>

20.1 This represents term deposit receipts and carry interest rate ranging from 12.26% to 17.66% (2023: 13.25% to 17.66%). These have a maturity period of one month.

21 CASH AND BANK BALANCES			
Cash in hand		1,516	526
Cash at banks			
Current accounts	21.1		
Conventional		175,369	151,431
Shariah		105,600	768,721
		<u>280,969</u>	<u>920,152</u>
Saving accounts	21.2		
Conventional		4,756	2,178
Shariah		315	877
		<u>5,071</u>	<u>3,055</u>
		<u>287,556</u>	<u>923,733</u>

21.1 Cash with bank in current accounts do not carry any interest or mark-up. There is no impact on measurement of bank balances due to implementation of IFRS 9.

21.2 The balance in saving accounts carries mark up which ranges from 6.75% to 18.00% (2023: 12.25% to 17.66%) per annum.

	Note	2024 — Rupees in thousand —	2023
26 LONG TERM FINANCING			
Secured:			
Banking Companies			
Samba Bank Limited-TERF	26.1	282,637	378,148
The Bank of Punjab	26.2	173,016	224,734
Allied Bank Limited - LTF	26.3	129,000	100,000
		584,653	702,882
Other Financial Institutions			
Pak Libya Holding Company (Private) Limited	26.4	119,322	173,572
Pak Brunei Investment Company Limited	26.5	66,667	133,333
Pak Brunei Investment Company Limited	26.6	68,750	96,250
Pak Libya Holding Company (Private) Limited	26.7	175,000	200,000
		429,739	603,155
		1,014,392	1,306,037
Less: Current portion shown under current liabilities	34	(431,977)	(367,552)
		582,415	938,485

26.1 The Company has obtained this loan under the scheme of Temporary Economic Refinance Facility (TERF) to the extent of Rs. 495 million. This finance is secured against 667 million ranking charge over fixed assets of the Company inclusive of 25% margin. This carries mark up at SBP TERF rate plus 3% per annum. The loan is repayable in sixteen (16) equal quarterly installments starting from 1 year (grace period) after initial draw down.

26.2 The Company has obtained this loan to the extent of Rs. 313.717 million. The SBP has approved Rs. 246.144 million under Temporary Economic Refinance Facility (TERF). So, the remaining amount of Rs.67.573 million is treated as demand finance. This finance is secured against the specific charge of Rs. 440 million. These carry mark up at SBP rate 4% plus 1% spread of Bank per annum under TERF and for the remaining amount carry 6 month KIBOR plus 1.5% per annum. The loan is repayable in Ten (10) equal semi- annual installments having grace period of six months after the disbursement date.

26.3 The Company has obtained this loan to the extent of Rs. 200 million. This finance is secured against specific charge over present and future fixed assets (Land, Building and Machinery) with 25% risk margin. This carries mark up at the rate of six months KIBOR plus 1% per annum payable on semi -annual basis from the date of disbursement. The loan is repayable in eight (8) equal semi-annual installments having a grace period of one year after the date of disbursement.

26.4 The Company has obtained this loan under long term finance facility to the extent of Rs. 217 million. This finance is secured against ranking charge convertible / upgraded to first pari passu charge inclusive of 25% margin on all present and future fixed assets of the Company and carries mark up at 3 months KIBOR plus 1.5% per annum. The loan is repayable in sixteen (16) equal quarterly installments starting from 15th month from the first drawdown.

26.5 The Company has obtained this loan under long term finance facility to the extent of Rs. 300 million. This finance is secured against hypothecation / mortgage charge over all present and future fixed assets of the Company with 25% margin and carries mark up at three months average KIBOR plus 1.40%. The loan was disbursed in January, 2019 and is repayable in nine equal semi-annual installments commencing from February, 2020.

26.6 The Company has obtained this loan under long term finance facility to the extent of Rs. 110 million. This finance is secured against first pari passu hypothecation and mortgage charge on all moveable and immovable fixed assets of the Company. This carries mark up at 3 months KIBOR plus 1.40% per annum. The loan is repayable in sixteen (16) equal quarterly instalments with 1st installment falling due at the end of 15th month from the disbursement date.

- 26.7** The Company has obtained this loan under long term finance facility to the extent of Rs. 200 million. This finance is secured against ranking charge of Rs. 267 million, inclusive of 25% margin on all fixed assets of the Company, convertible to 1st Pari Passu charge. This carries mark up at the rate of 3 months KIBOR plus 1.50% per annum payable on quarterly basis. The loan is repayable in sixteen (16) equal quarterly installments on quarterly basis. First installment will fall due at the end of 12th month from the date of first draw down.

	Note	2024 —Rupees in thousand—	2023
27 LONG TERM DIMINISHING MUSHARAKA			
Secured;			
Banking Companies			
The Bank of Punjab - TAQWA	27.1	87,500	262,500
The Bank of Punjab - TAQWA	27.2	103,061	208,191
Al-Baraka Bank (Pakistan) Limited	27.3	-	106,875
		<u>190,561</u>	<u>577,566</u>
Less: Current portion shown under current liabilities	34	<u>(190,561)</u>	<u>(387,005)</u>
		<u>-</u>	<u>190,561</u>

- 27.1** This finance has been obtained from an Islamic Financial Institution and is secured against first exclusive charge over imported plant and machinery and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed during the prior year in various tranches and are repayable in eight semi annual equal instalments with the one year grace period commencing from February, 2020.

- 27.2** This finance has been obtained under the Islamic mode of financing and secured against exclusive charge over imported plant and machinery and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed from May, 2018 to January, 2019 in different tranches and are repayable in eight semi annual equal instalments commencing from December, 2020.

- 27.3** This finance has been obtained under the Islamic mode of financing and secured against specific exclusive charge over imported plant and machinery and carries mark up at six months average KIBOR plus 1.40%. This finance is disbursed during the previous year in various tranches with a grace period of six months.

28 LEASE LIABILITIES			
Against right-of-use assets			
Lease liabilities		4,116	18,107
Payments / adjustments during the year		(4,116)	(13,991)
		<u>-</u>	<u>4,116</u>
Less: Current portion		<u>-</u>	<u>(4,116)</u>
		<u>-</u>	<u>-</u>
28.1 Maturity analysis-contractual undiscounted cash flow			
Less than one year		-	(5,347)
One to five year		-	-
Total undiscounted lease liability		<u>-</u>	<u>(5,347)</u>

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

- 28.3** The above liabilities were obligations under leases with various lessors for lease of buildings.

	Note	2024 — Rupees in thousand —	2023
29 DEFERRED LIABILITIES			
Deferred taxation	29.1	633,079	448,342
Defined benefit liability	29.2	166,299	122,975
		<u>799,378</u>	<u>571,317</u>
29.1 Deferred taxation			
Deferred tax liability comprises as follows:			
Taxable temporary differences			
Property, plant and equipment		772,245	546,582
Deductible temporary differences			
Provision for defined benefit liability		(60,917)	(35,308)
Allowances for expected losses		(26,076)	(22,064)
Provision for WPPF		(45,579)	(39,687)
Provision for obsolete stores		(6,594)	-
Lease liability		-	(1,181)
		<u>633,079</u>	<u>448,342</u>
29.1.1 The gross movement in the deferred tax liability during the year is as follow:			
Balance as at July 1,		448,342	519,144
Charge to profit and loss account		185,015	(69,414)
Credit in other comprehensive income		(278)	(1,388)
		<u>633,079</u>	<u>448,342</u>

29.2 Defined benefit liability

a) General description

The scheme provides for terminal benefits for all its permanent employees who qualify for the scheme. The defined benefit payable to each employee at the end of his service comprises of total number of years of his service multiplied by last drawn basic salary including cost of living allowance.

Annual charge is based on actuarial valuation carried out by an independent approved valuer M/S Nauman Associates as at June 30, 2024 using the Projected Unit Credit method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macro-economic factors), the benefit amount would also increase proportionately.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Demographic Risks: Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2024 Percentage Per annum	2023 Percentage Per annum
b) Significant actuarial assumptions		
Following are significant actuarial assumptions used in the valuation:		
Discount rate	14.75	16.25
Expected rate of increase in salary	13.75	15.25
	2024	2023
	—Rupees in thousand—	—
c) Reconciliation of payable to defined benefit plan		
Present value of obligation and liability recognized in balance sheet	166,299	122,975
d) Movement of the liability recognized in the unconsolidated statement of financial position		
Opening net liability	122,975	102,645
Charge for the year	49,888	23,945
Remeasurement chargeable to other comprehensive income	759	4,835
Contribution paid to outgoing employees	(7,323)	(8,450)
Closing net liability	166,299	122,975
e) Charge for the year		
Current service cost	30,500	10,904
Interest cost	19,388	13,041
	49,888	23,945
f)		
The expected charge in respect of defined benefit plan for the year ending June 30, 2025 will be 59.048 million.		
g) Sensitivity analysis		
The impact of 1% change in following variables on defined benefit obligation is as follows:		
	(Rupees in thousand)	
	Increase in assumption	Decrease in assumption
2024		
Discount rate	155,312	178,570
Salary increase	178,810	154,906
2023		
Discount rate	114,552	132,370
Salary increase	132,544	114,253
	2024	2023
	—Rupees in thousand—	—
h) Maturity profile		
Time in year		
1	11,262	6,750
2	17,116	9,632
3	20,785	10,366
4	26,519	14,543
5-11 onwards	2,968,775	1,749,655
The average duration of the defined benefit obligation is 7 years.		

	Note	2024 — Rupees in thousand —	2023
i) Remeasurement chargeable to other comprehensive income			
Experience adjustment and actuarial loss on obligation		759	4,835
Tax impact at 39% (2023: 39%) - net of export %age		(278)	(1,388)
		<u>481</u>	<u>3,447</u>
30 DEFERRED GRANT			
Deferred Grant		68,372	127,779
Current portion of grant		(40,846)	(55,585)
		<u>27,526</u>	<u>72,194</u>

30.1 This represents deferred grant recognized in respect of the benefit of below-market interest rate on long term finance facility as referred to in Notes 26.1 and 26.2. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The reconciliation of the carrying amount is as follows:

30.2 Following is the movement in government grant during the year:

Opening balance as at July 01	127,779	49,791
Addition during the year	-	105,577
Amortization during the year	(59,407)	(27,589)
Closing balance as at June 30	<u>68,372</u>	<u>127,779</u>

30.3 The Company received term finance facility under Refinancing / Temporary Economic Refinance Facility Scheme of the State Bank of Pakistan from different banks. ICAP issued the guidance for accounting of said financing through circular No. 11/2020, and based on this, the Group recognized the Deferred Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

31 TRADE AND OTHER PAYABLES

Trade creditors		665,282	420,006
Accrued liabilities	31.1	1,238,695	1,680,556
Cost of supply	31.3	496,979	397,574
GIDC payable	31.4	620,458	620,458
Security deposits	31.5	38,650	36,300
Retention money		6,824	3,594
Income tax deducted at source		3,618	216
Workers' Profit Participation Fund	31.6	124,029	138,226
Workers' Welfare Fund	31.7	50,870	57,470
Levy payable		1,687	-
Other liabilities		8	135
		<u>3,247,100</u>	<u>3,354,535</u>

31.1 This includes a balance due to Chemi Multifabrics Limited, a related party, amounting to Rs. 25.814 million (2023: Rs. 105.429 million).

31.2 The maximum amount due to Chemi Multifabrics Limited at the end of any month during the year was Rs. 163.769 million (2023: Rs. 105.429 million).

31.3 Sui Northern Gas Pipelines Limited has charged cost of supply relating to the RLNG supplies in the billing month of February 2018 based on interim order passed by Oil and Gas Regulatory Authority. The Company along with other industrial units in Punjab filed writ petition for deferment of said order. The Honorable Lahore High Court issued stay order with reference to the petition filed. The matter is pending adjudication. However, the Company has made a provision amounting Rs. 496.979 million on prudence basis since February, 2018.

31.4 Pursuant to Supreme Court order in August, 2020 and its subsequent dismissal of review petition in November, 2020, the Company is paying levy as per GIDC monthly billing by Sui Northern Gas Pipeline Limited (SNGPL). The Company has paid seven (7) instalments till June 30, 2021 and balance provision of GIDC as at the reporting date is Rs. 620.458 million (June 30, 2023: 620.458 million). The provision was recognized earlier based on estimation basis for the respective periods. However, the Company has filed a writ petition in the Honorable Sindh High Court to suspend the recovery of arrears of Cess calculated at enhanced captive rates. The Honorable Sindh High Court has granted a stay for recovery of arrears and matter is pending for adjudication. There is an aggregate differential of Rs. 352.920 million which is subjudice and that will be remain as provision until the matter is settled.

Further, there is an aggregate differential of Rs. 170.291 million between provision as per books of account and liability based on monthly instalment billed by SNGPL for unpaid portion of Cess levied through GIDC Act, 2011 and GIDC Ordinance, 2014, which is not recognized by the Company based on the advice of its legal expert as per their view it will not be collectable as per GIDC Act, 2015.

31.5 This amount represented security deposits received from vendors and dealers for goods/ services. This has been utilized for the purpose of business in accordance with written agreements in terms of section 217 of the Companies Act, 2017.

	Note	2024 — Rupees in thousand —	2023
31.6 Workers' Profit Participation Fund			
Balance as at July 01,		138,226	39,013
Interest at prescribed rate		13,868	2,477
Less: Amount paid to fund		149,614	39,110
		2,480	2,380
Current year's allocation at 5%	40	121,549	135,846
		<u>124,029</u>	<u>138,226</u>

The Company retains the allocation of this fund for its business operations till the amounts are paid.

31.7 Workers' Welfare Fund			
Balance as at July 01,		57,470	16,322
Current year's allocation at 2%	40	50,870	57,470
Less : Amount paid / adjusted		(57,470)	(16,322)
		<u>50,870</u>	<u>57,470</u>

The Company retains the allocation of this fund for its business operations till the amounts are paid.

32 MARK UP ACCRUED

Secured			
Long term financing - Conventional		25,748	30,622
Long term diminishing musharaka - Shariah		8,577	21,561
Short term borrowings			
Conventional		47,086	22,096
Shariah		26,459	2,038
		<u>73,545</u>	<u>24,134</u>
		<u>107,870</u>	<u>76,317</u>

	Note	2024 — Rupees in thousand —	2023
33 SHORT TERM BORROWINGS			
Secured			
Banking companies			
Running finances - Conventional			
MCB Bank Limited	33.1	359,922	205,396
Askari Bank Limited	33.1	30,823	120,035
The Bank of Punjab	33.1	197,166	193,928
Samba Bank Limited	33.1	344,567	213,432
Habib Metro Bank Limited	33.1	-	47,437
Soneri Bank Limited	33.1	-	-
Allied Bank Limited	33.1	-	45,823
		932,478	826,051
Term finance			
Conventional			
Askari Bank Limited	33.2	150,000	-
Pak Brunei Investment Company Limited	33.2	200,000	200,000
		350,000	200,000
Shariah			
Bank Al-Falah Limited	33.2	266,000	-
Faysal Bank Limited (Istisna)	33.2	150,000	288,000
Al-Baraka Bank (Pakistan) Limited	33.2	246,000	-
MCB Islamic Bank Ltd (Istisna)	33.2	249,970	-
		911,970	288,000
Un-secured			
Related Party			
Ittehad Developers	33.3	100,000	-
		2,294,448	1,314,051

33.1 Short term running finance facilities have been obtained from various banks aggregated to Rs. 1,220 million (2023: Rs. 1,520 million) and carry mark-up ranging from one month KIBOR plus 0.75% to three months KIBOR plus 1.25% per annum (2023: one month KIBOR plus 1% to three months KIBOR plus 1.25% per annum) on utilized limits. These facilities are secured against first pari passu charge over present and future current assets of the Company and hypothecation charge over stores, spares and stocks of chemicals.

33.2 Term finance facilities have been obtained from various banks aggregated to Rs. 1,700 million (2023: Rs. 1,125 million) and carry mark-up ranging from matching KIBOR plus 0.65% to 1.00% per annum (2023: matching KIBOR plus 0.70% to 1.00% per annum) on utilized limits. These facilities are secured against ranking and first pari passu charge over present and future current assets of the Company.

33.3 The interest free loan has been obtained from related party aggregated to Rs. 100 million (2023: Nil) to meet the working capital of the Company.

33.4 The maximum amount due from Ittehad Developers at the end of any month during the year was Rs. 100 million (2023: Nil).

33.5 Financing/credit facilities available

At the reporting date, the following financing facilities had been negotiated and were available.

Aggregate facilities for opening of letters of credit and short term loan amounting to Rs. 5,695 million (2023: Rs. 5,885 million) are available to the Company.

	Note	2024 — Rupees in thousand —	2023
34 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing	26	431,977	367,552
Long term diminishing musharaka	27	190,561	387,005
Liabilities against assets subject to finance lease	28	-	4,116
Deferred grant	30	40,846	55,585
		<u>663,384</u>	<u>814,258</u>

35 CONTINGENCIES AND COMMITMENTS

35.1 Contingent liabilities

- a)** 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 decided the case partially in favour of the Company while remanding back the remaining issues for re-assessment. The Company as well as tax department filed an appeal against the said order before Appellate Tribunal Inland Revenue. These cross appeals were decided through a consolidated order without passing a speaking order. The consolidated order has been called back by Honorable ATIR upon application for rectification filed before ATIR to pass revised speaking order. The ATIR after re hearing of the case again proceeded to issue the same non speaking order which has now been contested before double bench of the Honourable Lahore High Court, Lahore. 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, 2023: Rs. 54.510 million).
- b)** 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, 2023: Rs. 4.080 million).
- c)** 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. 9.658 million (June 30, 2023: Rs. 10.027 million) against these claims.
- d)** 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 favourable 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, 2023: 1.20 million).
- e)** 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 Honourable 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, 2023: 63.20 million).

- f) 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 2a020, 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 unconsolidated financial statements. However, if the case is decided against the Company, it may result in tax payable of Rs. 25.50 million (June 30, 2023: Rs. 25.50 million).
- g) Show cause notices for the Tax Years 2021 and 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.
- h) Letters of guarantee outstanding as at June 30, 2024 were Rs. 471.522 million (2023: Rs. 476.076 million).

35.2 Commitments

Commitments as on June 30, 2024 were as follows:

- a) Against letters of credit amounting to Rs. 1,479.252 million (2023: Rs. 3123.055 million).
- b) Against purchase of land amounting to Rs. 79.139 million (2023: Rs. 145.639 million).

36 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Company's from contracts with customers

Major products and services

	2024	2023
Note	— Rupees in thousand —	
Manufacturing	28,198,479	27,767,320
Trading	-	19,015
Toll manufacturing	177,898	142,244
	<u>28,376,377</u>	<u>27,928,579</u>
Less:		
Sales tax	3,813,946	3,455,782
Commission to selling agents	247,843	204,514
	<u>4,061,789</u>	<u>3,660,296</u>
	<u>24,314,588</u>	<u>24,268,283</u>
Local sales	22,686,229	20,754,232
Export sales	1,628,359	3,514,051
	<u>24,314,588</u>	<u>24,268,283</u>

	Note	2024 — Rupees in thousand —	2023
Geographical region:			
Pakistan		22,686,229	20,754,232
Afghanistan		398,166	169,655
France		-	9,838
Australia		-	7,070
Azerbaijan		2,450	-
United Arab Emirates		1,169,142	1,867,484
Congo		-	93,846
Durban		-	905,775
Uzbekistan		41,861	204,288
Tanzania		-	26,748
Belgium		16,740	-
Kuwait		-	8,240
Oman		-	221,107
		<u>24,314,588</u>	<u>24,268,283</u>
Timing of transfer of goods			
Goods transferred to customers at a point in time		<u>24,314,588</u>	<u>24,268,283</u>
Contract balances			
Trade receivables	13	<u>3,015,773</u>	<u>1,939,538</u>
Contract liabilities	31	<u>250,984</u>	<u>383,461</u>
37 COST OF SALES			
Raw materials consumed			
Opening stock		1,018,173	1,423,359
Purchases		9,540,972	9,175,526
		<u>10,559,145</u>	<u>10,598,885</u>
Closing stock	13	<u>(935,585)</u>	<u>(1,018,173)</u>
		9,623,560	9,580,712
Stores, spares and consumables		476,683	330,687
Packing materials consumed		246,896	246,931
Salaries, wages and other benefits	37.1	888,314	743,811
Fuel and power		7,585,172	7,979,006
Repair and maintenance		76,460	114,187
Rent, rates and taxes		9,407	10,761
Insurance		18,935	17,381
Depreciation	6.6	663,207	596,886
Vehicle running expense		28,659	25,798
Telephone, telex and postage		1,106	1,033
Printing and stationery		80	1,242
Provision for slow moving stores and spares	12.2	18,000	39,530
Other expense		9,385	6,115
		<u>19,645,864</u>	<u>19,694,080</u>
Work in process			
Opening		75,529	53,901
Closing	13	<u>(82,822)</u>	<u>(75,529)</u>
		(7,293)	(21,628)
Cost of goods manufactured		<u>19,638,571</u>	<u>19,672,452</u>
Cost of stores traded		-	8,126
Finished goods			
Opening		1,073,329	667,255
Closing	13	<u>(1,208,685)</u>	<u>(1,073,329)</u>
		(135,356)	(406,074)
		<u>19,503,215</u>	<u>19,274,504</u>

37.1 This amount includes Rs. 45.813 million (2023: Rs. 51.374 million) and Rs. 0.855 million (2023: Rs. 11.827 million) in respect of gratuity and provident fund respectively.

