ANNUAL
REPORT
2023

ITTEHAD CHEMICALS LIMITED

Building a Better Tomorrow

While directly serving their customers, companies should indirectly serve the interests of society by taking responsibility for the holistic impact of their activities. Its simply a more broad view of value creation. This is what ESG (Environmental, Social, and Governance) is all about. With this perspective, the goal is still Profit — Profit for all stakeholders, to varying degrees and in varying capacities of course.

This holistic view of profit produces what I call Multiplicative Value Effects, or, win-win scenarios as opposed to win-lose scenarios where the prerequisite of a companies win is a loss for societal stakeholders.

Environmental, social, and governance must be integrated into Business Transformation.

-Hendrith Vanlon Smith Jr

Contents

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 Sheikhupura.
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
Faysal Bank Limited
Habib Metro Bank Limited
MCB Bank Limited
National Bank of Pakistan
JS Bank Limited
Pak Libya Holding Co. (Pvt.) Ltd.
Pak Brunei Inv. Company Ltd
The Bank of Punjab
United Bank Limited
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

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.

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.

Accountability

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

Teamwork

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

Enabling Technologies for Sustainability & Growth

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

Trukkr

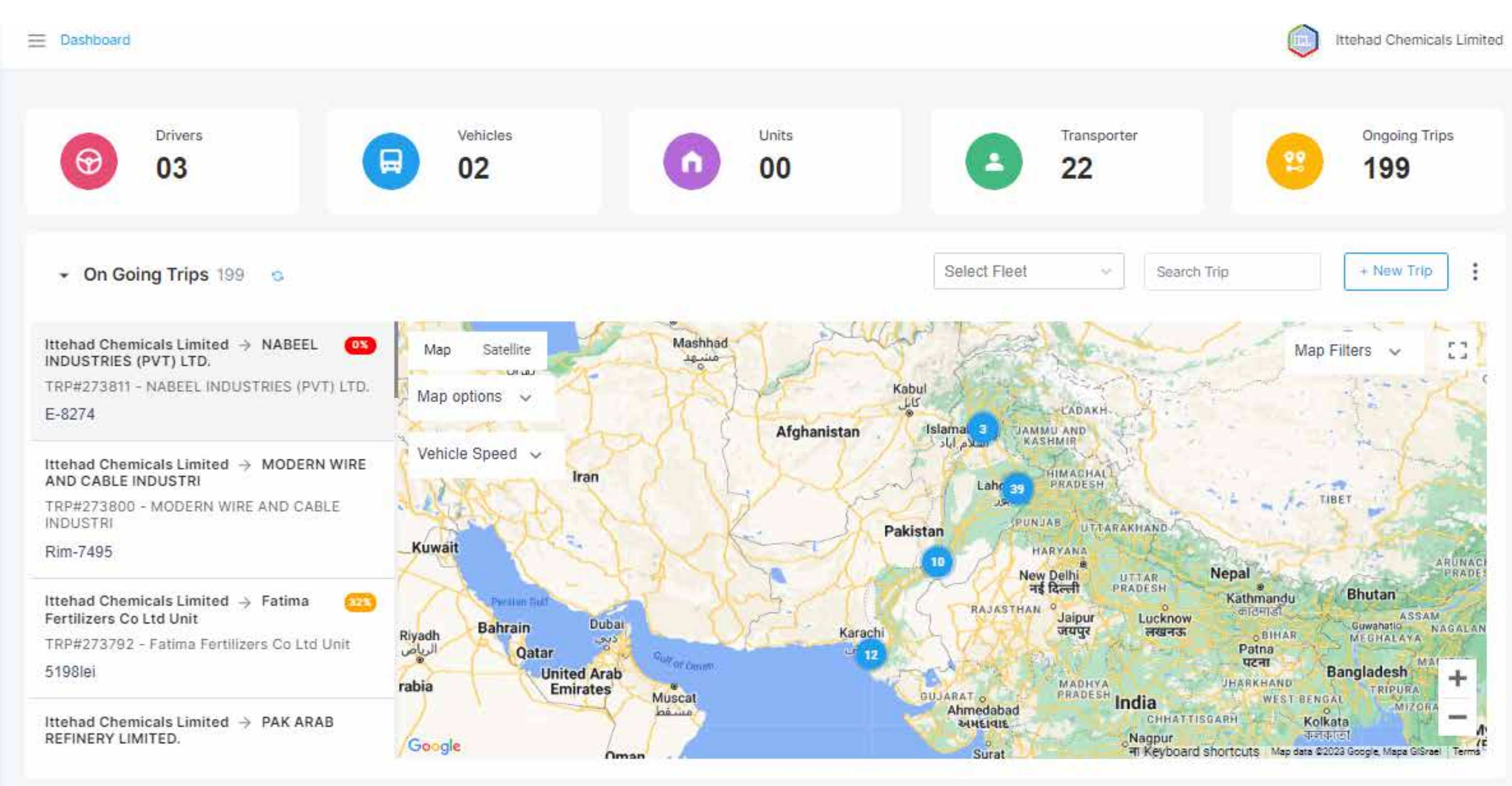
Deployment of Trukkr Portal to integrate transporters and their vehicles.