	Note	2024 — Rupees in thousand —	2023
38 SELLING AND DISTRIBUTION EXPENSES			
Salaries and other benefits	38.1	55,081	50,903
Travelling and conveyance		4,711	3,940
Vehicle running expense		7,848	5,328
Advertisement		368	338
Telephone, telex and postage		1,005	883
Marketing service charges		114,745	104,957
Freight		1,142,662	1,440,932
Rent, rates and taxes		4,349	2,463
Printing and stationery		3,927	645
Fee and subscription		294	235
Fuel and power		5,250	3,780
Repair and maintenance		873	1,077
Insurance		9,285	9,832
Depreciation	6.6	1,724	1,935
		<u>1,352,122</u>	<u>1,627,248</u>

38.1 This amount includes Rs. 2.947 million (2023: Rs. 2.118 million) and Rs. Nil (2023: Rs. 1.728 million) in respect of gratuity and provident fund respectively.

	Note	2024	2023
39 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other benefits	39.1	187,660	159,491
Traveling and conveyance		27,537	24,746
Vehicle running expense		20,382	19,403
Telephone, telex and postage		4,750	3,357
Rent, rates and taxes		9,141	9,915
Printing and stationery		1,620	1,444
Fee and subscription		13,970	4,206
Legal and professional charges		11,498	9,745
Fuel and power		11,585	8,780
Provision for doubtful debts and advances		1,456	4,393
Amortization of intangible asset		557	557
Repair and maintenance		4,822	4,314
Depreciation	6.6	23,456	21,343
Bad debts written off		4,948	-
Donations	39.2	30,542	23,557
Other expense		5,841	4,694
		<u>359,765</u>	<u>299,945</u>

39.1 This amount includes Rs. 5.255 million (2023: Rs. 3.922 million) and Rs. Nil (2023: Rs. 3.453 million) in respect of gratuity and provident fund respectively.

	Note	2024 — Rupees in thousand —	2023
39.2 Donations			
The Company has paid donations to donees as mentioned below exceeding Rs. 1.00 million.			
Taryaq Welfare Organization		9,000	-
Swat Flood Relief		-	1,100
Al Khidmat Foundation		1,000	1,000
Zubaida Associates		923	1,062
Dastkari School KSK		2,635	2,298
Kiran Foundation	39.2.1	1,000	200
Baituslam Welfare Trust		850	1,500
Indus Hospital		1,500	-
Musalaman Cutchi Khatri Jamat		1,000	-
		<u>17,908</u>	<u>7,160</u>

39.2.1 Interest of the directors or their spouses in the donations made during the year is as follows:

Donation amounting to Rs. 1.00 million (2023: Rs. 0.200 million) paid to Kiran Foundation (Ex Kiran Ibtadai School). Ms. Sabina Khatri w/o Mr. Muhammad Siddique Khatri, Chairman of the Company is the patron of the school and Mr. Waqas Siddiq Khatri, an executive director of the company, is also the member of the Board of Trustees.

39.2.2 Donations other than mentioned above were not made to any donee in which any director of the Company or his spouse had any interest at any time during the year.

40 OTHER OPERATING EXPENSES

Auditors' remuneration			
Audit fee		1,150	1,000
Half yearly review fee		288	250
Tax and certification charges		50	50
Out of pocket expenses		142	139
		<u>1,630</u>	<u>1,439</u>
Loss on scrap of fixed assets		53,568	1,686
Workers' Profit Participation Fund	31.6	121,549	135,846
Workers' Welfare Fund	31.7	50,870	57,470
		<u>227,617</u>	<u>196,441</u>

41 OTHER INCOME

Income from financial assets:			
Gain on foreign exchange		3,799	147,081
Return on saving accounts		1,825	1,250
Return on TDRs - Shariah		2,993	7,079
		<u>8,617</u>	<u>155,410</u>
Income from non- financial assets:			
Gain on sale of fixed assets		4,696	3,571
Gain on sale of leased assets (disposal)		-	2,834
Sale of scrap		43,361	30,137
Government grants		59,407	26,551
		<u>107,464</u>	<u>63,093</u>
		<u>116,081</u>	<u>218,503</u>

	Note	2024 — Rupees in thousand —	2023
42 FINANCIAL CHARGES			
Mark-up / interest on:			
Long term financing - Conventional		236,768	157,482
Long term diminishing musharaka - Shariah		95,393	138,785
Interest on lease finance		1,233	1,217
Short term borrowings - Conventional		191,794	126,998
Short term borrowings - Shariah		174,672	86,730
Worker's Profit Participation Fund		13,868	2,477
		713,728	513,689
Bank charges and commission		17,112	26,673
Unwinding of discount on GIDC payment		-	1,114
Discounting charges UL LC		-	20,731
		730,840	562,207
43 TAXATION			
Final tax	43.1	16,284	38,092
Current	43.2 and 43.3		
- for the year		588,920	648,318
- prior year		(10,316)	458
		578,604	648,776
Super tax	43.4	203,955	236,540
Deferred tax		185,015	(69,413)
		983,858	853,995

43.1 This represents final taxes paid under Under Section 154A of Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.

43.2 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the unconsolidated statement of profit or loss is as follows:

Current tax liability for the year as per applicable tax laws	797,156	923,408
Portion of current tax liability as per tax laws, representing income tax under IAS 12	(798,843)	(923,408)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	1,687	-
Difference	-	-

43.3 The aggregate of final tax and current income tax for the year, amounting to Rs. 797.156 million represents tax liability of the Company for the year calculated under the relevant provisions of the Income Tax Ordinance, 2001.

43.4 This represents super tax @ 10% on the taxable income for the tax year 2024 imposed through Finance Act 2022.

43.5 Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:

43.5.1 Relationship between tax expense and accounting profit

Accounting profit	2,369,610	2,680,191
Applicable tax rate 29% (2023: 29%)	29%	29%
Tax at the applicable rate of 29% (2023: 29%)	687,187	777,255
Tax effect of inadmissible expenses/ losses	281,258	264,188
Tax effect of admissible expenses	(350,881)	(271,835)
Income taxed at different rates	(10,537)	(45,547)
Prior years adjustment	(10,316)	458
Tax effect of losses and other allowances	(2,551)	(37,651)
Effect of super tax	204,683	236,540
Effect of temporary difference	185,015	(69,413)
Tax charge for the year	<u>983,858</u>	<u>853,995</u>

43.6 The rate of tax has been fixed at 29% for Tax Year 2024 and onwards by taxation authorities.

44 DEFINED CONTRIBUTION PLANS

44.1 The Company has contributory provident fund scheme for benefit of all its permanent employees, who had not opted Voluntarily Separation Scheme / Golden Hand Shake Scheme announced at the time of privatization of the Company in 1995, under the title of "Ittehad Chemicals Limited - Employees Contributory Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

The Trustees have intimated that the size of the Fund at year end was Rs. 9.72 million (2023: Rs. 7.113 million).

Based on the unaudited financial information of the Provident Fund as at June 30, 2024, investment out of the Fund have been made in accordance with provision of the Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

The cost / fair value of the investments was Rs. 8.154 million (2023: Rs. 6.014 million) at that date. The category wise break up of investment as per section 218 of the Companies Act, 2017 is given below:

	Rupees in thousand	Percentage
2024		
Deposit in scheduled banks	<u>8,154</u>	<u>100</u>
2023		
Deposit in scheduled banks	<u>6,014</u>	<u>100</u>

45 EARNINGS PER SHARE - BASIC AND DILUTED

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

	2024	2023
	— Rupees in thousand —	
Profit after taxation	<u>1,385,752</u>	<u>1,826,196</u>
Weighted average number of ordinary shares in thousand	<u>100,000</u>	<u>100,000</u>
Earnings per share - (Rupees)	<u>13.86</u>	<u>18.26</u>

46 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITY TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities and equity		
	Financing / Lease/GIDC	Dividend	Total
	———— Rupees in thousand ————		
Balance as at July 1, 2023	3,329,549	4,012	3,333,561
Borrowings from Banking Companies (short and long) - net	629,345	-	629,345
Repayment of finance lease liabilities	(4,116)	-	(4,116)
Repayments of long term diminishing musharaka	(387,005)	-	(387,005)
Dividend on ordinary shares	-	325,000	325,000
Payment of dividend	-	(323,080)	(323,080)
Balance as at June 30, 2024	<u>3,567,773</u>	<u>5,932</u>	<u>3,573,705</u>

47 CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2024 ———— Rupees in thousand ————	2023 ———— Rupees in thousand ————
Profit before tax		2,369,610	2,680,191
Adjustments for items not involving movement of funds:			
Depreciation	6.6	688,387	620,165
Amortization of intangible assets	8	557	557
Provision for defined benefit liability	29	49,888	23,945
Loss / (gain) on sale of fixed assets	6.8	48,872	(1,885)
Gain on disposal of leased assets	6.11	-	(2,834)
Gain on revaluation of investment property	9.1	(112,500)	(153,750)
Foreign exchange gain	40	(3,799)	(147,081)
Allowance for ECL	14	1,456	4,393
Bad debt written off	39	4,948	-
Deferred grant amortization	41	(59,407)	(26,551)
Provision for obsolete stores and spares	12	18,000	39,530
Finance cost	42	730,840	562,207
Net cash flow before working capital changes		<u>3,736,852</u>	<u>3,598,887</u>

48 TRANSACTIONS WITH RELATED PARTIES INCLUDING ASSOCIATED UNDERTAKINGS

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors, associate persons and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows except for those which are specifically disclosed elsewhere:

		2024	2023
		— Rupees in thousand —	
48.1 Transactions with related parties			
Relation with the Company	Nature of transaction		
Other related party			
Chemi Multifabrics Limited	Marketing service charges	114,731	104,957
Chemi Viscofiber Limited	Balance payment of Misc. Store Items	-	(1,539)
Subsidiary			
Ittehad Salt Processing (Private) Limited	Loan - given	-	90
	Loan - repaid	-	(90)
ICL Power (Private) Limited	Investment made	1,000	-
	Advance - given	8,882	-
Associated			
M/S Ittehad Developers	Loan - received	100,000	-
Staff retirement fund	Contribution to staff retirement	855	652
Directors and employees	Remuneration to directors and key management personnel	134,578	128,123

48.2 Basis of relationship with the company

Name of related party	Relationship	Basis of Association	%
Chemi Viscofiber Limited	Other related party	Shareholding	7.91%
Chemi Multifabrics Limited	Other related party	N/A	-
Ittehad Salt Processing (Private) Limited	Subsidiary	Wholly owned subsidiary	100%
ICL Power (Private) Limited	Subsidiary	Wholly owned subsidiary	100%
Chemi Dyestuffs Industries (Private) Limited	Associated company	Common Directorship	-
Ittehad Developer	Associated company	Common Directorship	-
Ittehad Chloro Alkali (Private) Limited	Associated company	Common Directorship	-

		2024	2023
		— Rupees in thousand —	
48.3 Year end balance			
Chemi Multifabrics Limited (Payable)		25,814	105,429
ICL Power (Private) Limited		8,882	-
Ittehad Developers		100,000	-

48.4 The details of compensation paid to key management personnel are shown under the heading of “Remuneration of Chief Executive, Directors and Executive (Note 52)”. There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

48.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

49 FINANCIAL INSTRUMENTS

Financial risk management

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

49.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter party fail completely to perform as contracted and arise principally from trade debts, loans and advances, trade deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

	2024	2023
	— Rupees in thousand —	
Long term deposits	63,144	62,357
Long term investments	3,500	2,500
Trade debts - net of expected credit loss	3,015,773	1,939,538
Loans, advances and other receivables - net of provision	22,968	23,239
Receivable from related parties	8,882	-
Trade deposits	8,727	19,342
Short term investment	12,200	300,000
Bank balances	286,040	923,207
	<u>3,421,234</u>	<u>3,270,183</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Credit terms are approved by the approval committee. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

Export	324,191	134,018
Domestic	2,691,582	1,805,520
	<u>3,015,773</u>	<u>1,939,538</u>

Foreign trade receivables by geographical split is as follows:

Country	Sales			Trade debts	
	LC	Others	Total	Outstanding balance	
Rupees in thousand					
				2024	2023
Afghanistan	-	398,166	398,166	1,046	-
Azerbaijan	-	2,450	2,450	42	-
United Arab Emirates	-	1,169,142	1,169,142	323,079	133,815
Uzbekistan	-	41,861	41,861	-	203
Belgium	-	16,740	16,740	24	-
Total	-	1,628,359	1,628,359	324,191	134,018

The maximum exposure to credit risk for trade debts at the reporting date by type of customer is as follows:

	2024	2023
Rupees in thousand		
Dealers	915,217	560,699
End-user customers	2,100,526	1,378,839
	3,015,773	1,939,538
The aging of trade receivable at the reporting date is:		
Not past due	1,987,451	1,554,805
Past due 1-30 days	729,854	293,069
Past due 30-150 days	268,692	91,664
Past due more than 150 days	29,776	-
	3,015,773	1,939,538

The Company's most significant customers, are dealers from whom the receivable was Rs. 915.217 million (2023: Rs. 560.699 million) and foreign debtors amounting to Rs. 324.191 million (2023: Rs. 134.018 million) of the total carrying amount as at June 30, 2024.

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that no impairment allowance is necessary in respect of trade debtors past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable ground to believe that the amounts will be recovered in short course of time.

On the basis of expected credit loss an amount of Rs. 1.456 million (2023: Rs. 4.393 million) has been charged to the statement of profit or loss and upto statement of financial position an amount of Rs. 68.317 million (2023: Rs. 66.861 million) has been provided for as expected credit loss as fully explained on Note 14.1.

The Company's bank balances can be assessed with reference to external credit ratings as follows:

Cash and bank balances

The Company held cash and cash equivalents amounting to Rs. 287.556 million. These cash and cash equivalents are held with banks and financial institutions counterparties, which are rated A to AA+, based on PACRA ratings. Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects short term maturities of the exposure. The Company considers its cash and cash equivalents have low credit risk based on the external ratings of the counterparties. 12 month probabilities of default are based on historical data supplied by PACRA rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

	Rating Agency	Ratings Short Term	Long Term
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A1+
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Al-falah Limited	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
MCB Islamic Bank Ltd (Istisna)	PACRA	A1	A+
Meezan Bank Limited	JCR-VIS	A-1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
SAMBA Bank	PACRA	A1	AA
The Bank of Punjab	PACRA	A1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
Pak Brunie Investment Company Limited	JCR-VIS	A-1+	AA+
Pak Libya Holding Company (Private) Limited	PACRA	A1+	AA-

Advances, deposits and other receivables

Advances, deposits and other receivables mainly comprise of advances to employees against salaries and deposits with government entities. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

49.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	One to two years	Two to five years
Rupees in thousand						
2024						
Financial liabilities						
Long term financing	1,014,392	1,337,121	287,918	282,221	705,407	61,575
Long term diminishing musharaka	190,561	217,570	160,942	56,628	-	-
Lease liabilities	-	-	-	-	-	-
Trade and other payables	3,028,246	3,028,246	3,028,246	-	-	-
Mark-up accrued	107,870	107,870	107,870	-	-	-
Short term borrowing	2,294,448	2,412,978	2,412,978	-	-	-
	<u>6,635,517</u>	<u>7,103,785</u>	<u>5,997,954</u>	<u>338,849</u>	<u>705,407</u>	<u>61,575</u>

2023

Financial liabilities

Long term financing	1,306,037	1,794,768	252,336	280,290	509,716	752,426
Long term diminishing musharaka	577,566	710,183	256,949	235,664	217,570	-
Lease liabilities	4,116	5,347	3,564	1,783	-	-
Trade and other payables	3,122,323	3,122,323	3,122,323	-	-	-
Mark-up accrued	76,317	76,317	76,317	-	-	-
Short term borrowing	1,314,051	1,392,179	1,392,179	-	-	-
	<u>6,400,410</u>	<u>7,101,117</u>	<u>5,103,668</u>	<u>517,737</u>	<u>727,286</u>	<u>752,426</u>

49.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

a) Currency risk

The Company is exposed to currency risk on trade debts, import of raw materials and stores and spares and export sales that are denominated in a currency other than the respective functional currency of the Company, primarily in U.S. dollar. The Company's exposure to foreign currency risk is as follows:

	Note	2024 — Rupees in thousand —	2023
Trade debts		324,191	134,018
Gross statement of financial position exposure		324,191	134,018
Outstanding letters of credit	35.2	(1,479,252)	(3,123,055)
Net exposure		<u>(1,155,061)</u>	<u>(2,989,037)</u>

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2024	2023	2024	2023
USD to PKR	282.95	246.55	278.80	287.10

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US dollar with all other variables held constant, post tax profit for the year would have been lower by the amount shown below.

Effect on profit or loss

Loss	<u>32,419</u>	<u>13,402</u>
------	---------------	---------------

The weakening of the PKR against US dollar would have had an equal but opposite impact on the post tax profits / loss.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk. At the reporting date the interest rate profile of the Company's interest - bearing financial instruments is as follows:

	Effective rates	Carrying amount	
		2023	2022
— Rupees in thousand —			
Financial liabilities			
Variable rate instruments:			
Long term loans	21.64%	1,082,764	1,433,816
Long term diminishing musharaka	21.39%	190,561	577,566
Short term borrowings	21.30%	2,194,448	1,314,051
		<u>3,467,773</u>	<u>3,325,433</u>

Effective interest rates are mentioned in the respective notes to the unconsolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2023.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2024		
Cash flow sensitivity - Variable rate financial liabilities	<u>(34,678)</u>	<u>34,678</u>
As at June 30, 2023		
Cash flow sensitivity - Variable rate financial liabilities	<u>(33,254)</u>	<u>33,254</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

49.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

49.5 Financial instruments by category

On- Statement of financial position

As at June 30, 2024

Financial assets

	Note	Carrying amount		Total
		Amortised cost	Amortised cost	
----- Rupees in thousand -----				
Long-term deposits	11	63,144	-	63,144
Long term investment		3,500	-	3,500
Trade debts - net of provisions	14	3,015,773	-	3,015,773
Loans, advances and other receivables	15	22,968	-	22,968
Receivable from related parties	16	8,882	-	8,882
Trade deposits	17	8,727	-	8,727
Short term investment	20	12,200	-	12,200
Cash and bank balances	21	287,556	-	287,556
		<u>3,422,750</u>	<u>-</u>	<u>3,422,750</u>

Financial liabilities

Long term financing	26	-	1,014,392	1,014,392
Long term diminishing musharaka	27	-	190,561	190,561
Lease liabilities	28	-	-	-
Gratuity	29	-	166,299	166,299
Trade and other payables	31	-	3,028,246	3,028,246
Mark-up accrued	32	-	107,870	107,870
Short-term borrowings	33	-	2,294,448	2,294,448
		<u>-</u>	<u>6,801,816</u>	<u>6,801,816</u>

On- Statement of financial position

As at June 30, 2023

Financial Assets

Long Term Investment	10	2,500	-	2,500
Long-term deposits	11	62,357	-	62,357
Trade debts - net of provisions	14	1,939,538	-	1,939,538
Loans, advances and other receivables	15	23,239	-	23,239
Receivable from related parties	16	-	-	-
Trade deposits	17	19,342	-	19,342
Short term investment	20	300,000	-	300,000
Cash and bank balances	21	923,733	-	923,733
		<u>3,270,709</u>	<u>-</u>	<u>3,270,709</u>

Financial liabilities

Long term financing	26	-	1,306,037	1,306,037
Long term diminishing musharaka	27	-	577,566	577,566
Lease Liabilities	28	-	4,116	4,116
Gratuity	29	-	122,975	122,975
Trade and other payables	31	-	3,122,323	3,122,323
Mark-up accrued	32	-	76,317	76,317
Short-term borrowings	33	-	1,314,051	1,314,051
		<u>-</u>	<u>6,523,385</u>	<u>6,523,385</u>

49.5.1 Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

50 RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee. The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

51 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

52 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the unconsolidated financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	Rupees in thousand					
Managerial remuneration	7,536	6,500	7,876	6,408	123,357	143,047
House rent allowance	3,391	2,925	3,544	2,884	55,510	64,371
Medical expenses	377	325	394	320	6,168	7,152
Bonus (performance)	1,488	935	1,551	892	15,917	23,644
	12,792	10,685	13,365	10,504	200,952	238,214
Number of persons	1	1	1	1	77	71

52.1 The Company also provides the Chief Executive and some of the Directors and Executives with Company maintained cars and mobiles phones in accordance with their terms of employment.

52.2 Aggregate amount charged in these unconsolidated financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 2.15 million (2023: Rs. 1.80 million). The Directors fees for attending Board, HR&R Committee and Audit Committee meetings were paid as prescribed in Articles of Association.

52.3 Remuneration to Non-Executive Director relates to amount paid to attend meetings.

53 CAPACITY AND PRODUCTION

	Installed capacity (Tonnes)		Actual production (Tonnes)		Reason for shortfall
	2024	2023	2024	2023	
Caustic Soda Liquid	150,000	150,000	81,757	92,145	Production strategy based on actual demands.
Caustic Soda Flakes	10,000	10,000	5,054	8,409	
LABSA / SLES	70,000	70,000	31,087	26,227	
Liquid Chlorine	13,200	13,200	5,619	5,782	
Hydrochloric Acid	250,000	250,000	178,714	207,393	
Sodium Hypochlorite	49,500	49,500	33,032	36,134	
Zinc Sulphate	600	600	12	-	
Sodium Sulphate (anhydrous)	4,000	4,000	1,674	596	
Calcium Chloride Prills	30,000	30,000	20,395	25,412	
Humic Acid	120	120	-	-	

	2024	2023
54 NUMBER OF EMPLOYEES		
Number of employees at June 30,	712	682
Average number of employees during the year	697	650

55 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The management at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase profitability.

	2024	2023
	— Rupees in thousand —	
The proportion of debt to equity at the year end was:		
Total Borrowings (Notes 26, 27,33 and 34)	3,540,247	3,253,239
Less: Balances with banks (Note 21)	287,556	923,733
Net debt	3,252,691	2,329,506
Total equity	9,287,598	6,703,767
Total capital	12,540,289	9,033,273
Gearing ratio	0.26	0.26

56 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with the reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to all shares Islamic Index.

Description	Explanation			
Loan and advance obtained	Interest bearing	27 & 33	1,102,531	865,566
Bank balance as at June 30,	Placed under shariah permissible	21	105,915	769,598
Income on bank deposit		41	2,993	7,079
Mark up paid on Islamic mode of Financing			233,822	120,654

Relationship with banks having Islamic windows

Bank Name

Nature of transaction

Al- Baraka Bank (Pakistan) Limited	Long term diminishing musharaka, short term borrowings and current A/C
The Bank of Punjab	
Dubai Islamic Bank (Pakistan) Limited	
Bank Alfalah Limited - Islamic	
Faysal Bank (Islamic) Limited	
United Bank Limited (Ameen Islamic Banking)	
Askari Bank Limited - Islamic	
MCB Islamic Bank Limited	
Meezan Bank Limited	

Profit earned or interest paid on any conventional loan or advance has been disclosed in the relevant note to these unconsolidated financial statements.

57 DATE OF AUTHORIZATION OF ISSUE

These corresponding figures have been reclassified and rearranged where necessary to facilitate comparison, however there has been no significant reclassification except for the following:

Description	Note	From	To	Rupees
Reclassification of income tax expense to levy	43	Taxation	Levy (Final Tax)	38,092
Reclassification of advances from customer to contract liability	31	Trade and other payables	Contract liability	383,461

58 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on October 02, 2024 has recommended Rs. 1.5 i.e 15% (June 30, 2023: 12.5%) of final dividend however these unconsolidated financial statements do not reflect this appropriation.

59 DATE OF AUTHORIZATION OF ISSUE


These unconsolidated financial statements were authorized for issue on October 02, 2024 by the Board of Directors of the Company.

60 GENERAL

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



Chief Executive



Director



Chief Financial Officer

Consolidated Financial Statements

for the year ended 30 June 2024



Directors' Report on The Consolidated Financial Statements

The Directors take pleasure in presenting their Report on the Consolidated 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 "IPPL"), for the year ended June 30, 2024.

Ittehad Salt Processing (Private) Limited ("ISPPL") was established in accordance with the provisions of the Companies Act, 2017, as a company limited by shares, incorporated on December 3, 2019, in Pakistan. The company's registered office is located in Lahore, Punjab. ISPPL, as a wholly owned subsidiary, is primarily focused on exploring opportunities in rock salt mining, ensuring full compliance with all applicable legal requirements. The subsidiary has successfully secured an exploration license from the Punjab Mines and Minerals Department for an area covering 1,356.07 acres, situated near Dhok Jabba/Lafi in District Chakwal. Presently, efforts are in progress to obtain a Mining Lease from the relevant government authorities.

ICL Power (Private) Limited ("ICLPPL") was incorporated in Pakistan as a company limited by shares on January 2, 2024 under the Companies Act, 2017. 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 establishing a Biomass Power Plant. The Subsidiary has also entered into an agreement with a seller for purchase of partial plant and equipment for 1x37.2 MW bagasse-based power plant.

The Consolidated Financial Statements showed Earnings per share Rs. 13.85 (2023: Rupees 18.26) for the year ended June 30, 2024. We remain committed to delivering value to our shareholders and ensuring the sustainable growth of your Company.



Muhammad Siddique Khatri
Chairman



Abdul Sattar Khatri
Chief Executive Officer

Lahore
October 02, 2024

Independent Auditors' Report to the Members of Ittehad Chemicals Limited

Report on the Audit of the consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of ITTEHAD CHEMICALS LIMITED (the Group), which comprise the consolidated statement of financial position as at June 30, 2024, and consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2024 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Following are the key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	Revenue Recognition	
	As described in Note 5.22 and Note 36 to the financial statements, the Group generates revenue from several types of products including two major products i.e., Caustic Soda and Linear Alkyl Benzene Sulfonic Acid. During the year ended June 30, 2024, the Group generated net revenue of Rs. 24,315 million as compared to Rs. 24,268 million, which represents an increase of 0.19% as compared to last year. The revenue recognition is identified as a key audit matter due to revenue being one of the key performance indicators of the Group and raises the risk that revenue could be misstated to meet targets.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> • Obtained an understanding of the Group's processes and design and implementation of internal controls relating to revenue recognition, credit control processes (credit limits), discount policies and on a sample basis, testing the effectiveness of those controls, particularly in relation to revenue recognition and timing;

S. No	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Evaluating the appropriateness of the Group's revenue recognition policies and procedures to ensure compliance with International Financial Reporting Standards (IFRS) as applicable in Pakistan; • Assessed IT general controls and application controls for effectiveness in processing revenue transactions; • Performed test of controls on identified controls to ensure that they are operating effectively; • Performed sequential testing of sales invoices to assess the completeness and accuracy of recorded revenue. This involved examining the numerical sequence of invoices to detect any gaps or duplicates, investigating any irregularities, and verifying that all invoices were accurately recorded within the financial year; • Examined supporting documentation for a sample of sales transactions, which involved verifying sales orders, invoices, goods dispatch notes, gate passes and conducting additional detailed procedures; • performed substantive analytical procedures to reconcile sales reported in the sales tax returns with those in the internal sales reports. This included comparing the figures, investigating any discrepancies, and ensuring that all sales were accurately recorded and properly reported for tax purposes; • Performed cut-off procedures on near year-end sales to ensure revenue has been recorded in the correct period; and • Assessing the appropriateness and adequacy of the disclosures provided in Note 36 to the financial statements in accordance with relevant accounting standards;

S. No	Key audit matters	How the matter was addressed in our audit
2.	Stock in trade	
	<p>As described in Note 13 to the financial statements, the Group's stock in trade includes items of raw-materials in hand and raw-materials in transit against which the rights and obligations have been transferred to the Group and the finished good items as at reporting date amounting to Rs. 2,274 million as compared to Rs. 2,197 million which represents 3.50% increase as compared to last year.</p> <p>We identified this area as a key audit matter because inventories constitute significant portion of total assets of the Group.</p> <p>Further, determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgment and estimation.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's processes and design and implementation of internal controls relating the purchase and recording on inventory and on a sample basis, testing the effectiveness of those controls, particularly in relation to timing and recording on inventory; • Observed physical inventory count procedures and compared on a sample basis, physical count with inventory sheets; • We evaluated the effectiveness of the Group's internal controls over inventory management across various stages of production. This included performing IT audit controls (ITAC) to ensure that overhead costs were properly allocated, and inventory was recorded and issued at accurate moving average rates. We also verified that stock issuance rates were correctly calculated and that inventory was appropriately valued; • Performed substantive analytical procedures to reconcile stock issuance as per stock movement records with the amounts recorded in the trial balances. This involved investigating any discrepancies, including those related to interdepartmental issuances, and ensuring that consumption is accurately reflected in the financial statements; • Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; • Performing procedures related to purchases cut-off to ensure that recorded purchases were of the relevant period. This help verifying that the costs associated with inventory were properly allocated to the correct accounting period.

S. No	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • Assessed the provision for slow moving stock as at the year end and assessed whether it is in accordance with the relevant accounting and reporting standards; and • Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting standards.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Group as required by the Companies Act, 2017 (XIX of 2017);
- b) the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Group's business; and

- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Group and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Lahore

Dated: October 03, 2024

UDIN: AR202410087sgW3uILvN



BDO Ebrahim & Co

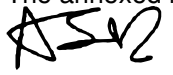
Chartered Accountants


Consolidated Statement of Financial Position

as at 30 June, 2024

	Note	2024	2023
		— Rupees in thousand —	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	8,504,920	6,322,977
Capital work in progress	7	251,750	908,192
		8,756,670	7,231,169
Intangible assets	8	578	1,135
Investment property	9	675,000	562,500
Long term investments	10	-	-
Long term deposits	11	64,644	63,857
		9,496,892	7,858,661
CURRENT ASSETS			
Stores, spares and loose tools	12	661,237	533,525
Stock in trade	13	2,274,309	2,197,162
Trade debts	14	3,015,773	1,939,538
Loans, advances and other receivables	15	256,358	172,452
Trade deposits and short term prepayments	16	204,211	42,008
Tax refunds due from the Government	17	723,993	723,163
Taxation - net	18	333,136	-
Short term investments	19	12,200	300,000
Cash and bank balances	20	289,057	925,198
		7,770,274	6,833,046
		17,267,166	14,691,707
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	21.1	2,000,000	2,000,000
Issued, subscribed and paid up share capital	21.2	1,000,000	1,000,000
Reserves	22		
Capital reserves - Share premium		177,000	177,000
Revenue reserves - Unappropriated profit		5,243,885	4,140,827
Merger reserve	23	(6,445)	(6,445)
Surplus on revaluation of freehold land	24	2,872,504	1,392,042
		9,286,944	6,703,424
NON CURRENT LIABILITIES			
Long term financing	25	582,415	938,485
Long term diminishing musharaka	26	-	190,561
Lease liabilities	27	-	-
Deferred liabilities	28	799,378	571,317
Deferred grant	29	27,526	72,194
		1,409,319	1,772,557
CURRENT LIABILITIES			
Trade and other payables	30	3,247,275	3,354,585
Contract liabilities		250,984	383,461
Short term loan	31	1,010	1,010
Unclaimed dividend		5,932	4,012
Mark-up accrued	32	107,870	76,317
Short term borrowings	33	2,294,448	1,314,051
Taxation - net	18	-	268,032
Current portion of long term liabilities	34	663,384	814,258
		6,570,903	6,215,726
		17,267,166	14,691,707
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	35		

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended 30 June, 2024

	Note	2024 — Rupees in thousand —	2023
Revenue from contracts with customers	36	24,314,588	24,268,283
Cost of sale	37	(19,503,215)	(19,274,504)
Gross profit		4,811,373	4,993,779
Selling and distribution expenses	38	(1,352,122)	(1,627,248)
General and administrative expenses	39	(359,895)	(300,115)
Other operating expense	40	(227,797)	(196,495)
Other income	41	116,081	218,503
		(1,823,733)	(1,905,355)
Operating profit		2,987,640	3,088,424
Finance cost	42	(730,841)	(562,207)
Fair value gain on investment property	9	112,500	153,750
Profit before income tax and final taxes		2,369,299	2,679,967
Final taxes	43	(16,284)	(38,092)
Profit before income tax		2,353,015	2,641,875
Income tax	43		
Current		(782,559)	(885,316)
Deferred		(185,015)	69,413
		(967,574)	(815,903)
Profit after income tax		1,385,441	1,825,972
Earnings per share - Basic and diluted (Rupees)	45	13.85	18.26

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.



Chief Executive



Director



Chief Financial Officer

Consolidated Statement of Comprehensive Income


For the year ended 30 June, 2024

		2024	2023
	Note	— Rupees in thousand —	
Profit after taxation for the year		1,385,441	1,825,972
Other comprehensive income			
Items that will not be reclassified subsequently to statement of profit or loss			
Remeasurement of defined benefit liability	28.2	(759)	(4,835)
Revaluation surplus on freehold land	6.1	1,523,560	-
Related tax effect		278	1,388
		1,523,079	(3,447)
Items that may be reclassified subsequently to statement of profit or loss		-	-
		1,523,079	(3,447)
Total comprehensive income for the year		<u>2,908,520</u>	<u>1,822,525</u>

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.



Chief Executive



Director



Chief Financial Officer

Consolidated Statement of Cash Flows


For the year ended 30 June, 2024

		2024	2023
	Note	— Rupees in thousand —	
Cash flows from operating activities			
Net cash flows from operating activities before working capital changes	47	3,736,542	3,598,663
(Increase) / decrease in current assets			
Stores, spares and loose tools		(145,712)	(77,488)
Stock in trade		(77,147)	(28,636)
Trade debts		(1,078,840)	(9,382)
Loans, advances and other receivables		(83,906)	106,476
Trade deposits and short term prepayments		(162,203)	(10,623)
Tax refunds due from the Government		(121,250)	12,737
		(1,669,058)	(6,916)
(Decrease) / increase in current liabilities			
Trade and other payables		(108,997)	347,434
Contract liabilities		(132,477)	158,646
		(241,474)	506,080
Cash generated from operations		1,826,010	4,097,827
Taxes paid		(1,277,904)	(637,322)
Gratuity paid		(7,323)	(8,450)
Finance cost paid		(654,195)	(559,234)
Net cash (used in) / generated from operating activities		(113,412)	2,892,821
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating fixed assets		(52,505)	(64,183)
Additions to capital work in progress		(763,942)	(1,082,381)
Proceeds from sale of operating fixed assets		91,561	5,295
Short term investment - net		287,800	(300,000)
Long term deposits		(787)	(14,617)
Net cash used in investing activities		(437,873)	(1,455,886)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - net		(351,052)	462,181
Long term diminishing musharaka - net		(387,005)	(387,005)
Repayment of finance lease liabilities		(4,116)	(8,046)
Proceeds from third party loan during the year		-	80
Dividend paid		(323,080)	(298,296)
Short term borrowings - net		980,397	(476,802)
Net cash used in financing activities		(84,856)	(707,888)
Net (decrease) / increase in cash and cash equivalents		(636,141)	729,047
Cash and cash equivalents at the beginning of the year		925,198	196,151
Cash and cash equivalents at the end of the year	20	289,057	925,198

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.



Chief Executive



Director



Chief Financial Officer


Consolidated Statement of Changes in Equity

For the year ended 30 June, 2024

Issued, subscribed and paid-up share capital	Reserves				Total	
	Capital Reserves			Revenue Reserves		
	Surplus on revaluation of fixed assets	Merger reserve	Share premium	Unappropriated profit		
(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 on ordinary shares @ - Rs. 1.00 per share on October 26, 2022	-	-	-	-	(100,000)	(100,000)
- Rs. 1.00 per share on February 16, 2023	-	-	-	-	(100,000)	(100,000)
- Rs. 1.00 per share on April 26, 2023	-	-	-	-	(100,000)	(100,000)
	-	-	-	-	(300,000)	(300,000)
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,825,972	1,825,972
Remeasurements of defined benefit liability - net	-	-	-	-	(3,447)	(3,447)
	-	-	-	-	1,822,525	1,822,525
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 on ordinary shares @ Rs. 1.25 per share on September 20, 2023	-	-	-	-	(125,000)	(125,000)
Interim cash dividend on ordinary shares @ - Rs. 1.00 per share on February 21, 2024	-	-	-	-	(100,000)	(100,000)
- Rs. 1.00 per share on April 25, 2024	-	-	-	-	(100,000)	(100,000)
	-	-	-	-	(325,000)	(325,000)
Total comprehensive income for the year						
Profit for the year	-	-	-	-	1,385,441	1,385,441
Remeasurements of defined benefit liability - net	-	-	-	-	(481)	(481)
Revaluation surplus for the year	-	1,523,560	-	-	-	1,523,560
Revaluation surplus transferred to Revenue reserves	-	(43,098)	-	-	43,098	-
	-	1,480,462	-	-	1,428,058	2,908,520
Balance as at June 30, 2024	1,000,000	2,872,504	(6,445)	177,000	5,243,885	9,286,944

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.


Chief Executive


Director


Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended 30 June, 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) (ICLP). The Parent Company and the subsidiary companies are collectively referred to as “the Group”.

1.1 Status of the Parent Company

Ittehad Chemicals Limited (the Holding Company) was incorporated on September 28, 1991 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Group was privatised on July 03, 1995. The Group is engaged in the business of manufacturing and selling caustic soda and other allied chemicals.

The Holding 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 Chief Executive of subsidiary company is Ahmed Mustafa.

The Holding 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 2, 2024, as company limited by shares. The subsidiary company is engaged in the business of generating and providing of electricity. The Chief Executive of subsidiary company is Waqas Siddiq Khatri.

1.2 Basis of consolidation

These Consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Companies as at June 30, 2024 (together referred to as “the Group”).

A Company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiary is consolidated from the date on which the Holding Company obtains control, and continue to be consolidated until the date when such control ceases. The effective date of consolidation was May 26, 2021.

The financial statements of the subsidiaries is prepared for the same reporting period as the Holding/parent Company, using consistent accounting policies.

All inter-company balances, transactions and unrealized gains and losses resulting from inter-company transactions and dividends are eliminated in full.

The assets, liabilities, income and expenses of subsidiary company are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary company's shareholders' equity in the consolidated financial statements.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The geographical locations and addresses of the Group's business units, including production facilities are as under:

2.1 Holding company

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

Regional office

Karachi
Faisalabad
Islamabad

Office address

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

2.2 Subsidiary company

The registered office of the Ittehad Salt Processing (Private) Limited is situated at 31-A, Tech Society, Canal Bank, Lahore.

The registered office of the ICL Power (Private) Limited is situated at 39, Empress Road, Lahore.

3 BASIS OF PREPARATION**3.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued 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.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for recognition of certain staff retirement liability which are measured at present value, freehold land and investment property which are measured at fair value as referred in Notes 5.1 and 5.4 respectively.

The preparation of consolidated financial statements in conformity with approved financial reporting standards requires management to make estimates, assumptions and use judgments that effect the application of policies and reported amounts, of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

3.3 Accounting estimates and judgments

The Group's main accounting policies affecting its result of operations and financial conditions are set out in Note 5. Judgments and assumptions have been required by the management in applying the Group's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions. Key sources of estimation, uncertainty and critical accounting judgments are as follows:

a) Income taxes

The Group takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes as explained in note 5.10 to these consolidated financial statements.

b) Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Group. Further, the Group reviews the value of the assets for possible impairment on an annual basis.

Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. As explained in Note 6 to these consolidated financial statements, the Group has revalued its free hold land as on November 03, 2023.

c) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding effect on amounts recognized in the statement of profit or loss as provision / reversal.

d) Expected credit losses

The carrying amount of trade and other receivables are assessed on regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of expected credit loss is recognized.

3.4 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the functional and presentation currency for the Group.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

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

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Group to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
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Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
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Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
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Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
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Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
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Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
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Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
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Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
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IFRS 17 Insurance Contracts	January 01, 2026
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IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

5 MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented in these consolidated financial statements except as stated otherwise in notes to these consolidated financial statements.

5.1 Property, plant and equipment

a) Owned assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is carried at revalued amount and capital work-in-progress which is stated at cost less impairment losses. Cost comprises of actual cost including, interest expense and trial run operational results

Depreciation is charged on all fixed assets by applying the reducing balance method at the rates specified in Note 6. The rates are determined to allocate the cost of an asset less estimated residual value, if not insignificant, over its useful life.

Depreciation on assets is charged from the month of addition while no depreciation is charged for the month in which assets are disposed off.

Increases in the carrying amounts arising on revaluation of fixed assets is recognized, net of tax (if any), in other comprehensive income and accumulated revaluation surplus in shareholders' equity and value of fixed assets. If an assets' carrying amount is increased as a result of revaluation, the increase will be recognized in other comprehensive income. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an assets' carrying amount is decreased as a result of revaluation, the decrease shall be first charged to any revaluation surplus against this asset and the remaining balance recognized in profit or loss.

Maintenance and normal repairs are charged to income as and when incurred while cost of major replacements and improvements, if any, are capitalized.

Gains and losses on disposal and retirement of an asset are included in the statement of profit or loss.

b) Capital work in progress

Capital work-in-progress are stated at cost less impairment losses, if any, and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

c) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the statement of profit or loss.

5.2 Intangible assets

Costs that are directly associated with identifiable software products controlled by the Group and have probable economic benefits beyond one year are recognized as intangible assets. These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is provided on a straight line basis over the asset's estimated useful lives.

5.3 Goodwill

On acquisition of an entity, excess of the purchase consideration over the fair value of the identifiable assets and liabilities acquired is initially recognized as goodwill and thereafter tested for impairment annually. Subsequent to initial recognition goodwill is recognized at cost less impairment if any.

5.4 Investment property

Investment property is the property which is held either to earn rental income or for capital appreciation or for both. Investment property is initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition investment property is carried at fair value. The fair value is determined annually by an independent valuer. The fair value is based on market value being the estimated amount for which a property could be exchanged on the date of valuation between knowledgeable and willing buyer and seller in an arms length transaction.

Any gain or loss arising from a change in fair value is recognized in the income statement.

When an item of property, plant and equipment is transferred to investment property following a change in its use, differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognized in surplus on revaluation of property, plant and equipment, if it is a gain. Upon disposal of the item the related surplus on revaluation of property, plant and equipment is transferred to retained earnings. Any loss arising in this manner is recognized immediately in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

5.5 Leases

Right of use assets

The right of use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right of use asset is subsequently depreciated using straight line method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Lease liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

5.6 Investment

5.6.1 Investment in subsidiary

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognized from the date the control ceases. These consolidated financial statements include ICL and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

5.6.2 Acquisition - related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such measurement are recognized in profit or loss.