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.



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.

Push today for what you want tomorrow.

- Lorii Myers

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.

Notice of Annual General Meeting

Notice is hereby given that the 32nd Annual General Meeting of the Shareholders of **Ittehad Chemicals Limited** will be held on **Thursday, October 26, 2023 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 March 28, 2023.

2. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the Financial Year ended June 30, 2023 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 1.25 (12.50 %) for the year ended June 30, 2023. This is in addition to interim cash dividends of PKR 3/- (30%) per share.

4. To appoint Auditors for the Financial Year 2023-24 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 approve the circulation of the Annual Audited Financial Statements to the members through QR enabled code and web link by passing an ordinary resolution proposed in the statement of material fact.

   "**Resolved that** approval of the shareholders of Ittehad Chemicals Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to circulate the Annual Audited Financial Statements of the Company together with the reports and documents required to be annexed thereto under the Companies Act, 2017 through QR enabled code and web link instead of circulation through CD/DVD/USB.

   Further resolved that the Chief Executive Officer and / or Chief Financial Officer and / or Company Secretary of the Company be and is hereby singly empowered and authorized to do all acts, deeds and things, take or cause to be taken all necessary action for the purposes of implementing this resolution."

6. 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, 2023, 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, 2024

   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:

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

By Order of the Board

Abdul Mansoor Khan
Company Secretary

Lahore
September 20, 2023

Notes:-

i. The Share Transfer Books of the Company will remain closed from October 19, 2023 to October 26, 2023 (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 18, 2023 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. Members are requested to notify the change of address immediately, if any, to Company's Shares Registrar.

vi. 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.

vii. 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.

viii. 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.

ix. 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.

x. The Annual Report for the Financial Year ended June 30, 2023 will be placed on Company's website www.ittehadchemicals.com in due course of time.

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 26, 2023.

Item No. 5 of the Agenda - To approve the circulation of the annual audited financial statements to the members through QR enabled code and weblink by passing an ordinary resolution proposed in the statement of material facts.

The Securities and Exchange Commission of Pakistan ("SECP") vide SRO 389(I)/2023 dated March 21, 2023 has allowed the listed companies to circulate the Annual Audited Financial Statements including Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Directors Report, etc. ("annual audited financial statements") to its members through QR enabled code and weblink. This will enable the company to use of technological advancements and cost saving.

The company shall circulate the annual audited financial statements through email in case email address has been provided by the member to the company and the consent of member to receive the copies through email is not required.

The company shall send the complete financial statements with relevant documents in hard copy to the shareholders, at their registered addresses, free of cost, within one week, if a request has been made by the member on the standard request form available on the website of the company.

The following resolution is proposed to be passed as ordinary resolution, with or without any modification.

"**Resolved that** approval of the shareholders of Ittehad Chemicals Limited (the "Company") be and is hereby accorded and the Company be and is hereby authorized to circulate the Annual Audited Financial Statements of the Company together with the reports and documents required to be annexed thereto under the Companies Act, 2017 through QR enabled code and weblink instead of circulation through CD/DVD/USB.