5.6.3 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

5.6.4 Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This means that amounts previously recognized in comprehensive income are reclassified to statement of profit or loss.

5.6.5 Investments in associated and jointly control entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Group has joint control, where by the Group has right to the net assets of the arrangement, rather than right to its assets and obligations for its liabilities, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the statement of profit or loss and comprehensive income of equity accounted investees, until the date on which significant influence or joint control ceases.

5.7 Stores, spares and loose tools

These are valued at lower of moving average cost and net realizable value less impairment, if any, except for items in transit, which are valued at cost comprising of invoice value plus other charges paid thereon till the statement of financial position date. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated realisable value.

5.8 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw and packing materials	- Moving average cost
Raw and packing materials in transit	- Invoice value plus other expenses incurred thereon
Work in process	- Cost of material as above plus proportionate production overheads
Finished goods	- Average cost of manufacture which includes proportionate production overheads including duties and taxes paid thereon, if any.

Adequate provision is made for slow moving and obsolete items.

Net realizable value represents the estimated selling prices in the ordinary course of business less expenses incidental to make the sale.

5.9 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold. The Group is required to recognize allowance for doubtful debts on all financial assets carried at amortized cost in accordance with Expected Credit Loss (ECL) requiring to recognize the loss irrespective whether the loss event has occurred.

5.10 Taxation

a) Change in accounting policy

During the year, the Group changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Ordinance, not based on the taxable profits of the Group, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: 'Accounting Policies, Changes in Accounting Estimates and Errors'. There is, however, no material impact on the financial statements of the prior years.

b) Taxation - Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

c) Deferred

Deferred tax is provided using the balance sheet method for all temporary differences at the reporting date between tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

5.11 Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as current income tax for the year, is then recognized as a levy.

5.12 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and mark-up accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Borrowing cost on long term finances and short term borrowings which are obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to consolidate statement of profit or loss in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 "Borrowing cost".

5.13 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group and subsequently measured at amortized cost. Exchange gains and losses arising on transaction in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.14 Provisions

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

5.15 Deferred grant

The deferred grant is measured upon initial recognition as the difference between fair value of the loan and loan proceeds. The fair value of the loan is the present value of the loan proceed received, discounted using the prevailing market rates of interest for a similar instrument. Subsequently, the grant is recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

5.16 Cash and cash equivalents

For the purposes of consolidated statement of cashflows, cash and cash equivalents consist of cash in hand, cheques in hand and balances with banks.

5.17 Dividend and appropriation to reserve

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved.

5.18 Financial instruments**5.18.1 Financial assets**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Group as at consolidated reporting date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Impairment

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group recognizes loss allowance for Expected Credit Losses (ECLs), except for the following, which are measured at 12-month ECLs, on financial assets measured at amortized cost and contract assets. The Group measures loss allowance at an amount equal to lifetime ECLs.

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

At each reporting date, the Group assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group applies the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Management uses actual credit loss experience over a past years to base the calculation of ECL.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

5.18.2 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument.

5.18.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

5.18.4 Derecognition

The financial assets are de-recognized when the Group loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

5.19 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Group has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.20 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of transactions or at the contract rate. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing at the reporting date or at the contract rate. Exchange gains and losses are included in statement of profit or loss currently.

5.21 Employee benefits

The Group's employees benefits comprise of provident fund, gratuity scheme and compensated absences for eligible employees.

5.21.1 Staff retirement benefits

a) Defined contribution plan (Provident Fund)

A recognized provident fund scheme is in operation, which covers all permanent employees, who had not opted Voluntarily Separation Scheme / Golden Hand Shake Scheme announced at the time of privatization of the Group in 1995. The Group and the employees make equal contributions to the fund.

b) Defined benefit liability

The Group operates an un-funded gratuity scheme for all its permanent employees who have attained retirement age, died or resigned during service period and have served for the minimum qualification period. Provision is based on the actuarial valuation of the scheme carried out as at June 30, 2023 using the Projected Unit Credit Method in accordance with IAS-19 "Employee Benefits" and resulting vested portion of past service cost has been charged to income in the current year. The rereasurement gains / losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the consolidated statement of profit or loss account.

5.21.2 Compensated absences

The Group accounts for these benefits in the period in which the absences are earned.

5.22 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Group's activities as described below.

Revenue from contracts with customers

Sale of goods

The Group is engaged in the business of manufacturing and selling caustic soda and other allied chemicals, toll manufacturing, and trading. In toll manufacturing, the Group processes raw materials provided by third parties, converting them into finished products as per the specifications of the client. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Revenue from sale of goods is recognized at a point when performance obligations are satisfied coinciding with transfer of control of the asset to the customer, generally on delivery.

Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

Others

- Scrap sales are recognized on delivery to customers
- Return on deposits is accrued using effective interest rate.
- Dividend on equity investments is recognized as income when the right to receive payment is established.

5.23 Related party transactions

Transactions and contracts with the related parties are based on the policy approved by the Board. These prices are determined in accordance with the methods prescribed in the Companies Act, 2017.

5.24 Borrowing costs

Interest and commitment charges on long term loans are capitalized for the period up to the date of commencement of commercial production of the respective plant and machinery acquired out of the proceeds of such loans. All other interest and charges are treated as expenses during the year.

5.25 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group has only one reportable segment.

5.26 Contingencies

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.27 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

5.28 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.29 Capital reserves - Share premium

This reserve can be utilized by the Group only for the purposes specified in section 81(3) of the Companies Act, 2017.

5.30 Merger reserve

For the business combinations under the common control, the consideration paid over and above the carrying value of the assets and liabilities acquired is recognized as "merger reserve".

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Right of use assets

Note	2024	2023
	Rupees in thousand	
6.1	8,504,920	6,321,437
6.11	-	1,540
	<u>8,504,920</u>	<u>6,322,977</u>

6.1 Operating fixed assets

The following is the statement of property, plant and equipment:

Description	(Rupees in thousand)							Total	
	Freehold land	Buildings on freehold land	Railway sidings	Plant and machinery	Other equipments	Furniture and fixtures	Office and other equipments		Vehicles
Net carrying value basis									
Year ended June 30, 2024									
Opening net book value (NBV)	1,592,895	363,074	565	4,185,339	42,619	4,019	19,662	113,264	6,321,437
Additions/ revaluation / transfer (at cost)	1,523,560	27,141	-	1,397,366	35,785	344	2,014	24,553	3,010,763
Disposals (NBV)	(85,475)	(3)	-	(49,662)	(2,040)	(322)	(1,541)	(1,390)	(140,433)
Depreciation charge	-	(37,826)	(56)	(611,813)	(6,979)	(417)	(3,727)	(26,029)	(686,847)
Closing net book value	3,030,980	352,386	509	4,921,230	69,385	3,624	16,408	110,398	8,504,920
Gross carrying value basis									
Year ended June 30, 2024									
Cost or revalued	3,030,980	636,877	3,906	9,414,780	183,033	10,523	72,820	214,425	13,567,344
Accumulated depreciation	-	(284,491)	(3,397)	(4,493,550)	(113,648)	(6,899)	(56,412)	(104,027)	(5,062,424)
Net book value	3,030,980	352,386	509	4,921,230	69,385	3,624	16,408	110,398	8,504,920
Net carrying value basis									
Year ended June 30, 2023									
Opening net book value (NBV)	1,592,895	248,840	628	4,296,427	50,061	4,387	18,536	77,387	6,289,161
Additions / transfer (at cost)	-	149,556	-	436,426	79	480	6,283	58,731	651,555
Disposals (NBV)	-	-	-	-	-	(387)	(1,299)	(1,724)	(3,410)
Depreciation charge	-	(35,322)	(63)	(547,514)	(7,521)	(461)	(3,858)	(21,130)	(615,869)
Closing net book value	1,592,895	363,074	565	4,185,339	42,619	4,019	19,662	113,264	6,321,437
Gross carrying value basis									
Year ended June 30, 2023									
Cost or revalued	1,592,895	609,779	3,906	8,213,076	162,302	11,603	77,517	196,516	10,867,594
Accumulated depreciation	-	(246,705)	(3,341)	(4,027,737)	(119,683)	(7,584)	(57,855)	(83,252)	(4,546,157)
Net book value	1,592,895	363,074	565	4,185,339	42,619	4,019	19,662	113,264	6,321,437
Depreciation rate % per annum	-	10	10	10 to 33	15	10	15 to 30	20	

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

6.3 This includes transfer from capital work-in-progress amounting to Rs. 1,434.443 million (2023: Rs. 587.372 million).

6.4 Freehold land was latest revalued by M/s Harvester Services (Private) Limited as at November 03, 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 freehold land based on historical cost would have been Rs. 158.476 million (2023: Rs. 200.853 million).

6.5 The forced sale value of free hold land was Rs. 2,353.650 million as at June 30, 2024.

6.6 The depreciation charge for the year has been allocated as follows:

	Note	2024 Rupees in thousand	2023 Rupees in thousand
Cost of sale	37	663,207	596,886
Selling and distribution expenses	38	1,724	1,936
General and administrative expenses	39	23,456	21,343
		<u>688,387</u>	<u>620,165</u>
	6.1	686,847	615,869
	6.11	1,540	4,296
		<u>688,387</u>	<u>620,165</u>

6.7 The depreciation break-up is as follows:

Operating fixed assets	6.1	615,869
Right of use of assets	6.11	4,296
		<u>620,165</u>

6.8 The following operating fixed assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
(Rupees in thousand)							
Vehicles							
Honda City LEE-12-9497	1,389	1,079	310	1,070	760	Negotiation	Mr. Amjid Mehmood
Honda Civic LEB-17A- 1428	2,930	2,168	762	2,340	1,578	Negotiation	Mr. Mohsin Hafeez
Suzuki Bolan LEB-17-A-1425	774	591	183	315	132	Negotiation	Mr. Izzat Baig
Honda City - LEC-13-6374	1,492	1,363	129	1,150	1,021	Negotiation	Mr. Mehmood Ijaz
Honda CD 70 - LEZ-13-7597	59	53	6	20	14	Negotiation	Mr. Muhammad Faisal
Freehold land	85,475	-	85,475	86,666	1,191	Negotiation	Mr. Farrukh / Mr. Sohaib Javed
Buildings on freehold land	43	40	3	-	(3)	Scrapped	
Plant and machinery	195,662	146,000	49,662	-	(49,662)	Scrapped	
Other equipment	15,054	13,014	2,040	-	(2,040)	Scrapped	
Office and other equipments	6,711	5,170	1,541	-	(1,541)	Scrapped	
Furniture and fixtures	1,424	1,102	322	-	(322)	Scrapped	
Total - 2024	311,013	170,580	140,433	91,561	(48,872)		
Total - 2023	16,354	12,944	3,410	5,295	1,885		

6.9 Certain assets were retired during the year and sold as bulk scrap. Consequently, it is not practicable to assign sale proceeds to these retired assets individually.

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

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

6.10.2 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.

	Note	2024 — Rupees in thousand —	2023
6.11 Right of use assets			
The following is the statement of right-of-use assets:			
Building			
Year ended June 30,			
Net carry value basis			
Opening net book value (July 01,)		1,540	8,947
Disposals		-	(3,111)
Depreciation charge		(1,540)	(4,296)
Closing net book value		-	1,540
Gross carry value basis			
Cost		27,653	27,653
Accumulated depreciation		(27,653)	(26,113)
Net book value		-	1,540
Depreciation rate % per annum		10%	10%
7 CAPITAL WORK IN PROGRESS			
This comprises of:			
Building		12,707	20,295
Plant and machinery	7.2	125,243	839,646
Advances		113,800	48,251
		251,750	908,192

	Advances	Building	Plant and machinery	Total
	Rupees in thousand			
7.1 Movement of carrying amount				
Year ended June 30, 2024				
Opening balance	48,251	20,295	839,646	908,192
Additions (at cost)	76,160	18,878	683,218	778,256
Transferred to operating fixed assets	(10,611)	(26,466)	(1,397,366)	(1,434,443)
Adjustments	-	-	(255)	(255)
Closing balance	113,800	12,707	125,243	251,750
Year ended June 30, 2023				
Opening balance	13,846	24,388	357,918	396,152
Additions (at cost)	34,405	55,524	1,009,483	1,099,412
Transferred to operating fixed assets	-	(59,617)	(527,755)	(587,372)
Closing balance	48,251	20,295	839,646	908,192

7.2 Advances include balances amounting to Rs. 1.639 million (2023: Rs. 1.639 million), Rs. 102.50 million (2023: Rs. 36.00 million) and Rs. 8.00 million (2023: Rs. Nil) against purchase of land at Karachi from Sindh Industrial Trading Estate, Jaryan No. 19, Jhampir, Tulaka Thatta and mobilization advance to Fabcon Design and Engineering (Private) Limited respectively.

7.3 During the year, borrowing cost amounting to Rs. 14.314 million (June 30, 2023: Rs. 17.030 million) has been capitalized in the cost of capital work in progress by using capitalization rate of 4%.

	Note	2024	2023
		— Rupees in thousand —	
8 INTANGIBLE ASSETS			
Computer software and licences	8.1	326	883
Goodwill	8.3	252	252
		578	1,135
8.1 Computer software and licences			
Net carrying value as at June 30,			
Opening balance		883	1,440
Amortization charge	39	(557)	(557)
Net book value		326	883
Gross carrying value as at June 30,			
Cost		24,214	24,214
Accumulated amortization		(23,888)	(23,331)
Net book value		326	883
Amortization % per annum		33.33%	33.33%
8.2 The amortization charge for the year has been allocated as follows:			
Administrative expenses	39	557	557

8.3 Goodwill

	Note	2024 — Rupees in thousand —	2023
Goodwill on acquisition of ISPL		252	252

8.3.1 This represents Rs. 0.252 million (2023: Rs. 0.252 million) excess of the amount paid over fair value of net assets of subsidiary company raised on acquisition of Ittehad Salt Processing (Private) Limited.

9 INVESTMENT PROPERTY

Freehold land	9.1	675,000	562,500
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9.1 The movement in this account is as follows:

Opening balance		562,500	408,750
Fair value gain on revaluation recognized as income	9.2	112,500	153,750
		675,000	562,500

9.2 Fair value measurement (Investment property)

This comprises commercial property that is freehold land held for capital appreciation. The carrying value of investment property is the fair value of the property as at June 30, 2024 as determined by approved independent valuer M/s Harvester Services (Private) Limited. Fair value is determined having regard to recent market transactions for similar properties in the same location and condition.

Fair value measurement of investment property is based on assumptions considered to be based on level 2 inputs.

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.

9.3 The forced sale value of investment property is Rs. 573.75 million (2023: Rs. 478.125 million).

10 LONG TERM INVESTMENTS

Investment in related parties - unquoted			
Chemi Visco Fiber Limited	10.1	-	-

10.1 Chemi Visco Fiber Limited			
5,625,000 (2023: 5,625,000) fully paid ordinary shares		56,250	56,250
Less: Provision for diminution in value of investment	10.1.1	(56,250)	(56,250)
		-	-

Relevant information:

Percentage of investment in equity held 7.91%
(2023: 7.91%) (Chief Executive : Mr. Usman Ghani)

10.1.1 This provision was made in prior 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.

11 LONG TERM DEPOSITS

Long term deposit	11.1	64,644	63,857
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11.1 This includes security deposit against utilities which are refundable at the expiry of agreement. These deposits do not carry any interest or mark-up and are not recoverable within one year. IFRS 9 requires long-term non interest bearing financial assets to be discounted at average borrowing rate of the Group. The impact of discounting is considered insignificant by the management.

	Note	2024 — Rupees in thousand —	2023
12 STORES, SPARES AND LOOSE TOOLS			
Stores			
in hand	12.1	75,791	89,163
in transit		-	83
		75,791	89,246
Spares:			
in hand	12.1	501,965	410,957
in transit		101,481	33,322
		603,446	444,279
		679,237	533,525
Less: Provision for obsolete stores and spares	12.2	(18,000)	-
		661,237	533,525

12.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

12.2 Movement of provision for obsolete stores and spares			
Opening balance		-	36,959
Adjustment on account of write off during the year		-	(76,489)
Provision made during the year		18,000	39,530
		18,000	-

13 STOCK IN TRADE

Raw materials:			
in hand	37	784,056	233,689
in transit	13.1	151,529	784,484
		935,585	1,018,173
Packing materials			
in hand	37	47,217	30,131
Work in process	37	82,822	75,529
Finished goods	13.3 and 37	1,208,685	1,073,329
		2,274,309	2,197,162

13.1 This represents stock in transit which was still on the way from port at the year end.

13.2 Stock-in-trade up to a maximum amount of Rs. 2,274.309 million (2023: Rs. 2,197.162 million) are under hypothecation of commercial banks as security against short term borrowings.

13.3 This include provision for write down of finished goods inventory to net realizable value amounting to Rs. 7.918 million (2023: Rs. Nil).

	Note	2024 — Rupees in thousand —	2023 —
14 TRADE DEBTS			
Unsecured - Foreign			
Considered good		324,191	134,018
Secured - Local			
Considered doubtful	14.2	2,234	2,234
Less: Expected credit losses		(2,234)	(2,234)
		324,191	134,018
Unsecured - Local			
Considered good		2,691,582	1,805,520
Considered doubtful		68,317	66,861
		2,759,899	1,872,381
		3,084,090	2,006,399
Less: Expected credit losses	14.1	(68,317)	(66,861)
		3,015,773	1,939,538
14.1 Movement of expected credit losses (ECL) is as follows:			
Opening balance		66,861	62,468
Adjustment on account of:			
Expected credit losses		1,456	4,393
Closing balance		68,317	66,861

14.2 This represents receivable from Punjab Chemicals Stores and Honest Enterprises which is secured against mortgage of property and also a memorandum of understanding (MOU) signed between the parties. Upon recovery of Rs. 15 million in prior year the Group has withdrawn the application filed under section 20 of the Arbitration Act, 1940. However, remaining amount has been kept fully impaired on prudence basis.

	Note	2024	2023
15 LOANS, ADVANCES AND OTHER RECEIVABLES			
Advances - (Unsecured - considered good)			
To employees	15.1- 4	21,864	20,771
Advance to supplier and services (Unsecured)			
Considered good		231,814	75,988
Considered doubtful		1,374	1,374
		233,188	77,362
Against import		1,576	73,225
		256,628	171,358
Accrued interest receivable		1,104	2,468
Less: Expected credit losses	15.5	1,374	1,374
		256,358	172,452

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

15.2 This includes advances provided to employees to meet business expenses. These advances do not carry any interest or mark-up.

15.3 This includes advances amounting to Rs. 11.919 million (2023: Rs. 15.192 million) deposited to the Honorable Lahore High Court against various cases for gratuity of employees. The Group is expecting favourable outcome and therefore, considered good.

15.4 Financial asset under this caption is advance to employees which are trivial for the decision making of users of the consolidated financial statements hence no impact on measurement has been considered.

	Note	2024 — Rupees in thousand —	2023 — Rupees in thousand —
15.5	Movement of provision for doubtful advances is as follows:		
	Opening balance	1,374	1,374
	Addition during the year	-	-
	Closing balance	1,374	1,374
16	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Trade deposits - (Considered good)	8,727	19,342
	Security deposits	186,528	15,542
	Prepayments	8,956	7,124
		204,211	42,008
16.1	This represents short term deposits in the normal course of business and does not carry any interest or mark-up.		
16.2	This includes security deposit against rented premises and utilities. These deposits do not carry any interest or mark-up and are recoverable within one year as the respective premises are vacated on expiry of agreements.		
17	TAX REFUNDS DUE FROM THE GOVERNMENT		
	Income tax	469,211	589,631
	Sales tax	254,782	133,532
		723,993	723,163
18	TAXATION - NET		
	Advance income tax	1,244,901	618,273
	Less: Provision for taxation	911,765	886,305
		333,136	(268,032)
19	SHORT TERM INVESTMENTS		
	Amortized cost		
	Term Deposit Receipts - Shariah		
	Faysal Bank Limited	-	300,000
	Bank Al-Falah Limited	12,200	-
		12,200	300,000
19.1	This represents term deposit receipts and carry interest rate ranging from 12.26% to 17.66% (2023: 13.25% to 17.66%). These have a maturity period of one month.		
20	CASH AND BANK BALANCES		
	Cash in hand	1,516	526
	Cash at banks		
	Current accounts		
	Conventional	176,870	152,896
	Shariah	105,600	768,721
		282,470	921,617
	Saving accounts		
	Conventional	4,756	2,178
	Shariah	315	877
		5,071	3,055
		289,057	925,198

20.1 Cash with bank in current accounts do not carry any interest or mark-up. There is no impact on measurement of bank balances due to implementation of IFRS 9.

20.2 The balance in saving accounts carries mark up which ranges from 6.75% to 18.00% (2023: 12.25% to 17.66%) per annum.

		2024		2023	
		— Rupees in thousand —			
21	SHARE CAPITAL				
	21.1	Authorized share capital			
		2024	2023		
		Number of ordinary shares of Rs. 10/- each			
		175,000,000	175,000,000	Ordinary shares of Rs. 10/- each	1,750,000
		25,000,000	25,000,000	Preference shares of Rs. 10/- each	250,000
		<u>200,000,000</u>	<u>200,000,000</u>		<u>2,000,000</u>
	21.2	Issued, subscribed and paid up capital			
		2024	2023		
		Number of ordinary shares of Rs. 10/- each			
		27,100,000	27,100,000	Fully paid in cash	271,000
		24,900,000	24,900,000	Issued for consideration other than cash	249,000
		48,000,000	48,000,000	Fully paid bonus shares	480,000
		<u>100,000,000</u>	<u>100,000,000</u>		<u>1,000,000</u>

21.2.1 The Group took over the assets of Ittehad Chemicals and Ittehad Pesticides under a Scheme of Arrangement dated June 18, 1992 as a result of which the Group became a wholly owned subsidiary of Federal Chemical and Ceramics Corporation (Private) Limited. The Group was privatised on July 03, 1995.

21.2.2 There is no shareholder agreement for voting rights, board selection, rights of first refusal and block voting.

22 RESERVES

Capital			
Share premium	22.1	177,000	177,000
Revenue			
Un-appropriated profit		5,243,885	4,140,827
		<u>5,420,885</u>	<u>4,317,827</u>

22.1 This reserve can be utilized by the Group only for the purposes specified in section 81(3) of the Companies Act, 2017.

22.2 Movement of reserves have been reflected in the consolidated statement of changes in equity.

23 MERGER RESERVE

This represents “balance arising upon merger” of wholly owned subsidiary, recorded in accordance with the SECP accounting standard “Accounting for Common Control Transactions,”

	Note	2024	2023
		— Rupees in thousand —	
24 SURPLUS ON REVALUATION OF FREEHOLD LAND			
Revaluation surplus on freehold land	24.1	2,872,504	1,392,042

24.1 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of Companies Act, 2017.

25 LONG TERM FINANCING

Secured:

Banking Companies			
Samba Bank Limited-TERF	25.1	282,637	378,148
The Bank of Punjab	25.2	173,016	224,734
Allied Bank Limited - LTF	25.3	129,000	100,000
		584,653	702,882
Other Financial Institutions			
Pak Libya Holding Company (Private) Limited	25.4	119,322	173,572
Pak Brunei Investment Company Limited	25.5	66,667	133,333
Pak Brunei Investment Company Limited	25.6	68,750	96,250
Pak Libya Holding Company (Private) Limited	25.7	175,000	200,000
		429,739	603,155
		1,014,392	1,306,037
Less: Current portion shown under current liabilities	34	(431,977)	(367,552)
		582,415	938,485

25.1 The Group has obtained this loan under the scheme of Temporary Economic Refinance Facility (TERF) to the extent of Rs. 495 million. This finance is secured against 667 million ranking charge over fixed assets of The Group inclusive of 25% margin. This carries mark up at SBP TERF rate plus 3% per annum. The loan is repayable in sixteen (16) equal quarterly installments starting from 1 year (grace period) after initial draw down.

25.2 The Group has obtained this loan to the extent of Rs. 313.717 million. The SBP has approved Rs. 246.144 million under Temporary Economic Refinance Facility (TERF). So, the remaining amount of Rs.67.573 million is treated as demand finance. This finance is secured against the specific charge of Rs. 440 million. These carry mark up at SBP rate 4% plus 1% spread of Bank per annum under TERF and for the remaining amount carry 6 month KIBOR plus 1.5% per annum. The loan is repayable in Ten (10) equal semi- annual installments having grace period of six months after the disbursement date.

25.3 The Group has obtained this loan to the extent of Rs. 200 million. This finance is secured against specific charge over present and future fixed assets (Land, Building and Machinery) with 25% risk margin. This carries mark up at the rate of six months KIBOR plus 1% per annum payable on semi-annual basis from the date of disbursement. The loan is repayable in eight (8) equal semi-annual installments having a grace period of one year after the date of disbursement.

25.4 The Group has obtained this loan under long term finance facility to the extent of Rs. 217 million. This finance is secured against ranking charge convertible / upgraded to first pari passu charge inclusive of 25% margin on all present and future fixed assets of The Group and carries mark up at 3 months KIBOR plus 1.5% per annum. The loan is repayable in sixteen (16) equal quarterly installments starting from 15th month from the first drawdown.

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

	Note	2024 — Rupees in thousand —	2023 — Rupees in thousand —
26 LONG TERM DIMINISHING MUSHARAKA			
Secured;			
Banking Companies			
The Bank of Punjab - TAQWA	26.1	87,500	262,500
The Bank of Punjab - TAQWA	26.2	103,061	208,191
Al-Baraka Bank (Pakistan) Limited	26.3	-	106,875
		190,561	577,566
Less: Current portion shown under current liabilities	34	(190,561)	(387,005)
		-	190,561

- 26.1** This finance has been obtained from an Islamic Financial Institution and is secured against first exclusive charge over imported plant and machinery and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed during the prior year in various tranches and are repayable in eight semi annual equal instalments with the one year grace period commencing from February, 2020.
- 26.2** This finance has been obtained under the Islamic mode of financing and secured against exclusive charge over imported plant and machinery and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed from May, 2018 to January, 2019 in different tranches and are repayable in eight semi annual equal instalments commencing from December, 2020.
- 26.3** This finance has been obtained under the Islamic mode of financing and secured against specific exclusive charge over imported plant and machinery and carries mark up at six months average KIBOR plus 1.40%. This finance is disbursed during the previous year in various tranches with a grace period of six months.

	2024 — Rupees in thousand —	2023 — Rupees in thousand —
27 LEASE LIABILITIES		
Against right of use assets		
Lease liabilities	4,116	18,107
Payments / adjustments during the year	(4,116)	(13,991)
	-	4,116
Less: Current portion	-	(4,116)
	-	-

	Note	2024 — Rupees in thousand —	2023 —
27.1	Maturity analysis-contractual undiscounted cash flow		
	Less than one year	-	(5,347)
	One to five year	-	-
	Total undiscounted lease liability	-	(5,347)
27.2	When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate which is 8% per annum.		
27.3	The above liabilities were obligations under leases with various lessors for lease of buildings.		
28	DEFERRED LIABILITIES		
	Deferred taxation	28.1 633,079	448,342
	Defined benefit liability	28.2 166,299	122,975
		<u>799,378</u>	<u>571,317</u>
28.1	Deferred taxation		
	Deferred tax liability comprises as follows:		
	Taxable temporary differences		
	Property, plant and equipment	772,245	546,582
	Deductible temporary differences		
	Provision for defined benefit liability	(60,917)	(35,308)
	Allowances for expected losses	(26,076)	(22,064)
	Provision for WPPF	(45,579)	(39,687)
	Provision for obsolete stores	(6,594)	-
	Lease liability	-	(1,181)
		<u>633,079</u>	<u>448,342</u>
28.1.1	The gross movement in the deferred tax liability during the year is as follow:		
	Balance as at July 1,	448,342	519,144
	Charge to profit and loss account	185,015	(69,414)
	Credit in other comprehensive income	(278)	(1,388)
		<u>633,079</u>	<u>448,342</u>

28.2 Defined benefit liability**a) General description**

The scheme provides for terminal benefits for all its permanent employees who qualify for the scheme. The defined benefit payable to each employee at the end of his service comprises of total number of years of his service multiplied by last drawn basic salary including cost of living allowance.

Annual charge is based on actuarial valuation carried out by an independent approved valuer M/S Nauman Associates as at June 30, 2024 using the Projected Unit Credit method.

The Group faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macro-economic factors), the benefit amount would also increase proportionately.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Demographic Risks: Mortality Risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal Risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

	2024 Percentage Per annum	2023 Percentage Per annum
b) Significant actuarial assumptions		
Following are significant actuarial assumptions used in the valuation:		
Discount rate	14.75	16.25
Expected rate of increase in salary	13.75	15.25
	2024 — Rupees in thousand —	2023 — Rupees in thousand —
c) Reconciliation of payable to defined benefit plan		
Present value of obligation and liability recognized in balance sheet	166,299	122,975
d) Movement of the liability recognized in the consolidated statement of financial position		
Opening net liability	122,975	102,645
Charge for the year	49,888	23,945
Remeasurement chargeable to other comprehensive income	759	4,835
Contribution paid to outgoing employees	(7,323)	(8,450)
Closing net liability	166,299	122,975
e) Charge for the year		
Current service cost	30,500	10,904
Interest cost	19,388	13,041
	49,888	23,945
f)		
The expected charge in respect of defined benefit plan for the year ending June 30, 2025 will be 59.048 million.		
g) Sensitivity analysis		
The impact of 1% change in following variables on defined benefit obligation is as follows:		
	(Rupees in thousand)	
	Increase in assumption	Decrease in assumption
2024		
Discount rate	155,312	178,570
Salary increase	178,810	154,906
2023		
Discount rate	114,552	132,370
Salary increase	132,544	114,253

	Note	2024	2023
		— Rupees in thousand —	
h) Maturity profile			
Time in year			
1		11,262	6,750
2		17,116	9,632
3		20,785	10,366
4		26,519	14,543
5-11 onwards		2,968,775	1,749,655
The average duration of the defined benefit obligation is 7 years.			
i) Remeasurement chargeable to other comprehensive income			
Experience adjustment and actuarial loss on obligation		759	4,835
Tax impact at 39 % (2023: 39%) - net of export % age		(278)	(1,388)
		<u>481</u>	<u>3,447</u>
29 DEFERRED GRANT			
Deferred Grant		68,372	127,779
Current portion of grant		(40,846)	(55,585)
		<u>27,526</u>	<u>72,194</u>
29.1	This represents deferred grant recognized in respect of the benefit of below-market interest rate on long term finance facility as referred to in Notes 25.1 and 25.2. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The reconciliation of the carrying amount is as follows:		
29.2	Following is the movement in government grant during the year:		
Opening balance as at July 01		127,779	49,791
Addition during the year		-	105,577
Amortization during the year		(59,407)	(27,589)
Closing balance as at June 30		<u>68,372</u>	<u>127,779</u>
29.3	The Group received term finance facility under Refinancing / Temporary Economic Refinance Facility Scheme of the State Bank of Pakistan from different banks. ICAP issued the guidance for accounting of said financing through circular No. 11/2020, and based on this, the Group recognized the Deferred Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.		
30 TRADE AND OTHER PAYABLES			
Trade creditors		665,282	420,006
Accrued liabilities	30.1	1,238,870	1,680,606
Cost of supply	30.3	496,979	397,574
GIDC payable	30.4	620,458	620,458
Security deposits	30.5	38,650	36,300
Retention money		6,824	3,594
Income tax deducted at source		3,618	216
Workers' Profit Participation Fund	30.6	124,029	138,226
Workers' Welfare Fund	30.7	50,870	57,470
Levy payable		1,687	-
Other liabilities		8	135
		<u>3,247,275</u>	<u>3,354,585</u>

- 30.1** This includes a balance due to Chemi Multifabrics Limited, a related party, amounting to Rs. 25.814 million (2023: Rs. 105.429 million).
- 30.2** The maximum amount due to Chemi Multifabrics Limited at the end of any month during the year was Rs. 163.769 million (2023: Rs. 105.429 million).
- 30.3** Sui Northern Gas Pipelines Limited has charged cost of supply relating to the RLNG supplies in the billing month of February 2018 based on interim order passed by Oil and Gas Regulatory Authority. The Group along with other industrial units in Punjab filed writ petition for deferment of said order. The Honorable Lahore High Court issued stay order with reference to the petition filed. The matter is pending adjudication. However, the Group has made a provision amounting Rs. 496.979 million on prudence basis since February, 2018.
- 30.4** Pursuant to Supreme Court order in August, 2020 and its subsequent dismissal of review petition in November, 2020, the Group is paying levy as per GIDC monthly billing by Sui Northern Gas Pipeline Limited (SNGPL).

The Group has paid seven (7) instalments till June 30, 2021 and balance provision of GIDC as at the reporting date is Rs. 620.458 million (June 30, 2023: 620.458 million). The provision was recognized earlier based on estimation basis for the respective periods. However, the Group has filed a writ petition in the Honorable Sindh High Court to suspend the recovery of arrears of Cess calculated at enhanced captive rates. The Honorable Sindh High Court has granted a stay for recovery of arrears and matter is pending for adjudication. There is an aggregate differential of Rs. 352.920 million which is subjudice and that will be remain as provision until the matter is settled. Further, there is an aggregate differential of Rs. 170.291 million between provision as per books of account and liability based on monthly instalment billed by SNGPL for unpaid portion of Cess levied through GIDC Act, 2011 and GIDC Ordinance, 2014, which is not recognized by the Group based on the advice of its legal expert as per their view it will not be collectable as per GIDC Act, 2015.

- 30.5** This amount represented security deposits received from vendors and dealers for goods/ services. This has been utilized for the purpose of business in accordance with written agreements in terms of section 217 of the Companies Act, 2017.

	Note	2024 — Rupees in thousand —	2023 —
30.6 Workers' Profit Participation Fund			
Balance as at July 01,		138,226	39,013
Interest at prescribed rate		13,868	2,477
Less: Amount paid to fund		149,614	39,110
		2,480	2,380
Current year's allocation at 5%	40	121,549	135,846
		<u>124,029</u>	<u>138,226</u>

The Group retains the allocation of this fund for its business operations till the amounts are paid.

30.7 Workers' Welfare Fund			
Balance as at July 01,		57,470	16,322
Current year's allocation at 2%	40	50,870	57,470
Less : Amount paid / adjusted		(57,470)	(16,322)
		<u>50,870</u>	<u>57,470</u>

The Group retains the allocation of this fund for its business operations till the amounts are paid.

	Note	2024 — Rupees in thousand —	2023 — Rupees in thousand —
31 SHORT TERM LOAN			
Sohaib Razzaq		1,010	1,010
The amount represents interest free general purpose loan in accordance with the Group's policy and is repayable within next 12 months.			
32 MARK UP ACCRUED			
Secured			
Long term financing - Conventional		25,748	30,622
Long term diminishing musharaka - Shariah		8,577	21,561
Short term borrowings			
Conventional		47,086	22,096
Shariah		26,459	2,038
		73,545	24,134
		107,870	76,317
33 SHORT TERM BORROWINGS			
Secured			
Banking companies			
Running finances - Conventional			
MCB Bank Limited	33.1	359,922	205,396
Askari Bank Limited	33.1	30,823	120,035
The Bank of Punjab	33.1	197,166	193,928
Samba Bank Limited	33.1	344,567	213,432
Habib Metro Bank Limited	33.1	-	47,437
Soneri Bank Limited	33.1	-	-
Allied Bank Limited	33.1	-	45,823
		932,478	826,051
Term finance			
Conventional			
Askari Bank Limited	33.2	150,000	-
Pak Brunei Investment Company Limited	33.2	200,000	200,000
		350,000	200,000
Shariah			
Bank Al-Falah Limited	33.2	266,000	-
Faysal Bank Limited (Istisna)	33.2	150,000	288,000
Al-Baraka Bank (Pakistan) Limited	33.2	246,000	-
MCB Islamic Bank Ltd (Istisna)	33.2	249,970	-
		911,970	288,000
Un-secured			
Related Party			
Ittehad Developers	33.3	100,000	-
		2,294,448	1,314,051

33.1 Short term running finance facilities have been obtained from various banks aggregated to Rs. 1,220 million (2023: Rs. 1,520 million) and carry mark-up ranging from one month KIBOR plus 0.75% to three months KIBOR plus 1.25% per annum (2023: one month KIBOR plus 1% to three months KIBOR plus 1.25% per annum) on utilized limits. These facilities are secured against first pari passu charge over present and future current assets of the Group and hypothecation charge over stores, spares and stocks of chemicals.

33.2 Term finance facilities have been obtained from various banks aggregated to Rs. 1,700 million (2023: Rs. 1,125 million) and carry mark-up ranging from matching KIBOR plus 0.65% to 1.00% per annum (2023: matching KIBOR plus 0.70% to 1.00% per annum) on utilized limits. These facilities are secured against ranking and first pari passu charge over present and future current assets of the Group.

33.3 The interest free loan has been obtained from related party aggregated to Rs. 100 million (2023: Nil) to meet the working capital of the Group.

33.4 The maximum amount due from Ittehad Developers at the end of any month during the year was Rs. 100 million (2023: Nil).

33.5 Financing/credit facilities available

At the reporting date, the following financing facilities had been negotiated and were available.

Aggregate facilities for opening of letters of credit and short term loan amounting to Rs. 5,695 million (2023: Rs. 5,885 million) are available to the Group.

	Note	2024 — Rupees in thousand —	2023
34 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing	25	431,977	367,552
Long term diminishing musharaka	26	190,561	387,005
Liabilities against assets subject to finance lease	27	-	4,116
Deferred grant	29	40,846	55,585
		<u>663,384</u>	<u>814,258</u>

35 CONTINGENCIES AND COMMITMENTS

35.1 Contingent liabilities

a) 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, an income tax demand of Rs. 54.510 million. The Group filed an appeal before Commissioner Inland Revenue (Appeals), who decided the case partially in favour of the Group while remanding back the remaining issues for re-assessment. The Group, as well as the tax department, filed an appeal against the said order before the Appellate Tribunal Inland Revenue. These cross appeals were decided through a consolidated order without passing a speaking order. The consolidated order has been called back by the Honorable ATIR upon application for rectification filed before ATIR to pass a revised speaking order. The ATIR, after re-hearing the case, again proceeded to issue the same non-speaking order, which has now been contested before a double bench of the Honourable Lahore High Court, Lahore. 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, 2023: Rs. 54.510 million).

b) 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, 2023: Rs. 4.080 million).

- c) 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. 9.658 million (June 30, 2023: Rs. 10.027 million) against these claims.
- d) 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 favourable 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, 2023: 1.20 million).
- e) 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, 2023: 63.20 million).

- f) 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 Group, 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 consolidated financial statements. However, if the case is decided against the Group, it may result in tax payable of Rs. 25.50 million (June 30, 2023: Rs. 25.50 million).
- g) Show cause notices for the Tax Years 2021 and 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.
- h) Letters of guarantee outstanding as at June 30, 2024 were Rs. 471.522 million (2023: Rs. 476.076 million).

35.2 Commitments

Commitments as on June 30, 2024 were as follows:

- a) Against letters of credit amounting to Rs. 1,479.252 million (2023: Rs. 3123.055 million).
- b) Against purchase of land amounting to Rs. 79.139 million (2023: Rs. 145.639 million).

36 REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below is the disaggregation of the Group's revenue from contracts with customers

	Note	2024 ---- Rupees in thousand ----	2023 ----
Major products and services			
Manufacturing		28,198,479	27,767,320
Trading		-	19,015
Toll manufacturing		177,898	142,244
		<u>28,376,377</u>	<u>27,928,579</u>
Less:		<u>3,813,946</u>	<u>3,455,782</u>
Sales tax		247,843	204,514
Commission to selling agents		4,061,789	3,660,296
		<u>24,314,588</u>	<u>24,268,283</u>
Local sales		22,686,229	20,754,232
Export sales		1,628,359	3,514,051
		<u>24,314,588</u>	<u>24,268,283</u>
Geographical region:			
Pakistan		22,686,229	20,754,232
Afghanistan		398,166	169,655
France		-	9,838
Australia		-	7,070
Azerbaijan		2,450	-
United Arab Emirates		1,169,142	1,867,484
Congo		-	93,846
Durban		-	905,775
Uzbekistan		41,861	204,288
Tanzania		-	26,748
Belgium		16,740	-
Kuwait		-	8,240
Oman		-	221,107
		<u>24,314,588</u>	<u>24,268,283</u>
Timing of transfer of goods			
Goods transferred to customers at a point in time		<u>24,314,588</u>	<u>24,268,283</u>
Contract balances			
Trade receivables	13	<u>3,015,773</u>	<u>1,939,538</u>
Contract liabilities	30	<u>250,984</u>	<u>383,461</u>

	Note	2024 — Rupees in thousand —	2023
37 COST OF SALES			
Raw materials consumed			
Opening stock		1,018,173	1,423,359
Purchases		9,540,972	9,175,526
		10,559,145	10,598,885
Closing stock	13	(935,585)	(1,018,173)
		9,623,560	9,580,712
Stores, spares and consumables		476,683	330,687
Packing materials consumed		246,896	246,931
Salaries, wages and other benefits	37.1	888,314	743,811
Fuel and power		7,585,172	7,979,006
Repair and maintenance		76,460	114,187
Rent, rates and taxes		9,407	10,761
Insurance		18,935	17,381
Depreciation	6.6	663,207	596,886
Vehicle running expense		28,659	25,798
Telephone, telex and postage		1,106	1,033
Printing and stationery		80	1,242
Provision for slow moving stores and spares	12.2	18,000	39,530
Other expense		9,385	6,115
		19,645,864	19,694,080
Work in process			
Opening		75,529	53,901
Closing	13	(82,822)	(75,529)
		(7,293)	(21,628)
Cost of goods manufactured		19,638,571	19,672,452
Cost of stores traded		-	8,126
Finished goods			
Opening		1,073,329	667,255
Closing	13	(1,208,685)	(1,073,329)
		(135,356)	(406,074)
		19,503,215	19,274,504

37.1 This amount includes Rs. 45.813 million (2023: Rs. 51.374 million) and Rs. 0.855 million (2023: Rs. 11.827 million) in respect of gratuity and provident fund respectively.