Further resolved that the Chief Executive Officer and / or Chief Financial Officer, and / or Company Secretary be and is hereby singly empowered and authorized to do all acts, deeds and things, take or cause to be taken all necessary action for the purposes of implementing this resolution."

None of the Directors have any interest, directly or indirectly, in the aforesaid special business.

Item No. 6 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, 2023 in the Annual General Meeting of the shareholders to be held on 26th October, 2023" 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:-

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.

Chairman’s Review

Dear stakeholders

I would like to take this opportunity to express my views on overall performance and effectiveness of the Board of Directors in leading the Company towards achieving its objectives.

Following the reelection of the Directors in the Extra Ordinary General Meeting held on March 28, 2023, the Board reconstituted the three (03) Committees:

- The Audit Committee which ensures effectiveness of internal controls and reviews the financial statements in order to ensure that the accounts fairly represent the financial position of the Company.

- The HR Committee which overviews HR Policy framework and recommends selection and compensation of senior management team.

- The Risk Management Committee which foresees the potential Risks which the Company is likely to face and apprise the Board about the measures for mitigating such risks.

In order to engage in strategic planning, set leadership direction, and ensure the highest standards of ethical, moral, and legal conducts, the Board and its Committees are made up of members who have an appropriate mix of core competencies, diversity, necessary skills, knowledge, qualified, and experienced professionals in their specialized fields. As required by the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has created a mechanism to assess the effectiveness of its own performance, that of its Committees, and that of its Members.

As conveyed earlier, the primary focus of the wholly-owned subsidiary company M/s Ittehad Salt Processing (Pvt.) Limited is to explore the opportunities in the rock salt mining business. The wholly-owned subsidiary has already received the exploration license for 1,356,07 acres from the Punjab Minerals & Mines Department and is steadily completing all the requirements to get the mining license from the relevant government departments.

During the year under review, the Company organized a Corporate Briefing Session which highlighted the Company’s strategy, financial position, operations and performance. The Board recognizes the importance of having a good relationship with all of its stakeholders.

The Board and its Committees are constantly monitoring the current challenges, including the significant depreciation of Pak rupee, extremely high fuel & financing costs, historical high inflationary pressures, supply chain disruption and the balance of payment difficulties. Despite all odds, your Company has continued to display strength and persistence, achieving another milestone this year with the greatest sales ever of over Rupees 24 billion. The Board is enthusiastic about future growth and healthy returns with the ultimate objective to maximize shareholders’ wealth in long run.

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 the Company’s sustained growth.

Lahore
September 20, 2023

Muhammad Siddique Khatri
Chairman

Directors' Report

The Directors of the Company are delighted to present the Annual Report along with Audited Financial Statements for the Financial Year ended June 30, 2023, and Auditor's Report thereon.

ECONOMY OVERVIEW

The Financial Year under review remained quite challenging for Pakistan's economy, owing to the prevalent political and economic instability that adversely effected the business community. A slowdown in domestic economic activity was witnessed across most sectors owing to monetary tightening measures implemented to curb inflation. The depletion of foreign exchange reserves to ever low level and imposition of restrictions on imports, impacted the ability of businesses to secure imported raw materials and spares thereby hindering their ability to maintain uninterrupted operations. These challenges, combined with higher energy prices, increased borrowing costs and depreciation of the local currency negatively impacted consumer purchasing power resulting in a significant demand compression across all segments in the economy. Despite the all challenges, the company successfully maintained its growth momentum during the year under review.

FINANCIAL PERFORMANCE

During the year under review, the Company posted net sales revenue of Rupees 24,268 Million with an increase of 55% (2022: Rupees 15,681 Million). The cost of sales stood at Rupees 19,275 Million (2022: Rupees 13,617 Million) bringing gross profit to Rupees 4,994 Million (2022: Rupees 2,065 Million). The annual gross profit margin improved to 21% from 13% vis-à-vis corresponding period of last year primarily on account of increased exports of Company's products in the international market and better energy / working capital management. The bottom line showed a net profit after tax amounting to Rupees 1,826 Million (2022: Rupees 415 Million) which yielded earning(s) per share Rupees 18.26 per share (2022: Rupees 4.15 per share).