38 SELLING AND DISTRIBUTION EXPENSES

Salaries and other benefits	38.1	55,081	50,903
Travelling and conveyance		4,711	3,940
Vehicle running expense		7,848	5,328
Advertisement		368	338
Telephone, telex and postage		1,005	883
Marketing service charges		114,745	104,957
Freight		1,142,662	1,440,932
Rent, rates and taxes		4,349	2,463
Printing and stationery		3,927	645
Fee and subscription		294	235
Fuel and power		5,250	3,780
Repair and maintenance		873	1,077
Insurance		9,285	9,832
Depreciation	6.6	1,724	1,935
		1,352,122	1,627,248

38.1 This amount includes Rs. 2.947 million (2023: Rs. 2.118 million) and Rs. Nil (2023: Rs. 1.728 million) in respect of gratuity and provident fund respectively.

	Note	2024 —Rupees in thousand—	2023 —
39 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other benefits	39.1	187,660	159,491
Traveling and conveyance		27,537	24,746
Vehicle running expense		20,382	19,403
Telephone, telex and postage		4,750	3,357
Rent, rates and taxes		9,141	9,915
Printing and stationery		1,620	1,444
Fee and subscription		14,075	4,376
Legal and professional charges		11,498	9,745
Fuel and power		11,585	8,780
Provision for doubtful debts and advances		1,456	4,393
Amortization of intangible asset		557	557
Repair and maintenance		4,822	4,314
Depreciation	6.6	23,456	21,343
Bad debts written off		4,948	-
Donations	39.2	30,542	23,557
Other expense		5,866	4,694
		<u>359,895</u>	<u>300,115</u>

39.1 This amount includes Rs. 5.255 million (2023: Rs. 3.922 million) and Rs. Nil (2023: Rs. 3.453 million) in respect of gratuity and provident fund respectively.

39.2 Donations

The Group has paid donations to donees as mentioned below exceeding Rs. 1.00 million.

Taryaq Welfare Organization		9,000	-
Swat Flood Relief		-	1,100
Al Khidmat Foundation		1,000	1,000
Zubaida Associates		923	1,062
Dastkari School KSK		2,635	2,298
Kiran Foundation	39.2.1	1,000	200
Baituslam Welfare Trust		850	1,500
Indus Hospital		1,500	-
Musalaman Cutchi Khatri Jamat		1,000	-
		<u>17,908</u>	<u>7,160</u>

39.2.1 Interest of the directors or their spouses in the donations made during the year is as follows:

Donation amounting to Rs. 1.00 million (2023: Rs. 0.200 million) paid to Kiran Foundation (Ex Kiran Ibtadai School). Ms. Sabina Khatri w/o Mr. Muhammad Siddique Khatri, Chairman of the Group is the patron of the school and Mr. Waqas Siddiq Khatri, an executive director of the Group, is also the member of the Board of Trustees.

39.2.2 Donations other than mentioned above were not made to any donee in which any director of the Group or his spouse had any interest at any time during the year.

	Note	2024 — Rupees in thousand —	2023
40 OTHER OPERATING EXPENSES			
Auditors' remuneration			
Audit fee		1,325	1,050
Half yearly review fee		288	250
Tax and certification charges		50	50
Out of pocket expenses		147	143
		1,810	1,493
Loss on scrap of fixed assets		53,568	1,686
Workers' Profit Participation Fund	30.6	121,549	135,846
Workers' Welfare Fund	30.7	50,870	57,470
		<u>227,797</u>	<u>196,495</u>
41 OTHER INCOME			
Income from financial assets:			
Gain on foreign exchange		3,799	147,081
Return on saving accounts		1,825	1,250
Return on TDRs - Shariah		2,993	7,079
		8,617	155,410
Income from non- financial assets:			
Gain on sale of fixed assets		4,696	3,571
Gain on sale of leased assets (disposal)		-	2,834
Sale of scrap		43,361	30,137
Government grants		59,407	26,551
		107,464	63,093
		<u>116,081</u>	<u>218,503</u>
42 FINANCE COST			
Mark-up / interest on:			
Long term financing - Conventional		236,768	157,482
Long term diminishing musharaka - Shariah		95,393	138,785
Interest on lease finance		1,233	1,217
Short term borrowings - Conventional		191,794	126,998
Short term borrowings - Shariah		174,672	86,730
Worker's Profit Participation Fund		13,868	2,477
		713,728	513,689
Bank charges and commission		17,113	26,673
Unwinding of discount on GIDC payment		-	1,114
Discounting charges UL LC		-	20,731
		<u>730,841</u>	<u>562,207</u>
43 TAXATION			
Final tax	43.1	16,284	38,092
Current	43.2 and 43.3		
- for the year		588,920	648,318
- prior year		(10,316)	458
		578,604	648,776
Super tax	43.4	203,955	236,540
Deferred tax		185,015	(69,413)
		<u>983,858</u>	<u>853,995</u>

43.1 This represents final taxes paid under Under Section 154A of Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.

43.2 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the consolidated statement of profit or loss is as follows:

	2024	2023
	---- Rupees in thousand ----	
Current tax liability for the year as per applicable tax laws	797,156	923,408
Portion of current tax liability as per tax laws, representing income tax under IAS 12	(798,843)	(923,408)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	1,687	-
Difference	<u>-</u>	<u>-</u>

43.3 The aggregate of final tax and current income tax for the year, amounting to Rs. 797.156 million represents tax liability of the Group for the year calculated under the relevant provisions of the Income Tax Ordinance, 2001.

43.4 This represents super tax @ 10% on the taxable income for the tax year 2024 imposed through Finance Act 2022.

43.5 Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:

43.5.1 Relationship between tax expense and accounting profit

Accounting profit	2,369,299	2,679,967
Applicable tax rate 29% (2023: 29%)	29%	29%
Tax at the applicable rate of 29% (2023: 29%)	687,097	777,190
Tax effect of inadmissible expenses/ losses	281,258	264,188
Tax effect of admissible expenses	(350,881)	(271,835)
Income taxed at different rates	(10,537)	(45,547)
Prior years adjustment	(10,316)	458
Tax effect of losses and other allowances	(2,461)	(37,586)
Effect of super tax	204,683	236,540
Effect of temporary difference	185,015	(69,413)
Tax charge for the year	<u>983,858</u>	<u>853,995</u>

43.6 The rate of tax has been fixed at 29% for Tax Year 2024 and onwards by taxation authorities.

44 DEFINED CONTRIBUTION PLAN

44.1 The Group has contributory provident fund scheme for benefit of all its permanent employees, who had not opted Voluntarily Separation Scheme / Golden Hand Shake Scheme announced at the time of privatization of the Group in 1995, under the title of "Ittehad Chemicals Limited - Employees Contributory Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Group.

The Trustees have intimated that the size of the Fund at year end was Rs. 9.72 million (2023: Rs. 7.113 million).

Based on the unaudited financial information of the Provident Fund as at June 30, 2024, investment out of the Fund have been made in accordance with provision of the Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

The cost / fair value of the investments was Rs. 8.154 million (2023: Rs. 6.014 million) at that date. The category wise break up of investment as per section 218 of the Companies Act, 2017 is given below:

	Rupees in thousand	Percentage
2024		
Deposit in scheduled banks	<u>8,154</u>	<u>100</u>
2023		
Deposit in scheduled banks	<u>6,014</u>	<u>100</u>

45 EARNINGS PER SHARE - BASIC AND DILUTED

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

	2024	2023
Note	---- Rupees in thousand ----	----
Profit after taxation	<u>1,385,441</u>	<u>1,825,972</u>
Weighted average number of ordinary shares in thousand	<u>100,000</u>	<u>100,000</u>
Earnings per share - (Rupees)	<u>13.85</u>	<u>18.26</u>

46 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITY TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities and equity		
	Financing / Lease/GIDC	Dividend	Total
	----- Rupees in thousand -----		
Balance as at July 1, 2023	3,329,549	4,012	3,333,561
Borrowings from Banking Companies (short and long) - net	629,345	-	629,345
Repayment of finance lease liabilities	(4,116)	-	(4,116)
Repayments of long term diminishing musharaka	(387,005)	-	(387,005)
Dividend on ordinary shares	-	3,25,000	3,25,000
Payment of dividend	-	(323,080)	(323,080)
Balance as at June 30, 2024	<u>3,567,773</u>	<u>5,932</u>	<u>3,573,705</u>

47 CASH FLOWS FROM OPERATING ACTIVITIES

	2024	2023
Note	---- Rupees in thousand ----	----
Profit before tax	2,369,299	2,679,967
Adjustments for items not involving movement of funds:		
Depreciation	6.6 688,387	620,165
Amortization of intangible assets	8 557	557
Provision for defined benefit liability	28 49,888	23,945
Loss / (gain) on sale of fixed assets	6.8 48,872	(1,885)
Gain on disposal of leased assets	6.11 -	(2,834)
Gain on revaluation of investment property	9.1 (112,500)	(153,750)
Foreign exchange gain	40 (3,799)	(147,081)
Allowance for ECL	14 1,456	4,393
Bad debt written off	39 4,948	-
Deferred grant amortization	41 (59,407)	(26,551)
Provision for obsolete stores and spares	12 18,000	39,530
Finance cost	42 730,841	562,207
Net cash flow before working capital changes	<u>3,736,542</u>	<u>3,598,663</u>

48 TRANSACTIONS WITH RELATED PARTIES INCLUDING ASSOCIATED UNDERTAKINGS

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors, associate persons and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows except for those which are specifically disclosed elsewhere:

		2024	2023
		---- Rupees in thousand ----	
48.1 Transactions with related parties			
Relation with the Company	Nature of transaction		
Other related party			
Chemi Multifabrics Limited	Marketing service charges	114,731	104,957
Chemi Viscofiber Limited	Balance payment of Misc. Store Items	-	(1,539)
Associated			
M/S Ittehad Developers	Loan - received	100,000	-
Sohaib Razzaq	Loan obtained	-	80
Staff retirement fund	Contribution to staff retirement	855	652
Directors and employees	Remuneration to directors and key management personnel		
		134,578	128,123

48.2 Basis of relationship with the Group

Name of related party	Relationship	Basis of Association	%
Chemi Viscofiber Limited	Other related party	Shareholding	7.91%
Chemi Multifabrics Limited	Other related party	N/A	-
Chemi Dyestuffs Industries (Private) Limited	Associated company	Common Directorship	-
Ittehad Developer	Associated company	Common Directorship	-
Ittehad Chloro Alkali (Private) Limited	Associated company	Common Directorship	-

		2024	2023
		---- Rupees in thousand ----	
48.3 Year end balance			
Chemi Multifabrics Limited (Payable)		25,814	105,429
Ittehad Developers		100,000	-

48.4 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (Note 52)". There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

48.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

49 FINANCIAL INSTRUMENTS

Financial risk management

The Group has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

49.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter party fail completely to perform as contracted and arise principally from trade debts, loans and advances, trade deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

	2024	2023
	---- Rupees in thousand ---	
Long term deposits	64,644	63,857
Trade debts - net of expected credit loss	3,015,773	1,939,538
Loans, advances and other receivables - net of provision	22,968	23,239
Trade deposits	8,727	19,342
Short term investment	12,200	300,000
Bank balances	287,541	924,672
	<u>3,411,853</u>	<u>3,270,648</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Credit terms are approved by the approval committee. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date by geographic region is as follows:

Export	324,191	134,018
Domestic	2,691,582	1,805,520
	<u>3,015,773</u>	<u>1,939,538</u>

Foreign trade receivables by geographical split is as follows:

Country	Sales			Trade debts	
	LC	Others	Total	Outstanding balance	
	Rupees in thousand				
				2024	2023
Afghanistan	-	398,166	398,166	1,046	-
Azerbaijan	-	2,450	2,450	42	-
United Arab Emirates	-	1,169,142	1,169,142	323,079	133,815
Uzbekistan	-	41,861	41,861	-	203
Belgium	-	16,740	16,740	24	-
Total	-	<u>1,628,359</u>	<u>1,628,359</u>	<u>324,191</u>	<u>134,018</u>

The maximum exposure to credit risk for trade debts at the reporting date by type of customer is as follows:

	2024	2023
	— Rupees in thousand —	
Dealers	915,217	560,699
End-user customers	2,100,556	1,378,839
	<u>3,015,773</u>	<u>1,939,538</u>
The aging of trade receivable at the reporting date is:		
Not past due	1,987,451	1,554,805
Past due 1-30 days	729,854	293,069
Past due 30-150 days	268,692	91,664
Past due more than 150 days	29,776	-
	<u>3,015,773</u>	<u>1,939,538</u>

The Group's most significant customers, are dealers from whom the receivable was Rs. 915.217 million (2023: Rs. 560.699 million) and foreign debtors amounting to Rs. 324.191 million (2023: Rs. 134.018 million) of the total carrying amount as at June 30, 2024.

Based on the past experience, consideration of financial position, past track records and recoveries, the Group believes that no impairment allowance is necessary in respect of trade debtors past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable ground to believe that the amounts will be recovered in short course of time.

On the basis of expected credit loss an amount of Rs. 1.456 million (2023: Rs. 4.393 million) has been charged to the statement of profit or loss and upto statement of financial position an amount of Rs. 68.317 million (2023: Rs. 66.861 million) has been provided for as expected credit loss as fully explained on Note 14.1.

The Group's bank balances can be assessed with reference to external credit ratings as follows:

Cash and bank balances

The Group held cash and cash equivalents amounting to Rs. 289.057 million. These cash and cash equivalents are held with banks and financial institutions counterparties, which are rated A to AA+, based on PACRA ratings. Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects short term maturities of the exposure. The Group considers its cash and cash equivalents have low credit risk based on the external ratings of the counterparties. 12 month probabilities of default are based on historical data supplied by PACRA rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

	Rating Agency	Ratings Short Term	Long Term
Al-Baraka Bank (Pakistan) Limited	JCR-VIS	A-1	A1+
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Al-falah Limited	PACRA	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1+	AA
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA
MCB Bank Limited	PACRA	A1+	AAA
MCB Islamic Bank Ltd (Istisna)	PACRA	A1	A+
Meezan Bank Limited	JCR-VIS	A-1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
SAMBA Bank	PACRA	A1	AA
The Bank of Punjab	PACRA	A1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
Pak Brunie Investment Company Limited	JCR-VIS	A-1+	AA+
Pak Libya Holding Company (Private) Limited	PACRA	A1+	AA-

Advances, deposits and other receivables

Advances, deposits and other receivables mainly comprise of advances to employees against salaries and deposits with government entities. The Group has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

49.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	One to two years	Two to five years
	Rupees in thousand					
2024						
Financial liabilities						
Long term financing	1,014,392	1,337,121	287,918	282,221	705,407	61,575
Long term diminishing musharaka	190,561	217,570	160,942	56,628	-	-
Lease liabilities	-	-	-	-	-	-
Trade and other payables	3,028,421	3,028,421	3,028,421	-	-	-
Short term loan	1,010	1,010	1,010	-	-	-
Mark-up accrued	107,870	107,870	107,870	-	-	-
Short term borrowing	2,294,448	2,412,978	2,412,978	-	-	-
	<u>6,636,702</u>	<u>7,104,970</u>	<u>5,999,139</u>	<u>338,849</u>	<u>705,407</u>	<u>61,575</u>

	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	One to two years	Two to five years
	Rupees in thousand					
2023						
Financial liabilities						
Long term financing	1,306,037	1,794,768	252,336	280,290	509,716	752,426
Long term diminishing musharaka	577,566	710,183	256,949	235,664	217,570	-
Lease liabilities	4,116	5,347	3,564	1,783	-	-
Trade and other payables	3,122,373	3,122,373	3,122,373	-	-	-
Short term loan	1,010	1,010	1,010	-	-	-
Mark-up accrued	76,317	76,317	76,317	-	-	-
Short term borrowing	1,314,051	1,392,179	1,392,179	-	-	-
	<u>6,401,470</u>	<u>7,102,177</u>	<u>5,104,728</u>	<u>517,737</u>	<u>727,286</u>	<u>752,426</u>

49.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Group is exposed to currency risk and interest rate risk only.

a) Currency risk

The Group is exposed to currency risk on trade debts, import of raw materials and stores and spares and export sales that are denominated in a currency other than the respective functional currency of the Group, primarily in U.S. dollar. The Group's exposure to foreign currency risk is as follows:

	Note	2024 — Rupees in thousand —	2022 — Rupees in thousand —
Trade debts		324,191	134,018
Gross statement of financial position exposure		324,191	134,018
Outstanding letters of credit	35.2	(1,479,252)	(3,123,055)
Net exposure		<u>(1,155,061)</u>	<u>(2,989,037)</u>

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2024	2023	2024	2023
USD to PKR	282.95	246.55	278.80	287.10

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US dollar with all other variables held constant, post tax profit for the year would have been lower by the amount shown below.

	2024 — Rupees in thousand —	2023 — Rupees in thousand —
Effect on profit or loss		
Loss	<u>32,419</u>	<u>13,402</u>

The weakening of the PKR against US dollar would have had an equal but opposite impact on the post tax profits / loss.

b) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk. At the reporting date the interest rate profile of the Group's interest - bearing financial instruments is as follows:

	Effective rates	Carrying amount	
		2024	2022
— Rupees in thousand —			
Financial liabilities			
Variable rate instruments:			
Long term loans	21.64%	1,082,764	1,433,816
Long term diminishing musharaka	21.39%	190,561	577,566
Short term borrowings	21.30%	2,194,448	1,314,051
		<u>3,467,773</u>	<u>3,325,433</u>

Effective interest rates are mentioned in the respective notes to the consolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2023.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2024		
Cash flow sensitivity - Variable rate financial liabilities	<u>(34,678)</u>	<u>34,678</u>
As at June 30, 2023		
Cash flow sensitivity - Variable rate financial liabilities	<u>(33,254)</u>	<u>33,254</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Group.

49.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

49.5 Financial instruments by category

Note	Carrying amount		
	Amortised cost	Amortised cost	Total

----- Rupees in thousand -----

On- Statement of financial position

As at June 30, 2024

Financial assets

Long-term deposits	11	64,644	-	64,644
Trade debts - net of provisions	14	3,015,773	-	3,015,773
Loans, advances and other receivables	15	22,968	-	22,968
Trade deposits	16	8,727	-	8,727
Short term investment	19	12,200	-	12,200
Cash and bank balances	20	289,057	-	289,057
		<u>3,413,369</u>	<u>-</u>	<u>3,413,369</u>

Financial liabilities

Long term financing	25	-	1,014,392	1,014,392
Long term diminishing musharaka	26	-	190,561	190,561
Lease liabilities	27	-	-	-
Gratuity	28	-	166,299	166,299
Trade and other payables	30	-	3,028,421	3,028,421
Short term loan	31	-	1,010	1,010
Mark-up accrued	32	-	107,870	107,870
Short-term borrowings	33	-	2,294,448	2,294,448
		<u>-</u>	<u>6,803,001</u>	<u>6,803,001</u>

On- Statement of financial position

As at June 30, 2023

Financial Assets

Long-term deposits	11	63,857	-	63,857
Trade debts - net of provisions	14	1,939,538	-	1,939,538
Loans, advances and other receivables	15	23,239	-	23,239
Trade deposits	16	19,342	-	19,342
Short term investment	19	300,000	-	300,000
Cash and bank balances	20	925,198	-	925,198
		<u>3,271,174</u>	<u>-</u>	<u>3,271,174</u>

Financial liabilities

Long term financing	25	-	1,306,037	1,306,037
Long term diminishing musharaka	26	-	577,566	577,566
Lease Liabilities	27	-	4,116	4,116
Gratuity	28	-	122,975	122,975
Trade and other payables	30	-	3,122,373	3,122,373
Short term loan	31	-	1,010	1,010
Mark-up accrued	32	-	76,317	76,317
Short-term borrowings	33	-	1,314,051	1,314,051
		<u>-</u>	<u>6,524,445</u>	<u>6,524,445</u>

49.5.1 Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

50 RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and over sight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee. The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

51 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The 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 June 30, 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.

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

52 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group are as follows:

	Chief Executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	Rupees in thousand					
Managerial remuneration	7,536	6,500	7,876	6,408	123,357	143,047
House rent allowance	3,391	2,925	3,544	2,884	55,510	64,371
Medical expenses	377	325	394	320	6,168	7,152
Bonus (performance)	1,488	935	1,551	892	15,917	23,644
	<u>12,792</u>	<u>10,685</u>	<u>13,365</u>	<u>10,504</u>	<u>200,952</u>	<u>238,214</u>
Number of persons	1	1	1	1	77	71

52.1 The Group also provides the Chief Executive and some of the Directors and Executives with Group maintained cars and mobiles phones in accordance with their terms of employment.

52.2 Aggregate amount charged in these consolidated financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 2.15 million (2023: Rs. 1.80 million). The Directors fees for attending Board, HR&R Committee and Audit Committee meetings were paid as prescribed in Articles of Association.

52.3 Remuneration to Non-Executive Director relates to amount paid to attend meetings.

53 CAPACITY AND PRODUCTION

	Installed capacity (Tonnes)		Actual production (Tonnes)		Reason for shortfall
	2024	2023	2024	2023	
Caustic Soda Liquid	150,000	150,000	81,757	92,145	Production strategy based on actual demands.
Caustic Soda Flakes	10,000	10,000	5,054	8,409	
LABSA / SLES	70,000	70,000	31,087	26,227	
Liquid Chlorine	13,200	13,200	5,619	5,782	
Hydrochloric Acid	250,000	250,000	178,714	207,393	
Sodium Hypochlorite	49,500	49,500	33,032	36,134	
Zinc Sulphate	600	600	12	-	
Sodium Sulphate (anhydrous)	4,000	4,000	1,674	596	
Calcium Chloride Prills	30,000	30,000	20,395	25,412	
Humic Acid	120	120	-	-	

54 NUMBER OF EMPLOYEES

Number of employees at June 30,

2024

2023

712

682

Average number of employees during the year

697

650

55 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Group defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

The Group's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (ii) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The management at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase profitability.