FINANCIAL HIGHLIGHTS

The comparative financial results for the years ended Jun 30, 2022 & 2023 are as under:

	Financial Year ended June 30	
	2023	2022
	Rupees in "000"	
Net Sales	24,268,283	15,681,372
Gross Profit	4,993,779	2,064,777
Operating Profit	3,088,648	992,781
Profit /(Loss) before Tax	2,680,191	764,049
Profit after Tax	1,826,196	414,539
Earnings Per Share – re-stated (Rupees)	18.26	4.15

PROFIT AND APPROPRIATIONS

	Financial Year ended June 30	
	2023	2022
	Rupees in "000"	
Total Comprehensive Income for the Year	1,822,749	413,069
Add: - Un-appropriated profit brought forward	2,618,421	2,305,352
Profit available for appropriation	4,441,170	2,718,421
Appropriations:		
Final Cash Dividend paid @ 10% for the Financial Year 2021-22	-	(100,000)
Interim Cash Dividend paid @ 30% for the Financial Year 2022-23	(300,000)	-
Profit available for appropriation	4,141,170	2,618,421

CASH DIVIDEND / BONUS SHARES

The Board of Directors is pleased to propose a final cash dividend of Rs. 1.25 per share i.e. 12.50%, in addition to interim cash dividends already paid at Rs. 3 per share i.e. 30%, for the Financial Year ended June 30, 2023. The final dividend is subject to the approval of shareholders in Annual General Meeting scheduled to be held on October 26, 2023

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

VIS Credit Rating Company Limited (VIS) has maintained 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 revised from "Positive" to "stable" as announced on March 30, 2023.

CORPORATE BRIEFING SESSION (CBS)

As per the requirement of the Pakistan Stock Exchange, it is mandatory for all listed companies to hold at least one Corporate Briefing Session (CBS) for stakeholders during a Financial Year. During the year under review, the Company organized a CBS on June 26, 2023 at its Registered Office and via Video Link facility to emphasize the Company's strategy, financial position, operations and performance. The Board recognizes the significance of good relationship with all stakeholders. Corporate briefings are interactive sessions and provides Management an opportunity to convey the stakeholders, the overall performance and future outlook of the Company.

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, five (05) Board meetings, four (04) Audit Committee meetings, one (01) HR & Remuneration Committee meeting and one (01) Risk Management Committee meeting were held. The attendance at the Board and its Committees meetings is hereunder:-