	Note	2024 — Rupees in thousand —	2023
The proportion of debt to equity at the year end was:			
Total Borrowings	25, 26, 33 and 34	3,540,247	3,253,239
Less: Balances with banks	20	289,057	925,198
Net debt		3,251,190	2,328,041
Total equity		9,286,944	6,703,424
Total capital		12,538,134	9,031,465
Gearing ratio		0.26	0.26

56 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with the reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to all shares Islamic Index.

Description	Explanation	Note	2024 — Rupees in thousand —	2023
Loan and advance obtained	Interest bearing	26 & 33	1,102,531	865,566
Bank balance as at June 30,	Placed under shariah permissible	20	105,915	769,598
Income on bank deposit		41	2,993	7,079
Mark up paid on Islamic mode of Financing			233,822	120,654

Relationship with banks having Islamic windows

Bank Name

Nature of transaction

Al- Baraka Bank (Pakistan) Limited	Long term diminishing musharaka, short term borrowings and current A/C
The Bank of Punjab	
Dubai Islamic Bank (Pakistan) Limited	
Bank Alfalah Limited - Islamic	
Faysal Bank (Islamic) Limited	
United Bank Limited (Ameen Islamic Banking)	
Askari Bank Limited - Islamic	
MCB Islamic Bank Limited	
Meezan Bank Limited	

Profit earned or interest paid on any conventional loan or advance has been disclosed in the relevant note to these consolidated financial statements.

57 CORRESPONDING FIGURES

These corresponding figures have been reclassified and rearranged where necessary to facilitate comparison, however there has been no significant reclassification except for the following:

Description	Note	From	To	Rupees
Reclassification of income tax expense to levy	43	Taxation	Levy (Final Tax)	38,092
Reclassification of advances from customer to contract liability	30	Trade and other payables	Contract liability	383,461

58 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on October 02, 2024 has recommended Rs. 1.5 i.e 15% (June 30, 2023: 12.5%) of final dividend however these consolidated financial statements do not reflect this appropriation..

58.1 The Board of Directors of the Company in its meeting held on October 02, 2024 has recommended Rs. 1.5 i.e 15% (June 30, 2023: 12.5%) of final dividend however these consolidated financial statements do not reflect this appropriation.

58.2 Subsequent to the balance sheet date, subsidiary company ICL Power Private Limited has entered into the agreement with Etihad Alloys Private Limited for the purchase of plant and machinery amounting to Rs.1,590 million plus government duties, if any.

59 DATE OF AUTHORIZATION OF ISSUE

These consolidated financial statements were authorized for issue on October 02, 2024 by the Board of Directors of the Holding Company.

60 GENERAL

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



Chief Executive



Director



Chief Financial Officer

Pattern of Shareholding

as at 30 June 2024

Number of Shareholders	Shareholding From	To	Total Shares Held	Percentage of Total Capital
257	1 -	100	6,285	0.01
165	101 -	500	53,693	0.05
136	501 -	1000	105,315	0.11
248	1001 -	5000	603,865	0.60
80	5001 -	10000	585,481	0.59
44	10001 -	15000	538,487	0.54
26	15001 -	20000	479,855	0.48
11	20001 -	25000	248,495	0.25
17	25001 -	30000	478,360	0.48
4	30001 -	35000	128,061	0.13
6	35001 -	40000	231,638	0.23
2	40001 -	45000	81,827	0.08
3	45001 -	50000	145,932	0.15
4	50001 -	55000	209,913	0.21
3	55001 -	60000	175,167	0.18
2	65001 -	70000	135,255	0.14
3	70001 -	75000	222,638	0.22
1	90001 -	95000	94,451	0.09
1	95001 -	100000	100,000	0.10
3	100001 -	105000	304,736	0.30
1	105001 -	110000	106,257	0.11
2	110001 -	115000	220,629	0.22
3	115001 -	120000	352,968	0.35
1	120001 -	125000	125,000	0.13
1	135001 -	140000	139,551	0.14
1	140001 -	145000	144,641	0.14
3	145001 -	150000	446,652	0.45
1	155001 -	160000	158,886	0.16
1	160001 -	165000	160,929	0.16
1	165001 -	170000	169,421	0.17
1	170001 -	175000	173,500	0.17
1	175001 -	180000	175,952	0.18
1	180001 -	185000	181,559	0.18
1	195001 -	200000	198,736	0.20
1	200001 -	205000	205,000	0.21
1	210001 -	215000	210,060	0.21
1	220001 -	225000	221,369	0.22
1	240001 -	245000	243,755	0.24
2	245001 -	250000	500,000	0.50
1	250001 -	255000	253,193	0.25
2	260001 -	265000	522,766	0.52
1	295001 -	300000	300,000	0.30
1	335001 -	340000	336,481	0.34
1	405001 -	410000	405,999	0.41
1	415001 -	420000	416,572	0.42
1	445001 -	450000	450,000	0.45
1	480001 -	485000	483,480	0.48
1	485001 -	490000	489,997	0.49
1	515001 -	520000	516,880	0.52
1	545001 -	550000	549,173	0.55
1	595001 -	600000	598,997	0.60
1	680001 -	685000	680,552	0.68

Pattern of Shareholding

as at 30 June 2024

Number of Shareholders	Shareholding From	To	Total Shares Held	Percentage of Total Capital
1	690001 -	695000	694,442	0.69
2	720001 -	725000	1,445,604	1.45
1	730001 -	735000	733,750	0.73
1	755001 -	760000	760,000	0.76
2	800001 -	805000	1,608,378	1.61
1	965001 -	970000	968,983	0.97
1	970001 -	975000	971,100	0.97
1	1000001 -	1005000	1,003,383	1.00
1	1030001 -	1035000	1,033,046	1.03
1	1120001 -	1125000	1,120,047	1.12
1	1180001 -	1185000	1,183,383	1.18
1	1370001 -	1375000	1,371,924	1.37
1	1485001 -	1490000	1,488,591	1.49
1	1540001 -	1545000	1,540,773	1.54
1	1550001 -	1555000	1,553,845	1.55
1	1565001 -	1570000	1,567,220	1.57
1	1610001 -	1615000	1,612,807	1.61
1	1715001 -	1720000	1,718,984	1.72
1	1775001 -	1780000	1,779,220	1.78
1	2035001 -	2040000	2,035,877	2.04
1	2320001 -	2325000	2,323,000	2.32
2	2420001 -	2425000	4,844,989	4.84
1	2665001 -	2670000	2,667,000	2.67
1	3735001 -	3740000	3,738,552	3.74
1	3795001 -	3800000	3,795,642	3.80
1	3800001 -	3805000	3,801,329	3.80
1	3995001 -	4000000	4,000,000	4.00
1	4785001 -	4790000	4,787,997	4.79
1	4925001 -	4930000	4,928,366	4.93
1	5145001 -	5150000	5,149,365	5.15
1	5495001 -	5500000	5,495,997	5.50
1	13205001 -	13210000	13,207,997	13.21
1,090			100,000,000	100.00

Pattern of Shareholding as at 30 June 2024

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officer and their spouse and minor children	21,397,241	21.3972%
Associated Companies, undertakings and related parties	0	0.0000%
NIT and ICP	0	0.0000%
Banks Development Financial Institutions, Non Banking Financial Institutions	0	0.0000%
Insurance Companies	0	0.0000%
Modarabas and Mutual Funds	1,047,500	1.0475%
Shareholders holding 10% or more (Already included in above Categories)	13,451,752	13.4518%
General Public		
a- Local	65,821,987	65.8220%
b- Foreign	-	0.0000%
Others (to be specified)		
1 - Joint Stock Companies	11,018,751	11.0188%
2 - Pension Funds	427,610	0.4276%
3 - Foreign Companies	0	0.0000%
4 - Others	286,911	0.2869%
Grand Total	100,000,000	100.0000%
Shareholders holding 10% or more	13,451,752	13.4518%

Pattern of Shareholding

as at 30 June 2024

Additional Information

Categories of Shareholders

Sr. No.	Name	No. of Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children			
1	MR. MUHAMMAD SIDDIQUE KHATRI	13,451,752	13.4518
2	MR. ABDUL SATTAR KHATRI	1,779,220	1.7792
3	MR. WAQAS SIDDIQ KHATRI	733,750	0.7338
4	MRS. FARHANA ABDUL SATTAR KHATRI	1,120,047	1.1200
5	MR. AHMED MUSTAFA	3,801,329	3.8013
6	MR. PERVEZ ISMAIL	649	0.0006
7	MR. ALI ASRAR HOSSAIN AGA	500	0.0005
8	MRS. SABINA	509,994	0.5100
Associated Companies, undertakings and related parties		-	-
NIT and ICP		-	-
Banks Development Financial Institutions, Non Banking Financial Institutions		-	-
Insurance Companies		-	-
Modarbas and Mutual Funds			
1	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	21,500	0.0215
2	CDC - TRUSTEE HBL PF EQUITY SUB FUND	10,000	0.0100
3	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	15,000	0.0150
4	CDC - TRUSTEE HBL MULTI - ASSET FUND	12,000	0.0120
5	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	25,500	0.0255
6	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	760,000	0.7600
7	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	30,000	0.0300
8	CDC - TRUSTEE MEEZAN ISLAMIC FUND	173,500	0.1735
Share holders holding 10% or more (Already included in above categories)			
1	MR. MUHAMMAD SIDDIQUE KHATRI	13,451,752	13.4518
General Public			
a.	Local	65,821,987	65.8220
b.	Foreign	-	0.0000
Joint Stock Companies			
1	ASDA SECURITIES (PVT.) LTD.	15,209	0.0152
2	SOFCOM (PRIVATE) LIMITED	451	0.0005
3	MRA SECURITIES LIMITED - MF	13,000	0.0130
4	NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PVT)	30,859	0.0309
5	SIZA (PRIVATE) LIMITED	150,000	0.1500
6	PREMIER FASHIONS (PVT) LTD	483,480	0.4835
7	NH SECURITIES (PVT) LIMITED.	3,997	0.0040
8	MARINE SERVICES (PVT.) LIMITED	19,480	0.0195
9	MAPLE LEAF CAPITAL LIMITED	1	0.0000
10	VALIKA TRADING HOUSE (PRIVATE) LIMITED	1,180	0.0012
11	M/S. JHELUM SILK MILLS (PVT) LTD	4,787,997	4.7880
12	M/S. CHEMITEX INDUSTRIES LTD.	5,495,997	5.4960
13	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	17,100	0.0171

Pattern of Shareholding

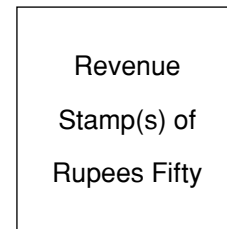
as at 30 June 2024

Sr. No.	Name	No. of Shares Held	Percentage
Pension Funds			
1	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	57,105	0.0571
2	CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY	125,000	0.1250
3	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	205,000	0.2050
4	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	40,505	0.0405
Others			
1	MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED	150,000	0.1500
2	Z. A GHAFFAR SECURITIES (PRIVATE) LIMITED	2,000	0.0020
3	NETWORTH SECURITIES LTD	11,663	0.0117
4	VALIKA PROPERTIES (PVT) LTD	1,180	0.0012
5	B.R.R. GUARDIAN LIMITED	115,543	0.1155
6	TRUSTEE-FIRST DAWOOD INV. BANK LTD. &		
6	OTHER EMPOLYEES P. FUND	6,525	0.0065
Grand Total:		100,000,000	100.0000

Proxy Form

I/We _____ of _____ being member of **ITTEHAD CHEMICALS LIMITED** and holder of _____ Ordinary Shares as per Registered Folio / CDC Participant ID. No & CDC Account No. _____ hereby appoint Mr./Mrs./Miss. _____ of _____ or failing him/her Mr./Mrs./Miss. _____ of _____ who is also a member of the **ITTEHAD CHEMICALS LIMITED** vide Registered Folio / CDC Participant I.D. No. _____ as my proxy to vote for me and on my behalf at the 33rd Annual General Meeting of the Company to be held on Monday, October 28, 2024 at 11.00 a.m at the registered office and any adjournment thereof.

Signed this _____ day of _____ 2024.



Signature

(As registered with the company)

WITNESS: 1

Signature _____

Name _____

Address _____

CNIC or

Passport # _____

WITNESS: 2

Signature _____

Name _____

Address _____

CNIC or

Passport # _____

NOTES:

- This proxy form, duly completed and signed, must be received at the Registered Office of the company not less than 48 hours before the time of holding the Meeting.
- No person shall act as Proxy unless he/she himself/herself is a Shareholder of the Company except that a company may appoint a person as its representative who is not a shareholder.



پراکسی فارم

میں / ہم بحیثیت ممبر اتحاد کیمیکلز
 لمیٹڈ اور حامل عمومی حصص بمطابق رجسٹرڈ فولیو / سی ڈی سی پارٹیسپیٹ شناختی نمبر اور سی ڈی سی اکاؤنٹ
 نمبر بذریعہ تحریر بلڈ محترم / محترمہ کو یا ان کی غیر
 حاضری کی صورت میں محترم / محترمہ کو جو بحوالہ رجسٹرڈ فولیو / سی ڈی سی پارٹیسپیٹ
 شناختی نمبر اتحاد کیمیکلز لمیٹڈ کے / کی ممبر بھی ہیں، اپنا پراکسی مقرر
 کرتا / کرتی / کرتے ہیں تاکہ وہ میرے / ہمارے لئے اور میری / ہماری طرف سے کمپنی کے 33 ویں سالانہ اجلاس عام میں ووٹ ڈال
 سکیں جو 28 اکتوبر 2024ء بروز پیر کو صبح 11:00 بجے رجسٹرڈ آفس میں یا اس کے کسی بھی التوا کی صورت میں منعقد ہوگا۔

پچاس روپے کے رسیدی ٹکٹس	تاریخ دستخط:
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دستخط

(جو کمپنی کے پاس رجسٹرڈ ہیں)

گواہ نمبر 2	گواہ نمبر 1
دستخط	دستخط
نام	نام
پتہ	پتہ
قومی شناختی کارڈ یا پاسپورٹ نمبر	قومی شناختی کارڈ یا پاسپورٹ نمبر

نوٹ:

- ☆ یہ پراکسی فارم، باقاعدہ پرشدہ اور دستخط شدہ حالت میں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً پہنچ جانا چاہئے۔
- ☆ کوئی شخص بطور پراکسی کام نہیں کرے گا اگر وہ خود کمپنی کا شیئر ہولڈر نہ ہو سوائے اس کے کہ کوئی کمپنی کسی ایسے شخص کو اپنا نمائندہ مقرر کر دے جو شیئر ہولڈر نہ ہو۔



ہیں، کمپنی پاور پروجیکٹ سمیت متعدد منصوبوں کے لئے کیسپیکس کر رہی ہے جیسا کہ پہلے کی رپورٹس میں بتایا گیا ہے۔ بائیو ماس پاور پلانٹ کے قیام کے لئے ایک مکمل ملکیتی ماتحت ادارہ یعنی میسرز آئی سی ایل پاور (پرائیویٹ) لمیٹڈ کو شامل کیا گیا ہے۔ ذیلی ادارے نے بائیو ماس پاور پلانٹ کے لئے جزوی پلانٹ اور آلات کی خریداری کے لئے فروخت کنندہ کے ساتھ ایک حتمی معاہدہ کیا ہے۔ یہ بہترین فیصلہ کمپنی کو طویل عرصے میں منافع بڑھانے میں مدد دے گا۔ اتحاد سائٹ پروسیڈنگ (پرائیویٹ) لمیٹڈ (ایک مکمل ملکیتی ماتحت ادارہ) کان کنی لیز حاصل کرنے کے لئے پرعزم ہے موجودہ حکومتی پالیسیوں کی وجہ سے اس عمل میں تاخیر ہوئی ہے۔ اس کے علاوہ انتظامیہ نے ماحولیاتی، پائیداری اور گورننس (ای ایس جی) فریم ورک اور ان مسائل کو مستقل طور پر بہتر بنانے کے لیے مزید اقدامات بھی کیے ہیں۔

اظہارِ تشکر

بورڈ قابل قدر حصص داران، صارفین، سپلائرز، 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

لاہور
02 اکتوبر 2024ء



محمد صدیق کھتری
چیئرمین



عبدالستار کھتری
چیف اگزیکٹو آفیسر

تنوع، مساوات اور شمولیت (ڈی ای اینڈ آئی) اقدامات

ہم اپنی افرادی قوت اور کمیونٹی کے اندر تنوع، مساوات اور شمولیت (ڈی ای اینڈ آئی) کو فروغ دینے کے لئے پرعزم ہیں۔ اہم اقدامات میں شامل ہیں:

<p>ہم اپنی بھرتی کے طریقوں میں تنوع پر زور دیتے ہیں، اس بات کو یقینی بناتے ہیں کہ ملازمین کو ان کی قابلیت اور صلاحیتوں کی بنیاد پر بغیر کسی امتیاز کے منتخب کیا جاتا ہے۔ ہم ایک جامع ماحول کو فروغ دینے کے لئے پرعزم ہیں جہاں مختلف پس منظر سے تعلق رکھنے والے ملازمین پھل پھول سکتے ہیں۔</p>	<p>روزگار کے مساوی مواقع:</p>
<p>ہم نے تعلیم، صحت اور سماجی بہبود کو فروغ دینے کے لئے کمیونٹی پرمرو کو متعدد پروگراموں کو نافذ کیا ہے۔ یہ پروگرام نہ صرف مقامی کمیونٹی کی ترقی میں حصہ ڈالتے ہیں بلکہ پسماندہ گروہوں کو بااختیار بنا کر ہمارے ڈی ای اینڈ آئی وژن کے ساتھ بھی مطابقت رکھتے ہیں۔</p>	<p>کمیونٹی کی مدد اور سماجی ذمہ داری:</p>
<p>ہم فیصلہ سازی اور منصوبہ بندی کے عمل میں اپنے ملازمین کو شامل کرتے ہیں، اس بات کو یقینی بناتے ہیں کہ کمپنی کی سمت کو تشکیل دینے میں ان کی آواز ہو۔ کھیلوں کی سرگرمیاں اور دیگر تفریحی پروگرام بھی کام کی جگہ کی شمولیت کو بڑھاتے ہیں اور ٹیم کے جذبے کو فروغ دیتے ہیں۔</p>	<p>ملازمین کی مصروفیت:</p>

ڈی ای اینڈ آئی اقدامات کے ساتھ ماحولیاتی استحکام کی کوششوں کو مربوط کر کے، ہمارا مقصد سماجی طور پر ذمہ دار کارپوریٹ ادارے کے طور پر کام کرنا ہے جو ماحول اور کمیونٹی دونوں کے لئے مثبت کردار ادا کرتے ہوئے خطرات کو کم سے کم کرتا ہے۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے، ریٹائر اور اہل ہونے کی بنا پر سال 2024-25ء کے لیے خود کو دوبارہ تعیناتی کے لیے پیش کیا ہے۔ آڈٹ کمیٹی کی سفارشات پر بورڈ آف ڈائریکٹرز نے BDO ابراہیم اینڈ کمپنی کی دوبارہ تعیناتی کے لیے آنے والے سالانہ اجلاس میں ممبرز کی اجازت کے بعد آئندہ سال کے لیے منظوری دے دی ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی جانب سے کوالٹی کنٹرول ریویو کے تحت بیرونی آڈیٹرز کو تسلی بخش درجہ بندی دی گئی ہے۔

شیر ہولڈنگ کی فہرست

30 جون 2024ء تک شیر ہولڈنگ کی فہرست منسلک ہے۔

مستقبل کا نقطہ نظر

موجودہ چیلنجوں کے باوجود، کمپنی اسٹیٹیجک اقدامات پر توجہ مرکوز کیے ہوئے ہے جو نہ صرف اس کی مارکیٹ پوزیشن کو مضبوط کرے گی بلکہ پائیدار ترقی کو بھی یقینی بنائے گی۔ اس حقیقت کو مد نظر رکھتے ہوئے کہ کلور - الکل کا شعبہ اس کے مطابق بجلی سے بھر پور ہے، ایندھن کے اخراجات اس کی فروخت کی لاگت کے نصف سے زیادہ

پائیداری کے خطرات، انتظام، اور ڈی اینڈ آئی اقدامات

آئی سی ایل کے مستقبل کے منصوبے اور پائیداری کاوژن:

- آنے والے بائیوماس پاور پلانٹ کے آپریشنل ہونے سے پہلے ہی ای ایس جی حکمت عملی نافذ کی جائے گی۔ حکمت عملی منصوبے کی ٹائم لائن اگست - دسمبر 2024ء ہے۔
- بائیوماس پاور پلانٹ ہمہ دان ہوگا جو کسی بھی قسم کے بائیوماس کو توانائی کے ذرائع کے طور پر لینے کے قابل ہوگا۔ بائیوماس کو جمع / اکٹھا کرنے کی سہولیات قائم کرنے کا منصوبہ بھی ہے۔ آئی سی ایل بائیوماس کے استعمال میں قائدانہ کردار ادا کرنے کی خواہش رکھتا ہے۔ 2013ء سے کونسل سے چلنے والے پاور پلانٹ کے منصوبے تھے لیکن آئی سی ایل نے کونسل کو گند ایندھن ہونے کی وجہ سے اس کے ساتھ آگے نہ بڑھنے کا فیصلہ کیا۔ اکتوبر 2024ء کے دوران کام شروع کر دیا گیا ہے۔
- آئی سی ایل پائیدار کیمسٹری اور بائیو کیمسٹری کی طرف متنوع ہونے اور سبز کیمیکل تیار کرنے کا ارادہ رکھتا ہے۔
- آئی سی ایل طویل مدتی استحکام کے لئے جی سی ایف اور اس طرح کی دیگر گرانٹس کے ساتھ رابطہ قائم کرنے کا ارادہ رکھتا ہے۔
- آئی سی ایل یورپ اور مشرق وسطیٰ کو اپنی مارکیٹ میں اور برآمدات کو بڑھانے کا ارادہ رکھتا ہے۔ ان مارکیٹوں اور صارفین کی ای ایس جی ضروریات کو مناسب طریقے سے پورا کیا جانا چاہئے
- مستقبل کے منصوبوں / اقدامات کو مختصر، درمیانی اور طویل مدتی میں درجہ بندی کیا گیا ہے، جو عملدرآمد میں لچک اور آسانی بھی لاتا ہے۔

خطرے کا انتظام اور تخفیف

ہم نے خطرات کو منظم کرنے اور کم کرنے کے لئے مختلف حکمت عملیوں پر عمل درآمد کیا ہے:

<p>ماحولیاتی تحفظ:</p> <p>کمپنی اپنے آپریشنز میں سخت ماحولیاتی معیار کا اطلاق کرتی ہے، کم سے کم ماحولیاتی اثرات والے منصوبوں کو مروجہ کرنے پر توجہ مرکوز کرتی ہے۔ ہم نے ایک انرجی کنزرویشن ٹاسک ٹیم (ای سی ٹی ٹی) متعارف کروائی ہے جو وسائل کے ضیاع کو کم کرنے اور توانائی کی کارکردگی کو بڑھانے کے لئے فیکٹری کے عمل کا مسلسل جائزہ اور بہتر بناتی ہے۔ یہ اقدامات کاربن کے اخراج کو کم کرتے ہوئے زیادہ پائیدار طریقے سے کام کرنے کے کمپنی کے مقصد میں حصہ ڈالتے ہیں۔</p>	
<p>صحت اور حفاظت:</p> <p>ہم ساز و سامان اور حفاظتی نظام میں سرمایہ کاری کر کے محفوظ کام کے حالات کو یقینی بناتے ہیں۔ ہم ملازمین، ٹھیکیداروں اور عوام کے لئے سخت حفاظتی پروٹوکول بھی برقرار رکھتے ہیں۔ یہ اقدامات حادثات کو کم کرنے اور کارکنوں کی صحت کی حفاظت کرنے میں مدد کرتے ہیں، جو کیمیائی مینوفیکچرنگ کے شعبے میں ایک اہم خطرہ ہے۔</p>	
<p>توانائی کا پائیدار استعمال:</p> <p>توانائی کے تحفظ کے لئے ہماری کوششوں میں ایس اے پی جیسے آئی ٹی حلوں کو اپنانا شامل ہے تاکہ کاغذ کے بغیر ماحول کی طرف بڑھسکیں، ماحولیاتی اثرات کو مزید کم سے کم کیا جاسکے۔ کمپنی کے توانائی کے انتظام کے پروگرام مجموعی توانائی کی کارکردگی کو بہتر بنانے کے لئے دوبارہ انجینئرنگ کے عمل پر بھی توجہ مرکوز کرتے ہیں۔</p>	

معیارات کی تعمیل کرتی ہے۔ کمپنی کو پیشہ ورانہ صحت اور سیفٹی مینجمنٹ سسٹم آئی ایس او 45001:2018، کوالٹی مینجمنٹ سسٹم (کیو ایم ایس) آئی ایس او 9001:2015، ماحولیاتی مینجمنٹ سسٹم (ای ایم ایس) آئی ایس او 14001:2015 کے لیے گلوبل انٹرنیشنل ٹیفیکیشنز (جی آئی سی) اور ACTS-AI-Waiz سرٹیفیکیشن اور ٹریڈنگ سروسز (پرائیویٹ) لمیٹڈ کے حلال فوڈ مینجمنٹ سسٹم پی ایس 3733:2019 پی 2- کے لیے سرٹیفائیڈ کیا گیا ہے۔

آئی سی ایل اور کمیونٹی

آئی سی ایل کا اپنی کمیونٹی کے ساتھ ایک منفرد اور داخلی تعلق ہے۔ اس کے کارکنوں اور مقامی لوگوں کی فلاح و بہبود کے لئے مندرجہ ذیل منصوبے قائم کیے گئے ہیں۔

کارکنوں کے لیے کھیلوں کی سرگرمیاں

ایک صحت مند ماحول اور سماجی سرگرمیاں پیدا کرنے کے لئے، کرکٹ اور بیڈمنٹن کی متعلقہ ٹیموں، جن میں آئی سی ایل کارکن شامل ہیں، کو کمپنی کی طرف سے انتظام کردہ پورے ٹورنامنٹ کی فنڈنگ کے ساتھ منتخب کیا گیا ہے۔

مقامی لوگوں کے لئے مفت ادویات

مقامی رہائشیوں کی سہولت کے لئے کمپنی کے ڈاکٹر مقامی رہائشی علاقوں کا دورہ کرتے ہیں اور مفت ادویات اور طبی چیک اپ فراہم کرتے ہیں۔

لڑکیوں کے لئے سلائی اسکول

مقامی لڑکیوں کے لئے دو سلائی اسکول چل رہے ہیں جن میں سے ہر اسکول میں بیس لڑکیاں رجسٹرڈ ہیں۔ سلائی اور سلائی سکھانے کے لیے دو خواتین اساتذہ کی خدمات حاصل کی جاتی ہیں، جبکہ تیسرا اسکول قریبی علاقے میں قائم کیا جا رہا ہے۔

مقامی اسکولوں کی اپ گریڈیشن / تزئین و آرائش

مقامی اسکولوں کے معیار کو بلند کرنے کے لئے اپ گریڈیشن اور تزئین و آرائش کا منصوبہ بنایا گیا ہے۔ کچھ مقامی اسکولوں کو سائنس لیبارٹری کی ضرورت ہے اور کچھ اسکولوں کو کمپیوٹر کی ضرورت ہے۔ اس کے علاوہ، زیادہ تر اسکولوں کو اپنی عمارتوں کی تزئین و آرائش کی ضرورت ہے۔

شادی کا تحفہ (جاری)

ملازمتیوں کو ان کی بیٹیوں کی شادی کے وقت مدد کرنے کے لئے مالی مدد فراہم کی جاتی ہے۔ یہ اسکیم جاری ہے اور سپروائزر کیڈرس سے نیچے کے ملازمین اس سے فائدہ اٹھاتے ہیں۔

زیر غور سال کے دوران کمپنی نے متعدد خیراتی اداروں کو -/30,541,723 روپے کا مالی تعاون دیا۔

ضابطہ اخلاق / Code of Conduct

کمپنی توقع کرتی ہے کہ تمام ملازمین، ان کے عنوان یا مقام سے قطع نظر، ایسے رویے کا مظاہرہ کریں گے جو اعلیٰ ترین اخلاقی، اخلاقی اور قانونی معیارات کی عکاسی کرتا ہے۔ اگرچہ یہ ایک انفرادی ذمہ داری ہے، کمپنی نے ان ذمہ داریوں کی رہنمائی کے لئے طرز عمل کے مخصوص معیارات قائم کیے ہیں۔ کوڈ آف کنڈکٹ پورے ادارے کے تمام ملازمین میں تقسیم کیا گیا ہے اور کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔

کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کے ضابطہ کی تعمیل

اتحاد کیمیکلز لمیٹڈ میں ہم کارپوریٹ گورننس اور ریگولیٹری تعمیل پر زور دیتے ہیں۔ بورڈ کی طرف سے کارپوریٹ گورننس کے کوڈ کے بہترین طریقوں کی تعمیل کو ہمیشہ یقینی بنایا جاتا ہے۔ اسی حوالے سے ایک بیان بھی منسلک کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے بارے میں بیانات مندرجہ ذیل ہیں:

- i. مالیاتی گوشوارے اور تیار کیے گئے نوٹس کمپنیز ایکٹ 2017 کے عین مطابق تیار کیے گئے ہیں۔ یہ گوشوارے کمپنی کے معاملات کی شفاف حالت اسکے آپریشن کے نتائج، کیش فلو اور سرمایہ میں تبدیلیوں کو ظاہر کرتی ہے۔
- ii. کمپنی کے اکاؤنٹس کی باقاعدہ کتب بنائی گئیں ہیں۔
- iii. مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مد نظر رکھا گیا ہے اور اکاؤنٹنگ کے اندازے مناسب اور دانشمندانہ فیصلوں پر کیے گئے ہیں۔
- iv. مالی گوشواروں کی تیاری میں انٹرنیشنل مالیاتی رپورٹنگ معیار جو کہ پاکستان میں بھی لاگو ہے کی پیروی کی جاتی ہے اور وہاں سے کسی بھی قسم کی کمی بیشی کی صورت میں مناسب طور پر وضاحت کی جاتی ہے۔
- v. انٹرنل کنٹرول کا بہترین نظام ہے اور مناسب انداز میں لاگو اور مانیٹر کیا جاتا ہے۔
- vi. کمپنی کی صلاحیت کو جاری رکھنے کے حوالے سے کسی بھی قسم کے شک و شبہات نہیں ہیں۔
- vii. گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار منسلک ہیں۔
- viii. ٹیکس اور لیویز کے بقایا جات کے متعلق معلومات اکاؤنٹس کے نوٹس میں دی گئی ہیں۔
- ix. پراویڈنٹ فنڈ کی انویسٹمنٹ کی ویلیو 30 جون 2024ء کے مطابق اکاؤنٹس کی بنیاد پر مالی بیانات کے متعلقہ نوٹ میں دی گئی ہے۔
- x. ضابطہ میں بیان شدہ تمام معلومات سٹاک ایکسچینج اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو بروقت فراہم کی گئی ہیں۔
- xi. متعلقہ پارٹی ٹرانزیکشن کے حوالے سے تمام ضروریات کے مطابق کمپنی نے عملدرآمد کیا ہے۔

صحت، تحفظ اور ماحولیات

ہم اپنے ملازمین کے لئے ایک محفوظ اور صحت مند کام کے ماحول کو یقینی بنانے کے لئے وقف ہیں۔ ہم حادثات کی ممکنہ وجوہات کو ختم کرنے ماحولیات کی آلودگی کی روک تھام، فضلے کو کم سے کم کرنے، توانائی کے تحفظ، حفاظتی آگاہی کو فروغ دینے، باقاعدگی سے تربیت کا انعقاد، ہنگامی تیاری کو بڑھانے، اور ماحولیات کی اثرات کا انتظام کرنے کے لئے فعال طور پر کام کرتے ہیں جو آس پاس کی برادریوں اور وسیع تر ماحول دونوں کو متاثر کر سکتے ہیں۔ کمپنی تمام قابل اطلاق قوانین اور حکومتی ضوابط کے ساتھ ساتھ اپنے اندرونی

کارپوریٹ بریفنگ سیشن (سی بی ایس)

پاکستان اسٹاک ایکسچینج کی ضروریات کے مطابق تمام لسٹڈ کمپنیاں ہر مالی سال کے دوران اسٹیک ہولڈرز کے لیے کم از کم ایک کارپوریٹ بریفنگ سیشن (سی بی ایس) منعقد کرنے کی پابند ہیں۔ اس کے مطابق، زیر نظر سال کے دوران، کمپنی نے 26 جون، 2024ء کو اپنے رجسٹرڈ آفس میں سی بی ایس کا انعقاد کیا، جس میں ویڈیو لنک کے ذریعے شرکت کی سہولت بھی فراہم کی گئی۔ یہ سیشن کمپنی کی حکمت عملی، مالی پوزیشن، آپریشنز اور کارکردگی کو اجاگر کرنے کے لئے بلایا گیا تھا۔ بورڈ تمام اسٹیک ہولڈرز کے ساتھ مضبوط تعلقات برقرار رکھنے کی اہمیت کو تسلیم کرتا ہے۔ کارپوریٹ بریفنگ انٹرایکٹو فورم کے طور پر کام کرتی ہے، جو انتظامیہ کو اسٹیک ہولڈرز کو کمپنی کی مجموعی کارکردگی اور مستقبل کے نقطہ نظر سے بات چیت کرنے کا موقع فراہم کرتی ہے۔

بورڈ اور اس کی کمیٹیوں کا اجلاس اور حاضری

لسٹڈ کمپنیز کے کوڈ آف کارپوریٹ گورننس کی شق 34(ii,iii) کے مطابق بورڈ اور اس کی کمیٹیوں کی تشکیل اس سالانہ رپورٹ کے ساتھ منسلک سٹیٹمنٹ آف کمپلائنس میں دی گئی ہے۔ سال کے دوران، چار (04) بورڈ کے اجلاس، چار (04) آڈٹ کمیٹی اجلاس، دو (02) HR&R کمیٹی اجلاس اور ایک (01) رسک مینجمنٹ کمیٹی کے اجلاس منعقد ہوئے۔ بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضری درج ذیل ہے:

اجلاسوں میں شرکت کی تعداد				ڈائریکٹر کا نام
رسک مینجمنٹ کمیٹی	ایچ آر اینڈ آر کمیٹی	آڈٹ کمیٹی	بورڈ آف ڈائریکٹرز	
N/A	N/A	N/A	4	جناب محمد صدیق کھتری
1	N/A	N/A	4	جناب عبدالستار کھتری
1	2	N/A	4	جناب وقاص صدیق کھتری
N/A	N/A	N/A	4	محترمہ فرحانہ عبدالستار کھتری
N/A	2	4	4	* جناب عبداللہ مصطفیٰ
1	N/A	4	4	جناب پرویز احمد خان
N/A	2	3	3	جناب علی اسرار حسین آغا

بورڈ کمیٹیوں کے ممبران کے نام ”کارپوریٹ انفارمیشن“ کے عنوان کے تحت بھی ظاہر کیے جاتے ہیں جو کہ CCG کی شق نمبر 34 کے تحت ضروری ہے۔

ڈائریکٹرز کا معاوضہ

کمپنی نان ایگزیکٹو ڈائریکٹرز / آزاد ڈائریکٹرز کو کسی قسم کا معاوضہ ادا نہیں کرتی۔ تاہم بورڈ نے آزاد اور نان ایگزیکٹو ڈائریکٹرز کے لیے بورڈ اور اس کی کمیٹیوں کی ہر میٹنگ میں شامل ہونے کی فیس 000,60 روپے اور بورڈ / کمیٹیوں کے چیئرمین کے لیے 70,000 روپے مقرر کیے ہیں۔ اس کے ساتھ ساتھ میٹنگ کے علاوہ ہونے والے سفری اور دیگر اخراجات صرف نان ایگزیکٹو اور آزاد ڈائریکٹرز کو ادا کیے جاتے ہیں۔

2024ء	"000" روپے	2023ء	
24,314,588		24,268,283	مجموعی فروخت
4,811,373		4,993,779	مجموعی منافع
2,987,950		3,088,648	آپریٹنگ منافع
2,369,610		2,680,191	ٹیکس سے پہلے منافع
1,385,752		1,826,196	ٹیکس کے بعد منافع
13.86		18.26	فی حصص کمائی - (روپے)

منافع اور تخصیص

2024ء	"000" روپے	2023ء	
1,428,369		1,822,749	کل آمدنی برائے سال
4,141,170		2,618,421	بشمول آگے لایا گیا غیر تخصیص منافع
5,569,539		4,441,170	تخصیص کے لیے دستیاب منافع
(125,000)		-	مالی سال 2022-23ء کیلئے حتمی نقد منافع % 12.5 کی شرح سے ادا کیا گیا۔
(200,000)		(300,000)	مالی سال 2023-24ء کیلئے عبوری نقد منافع % 20 کی شرح سے ادا کیا گیا۔ (03%:2022-23)
5,244,539		4,141,170	تخصیص کے لیے دستیاب منافع

نقد منافع

بورڈ آف ڈائریکٹرز 30 جون 2024ء کو ختم ہونے والے مالی سال کیلئے 1.5 روپے کا حتمی نقد منافع فی حصص یعنی % 15 کی تجویز دیتے ہوئے خوشی محسوس کر رہے ہیں، جو پہلے سے جاری کردہ 2 روپے کے عبوری نقد منافع فی حصص یعنی % 20 کے علاوہ ہے۔ حتمی منافع 28 اکتوبر 2024ء کو ہونے والے سالانہ اجلاس عام میں حصص داران کی منظوری سے مشروط ہے۔

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (سابقہ JCR-VIS) کریڈٹ ریٹنگ کمپنی لمیٹڈ

02 اپریل 2024ء کے اعلامیے کے مطابق، VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے کمپنی کی درجہ بندی 'A-2/A-2' (سنگل A مائنس / A-2) پر برقرار رکھا ہے۔ 'A مائنس' کی درمیانی سے طویل مدتی درجہ بندی مناسب تحفظ کے عوامل کے ساتھ اچھے کریڈٹ معیار کی نشاندہی کرتی ہے۔ 'A-2' کی قلیل مدتی درجہ بندی درست لیکویڈٹی اور کمپنی کے بنیادی اصولوں کے ساتھ بروقت ادائیگیوں کی نشاندہی کرتی ہے۔ درجہ بندی پر آؤٹ لک کو "مستحکم" پر برقرار رکھا گیا ہے۔

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز سالانہ رپورٹ بمعہ 30 جون 2024ء کو ختم ہونے والے مالی سال کے پڑتال شدہ مالی گوشوارے اور ان پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

معیشت کا جائزہ

زیر غور مالی سال کے دوران پاکستان کی معیشت سست روی کا شکار رہی جس کی وجہ بڑھتی ہوئی مہنگائی، سیاسی عدم استحکام، قانونی تنازعات اور حکومت کی عدم فعالیت ہے۔ افراط زر پر قابو پانے کے لیے سخت مانیٹری پالیسی اپنائی گئی ہے لیکن بلند شرح سود نے معاشی نمو کو محدود کر دیا ہے۔ بڑے پیمانے پر مینوفیکچرنگ میں صرف معمولی اضافہ دیکھا گیا جو مختلف صنعتوں میں کم پیداوار اور منافع کی عکاسی کرتا ہے۔ آئی ایم ایف کی شرائط کو پورا کرنے اور معیشت کو مستحکم کرنے کے لئے اٹھائے گئے اقدامات کے تمام شعبوں میں وسیع اثرات مرتب ہوئے ہیں۔ مزید برآں، بین الاقوامی مالیاتی اداروں کے ساتھ پیچیدہ مذاکرات نے گورننس میں غیر یقینی صورتحال اور مستقل ساختی مسائل کو جنم دیا ہے۔ ان عوامل نے صارفین کی قوت خرید کو کم کر دیا ہے، جس کی وجہ سے اخراجات میں کمی واقع ہوئی ہے اور مختلف صنعتوں میں معاشی ترقی متاثر ہوئی ہے۔ پاکستان کو غیر متوقع موسمی حالات کا سامنا ہے جس کی وجہ سے سیلاب، شدید خشک سالی، برفانی جھیلوں کے پھٹنے، شدید گرمی کی لہروں اور تیز بارشوں جیسے واقعات رونما ہو رہے ہیں۔ نتیجتاً، اس کے ماحولیاتی نظام اور مناظر آہستہ آہستہ خراب ہو رہے ہیں۔

چیلنجز کے باوجود اگر موثر پالیسی پر عمل درآمد کیا جاسکے تو اصلاحات اور ترقی کے مواقع موجود ہیں۔ میکرو اکنامک استحکام کی بحالی ترقی کی حوصلہ افزائی، روزگار میں اضافہ اور لوگوں کے لئے مجموعی معیار زندگی کو بہتر بنانے کے لئے ایک پلٹ فارم قائم کرنا ضروری ہے۔ ہم پُر امید ہیں کہ پاکستان کی معاشی صورتحال جس نے بحالی اور ترقی کی طرف اپنا سفر شروع کر دیا ہے اس کے نتیجے میں کمپنی کی کارکردگی بہتر ہوگی۔

مالی کارکردگی

زیر جائزہ سال کے دوران، کمپنی کی 24,315 ملین روپے کی خالص فروخت آمدنی (2023: 24,268 ملین روپے) رہی۔ فروخت کی لاگت 19,503 ملین روپے رہی (2023: 19,275 ملین روپے) جس سے خام منافع 4,811 ملین روپے (2023: 4,994 ملین روپے) تک پہنچ گیا۔ سالانہ خام منافع کا مارجن 20 فیصد (2023: 21 فیصد) تھا۔ یوٹیلیٹی کی قیمتوں میں مسلسل اضافہ، زیادہ ٹیکس اور مالی چارجز نے منافع کے مارجن کو کم کر دیا۔ ٹیکس کی ادائیگی کے بعد گوشوارے کی آخری سطر مبلغ 1,386 ملین روپے (2023: 1,826 ملین روپے) کا خالص منافع دکھاتی ہے جس سے فی حصص 13.86 روپے (2023: 18.26 روپے فی حصص) آمدنی ہوئی۔

مالی جھلکیاں

30 جون 2023ء اور 2024ء کو ختم ہونے والے سال کے لیے تقابلی مالیاتی نتائج مندرجہ ذیل ہیں۔

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







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