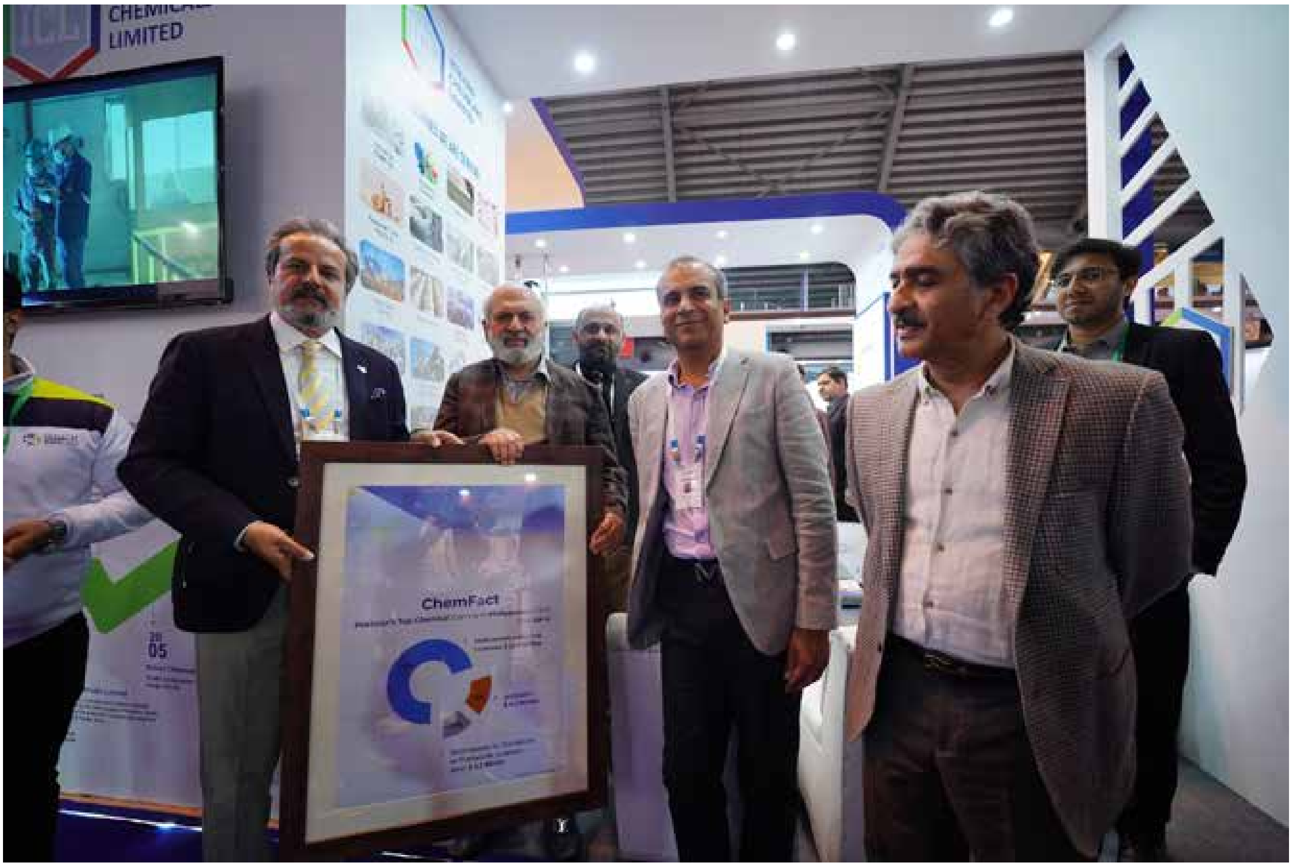
Name of Director	Number of Meetings attended			
	Board of Directors	Audit Committee	HR & R Committee	Risk Management Committee
Mr. Muhammad Siddique Khatri	5	N/A	N/A	1
Mr. Abdul Sattar Khatri	5	N/A	N/A	1
Mr. Waqas Siddiq Khatri	5	N/A	1	1
Mr. Abdullah Mustafa *	3	3	N/A	N/A
Mrs. Farhana Abdul Sattar Khatri	5	N/A	N/A	N/A
Mr. Pervaiz Ahmad Khan **	3	3	N/A	N/A
Mr. Pervez Ismail	5	4	N/A	N/A
Mr. Ahmed Mustafa *	2	1	1	N/A
Mr. Ali Asrar Hossain Aga **	2	1	1	N/A

Note:

* Mr. Abdullah Mustafa retired on March 28, 2023 and Mr. Ahmed Mustafa was elected.

** Mr. Ali Asrar Hossain Aga was elected as an Independent Director in place of Mr. Pervaiz Ahmad Khan, as he has completed his three (03) consecutive terms as an Independent Director.

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



CHANGES IN THE BOARD OF DIRECTORS

In the Extra Ordinary General Meeting held on March 28, 2023 the re-election of Directors took place.

- The following directors were elected:

  i. Mr. Muhammad Siddique Khatri
  ii. Mr. Abdul Sattar Khatri
  iii. Mr. Waqas Siddiq Khatri
  iv. Mrs. Farhana Abdul Sattar Khatri
  v. Mr. Ahmed Mustafa
  vi. Mr. Pervez Ismail
  vii. Mr. Ali Asrar Hossain Aga

- Mr. Muhammad Siddique Khatri has been appointed Chairman of the Board of Directors.

- Mr. Abdul Sattar Khatri has been appointed as CEO for a term of 3 years commencing from March 28, 2023 on a monthly remuneration of Rs. 935,000 as recommended by HR & R Committee. He would also be entitled to all other allowances, benefits, perquisites and terminal benefits as are admissible to Senior Executives of the Company according to the rules of the Company.

- Mr. Waqas Siddiq Khatri has been reappointed as an Executive Director of the Company w.e.f. March 28, 2023 on a monthly remuneration of Rs. 892,000. He would also be entitled to all other allowances, benefits, perquisites and terminal benefits as are admissible to Senior Executives of the Company according to the rules of the Company.

AUDIT COMMITTEE

Consequent upon the reelection of the Directors, the Board has reconstituted the Audit Committee. Presently, the Audit Committee comprises of the following members:

1.	Mr. Pervez Ismail	Chairman	Independent Director
2.	Mr. Ali Asrar Hossain Aga	Member	Independent Director
3.	Mr. Ahmed Mustafa	Member	Non-Executive Director

HUMAN RESOURCE & REMUNERATION COMMITTEE

Consequent upon the reelection of the Directors, the Board has reconstituted the Human Resource & Remuneration Committee. Presently, the HR & R Committee comprises of the following members:

1.	Mr. Ali Asrar Hossain Aga	Chairman	Independent Director
2.	Mr. Waqas Siddiq Khatri	Member	Executive Director
3.	Mr. Ahmed Mustafa	Member	Non-Executive Director

RISK MANAGEMENT COMMITTEE

Consequent upon the reelection of the Directors, the Board has reconstituted the Risk Management Committee. Presently, the Risk Management Committee comprises of the following members:

1.	Mr. Pervez Ismail	Chairman	Independent Director
2.	Mr. Abdul Sattar Khatri	Member	Executive Director
3.	Mr. Waqas Siddiq Khatri	Member	Executive Director

Note: Mr. Pervez Ismail was appointed as Chairman / Member of RMC on July 31, 2023 replacing Mr. Muhammad Siddique Khatri

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

Behavior reflecting high ethical, moral and legal conducts is expected from all employees of the Company regardless of their title or location which is an individual responsibility; however, Company has defined certain standards of obligations. The Code of Conduct has been disseminated to all its employees throughout the Company and placed on the website of the Company.

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

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 based on its audited accounts as on Jun 30, 2023 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.

xii. The trading made by directors, CEO, CFO, Company Secretary and their spouses and minor children in the Company's share during the year and the number of shares, if any, held by them are annexed

HEALTH, SAFETY AND ENVIRONMENT

We are committed to providing a safe and healthy work environment to our employees. The Company meets applicable laws and government regulations as well as Company's own standards. We actively strive for eliminating all possible causes of accidents, preventing environmental pollution, minimizing waste, energy conservation, safety awareness, training, emergency preparedness and managing environmental impact that can affect the surrounding communities and the environment at large. 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.

CORPORATE SOCIAL RESPONSIBILITY

Our main CSR focuses are Health Care, Education, and community development. ICL continued to provide financial support to various organizations operating in the fields of Education, Health, and Social uplift. During the year under review, Company contributed Rupees 23,556,766/- to various charitable organizations.

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 2023-24. 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, 2023 is annexed.

FUTURE OUTLOOK

Moving ahead, the company is committed to deliver consistent growth. The management is considering establishment of a Biomass Power Plant, inclusion of one additional electrolyzer, setting up of a Flaker Plant and an expansion in Calcium Chloride Plant. Being conscious of climate change, we will map and reduce our carbon footprint. In order to achieve this, the management is focusing on Environmental, Social and Governance ("ESG") performance standards.

On the other hand, global economy is suffering from slow growth, higher inflation, and monetary tightening. The challenges like inflationary pressures, liquidity crunch, high-interest rates, increased energy costs along with the devaluation of the Pak rupee are adversely affecting the industry in the general and chemical industry in particular. Hence, there is an urgent need for prompt and effective remedial actions on the part of the Government to curb macroeconomic imbalances prevailing in the economy. The Management is keenly observing the current economic scenario and is taking appropriate measures to achieve paramount operational excellence. The wholly owned subsidiary i.e. Ittehad Salt Processing (Pvt.) Limited is in the process of acquiring Mining Lease from the concerned Government Department.

ACKNOWLEDGMENT

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

On behalf of the Board

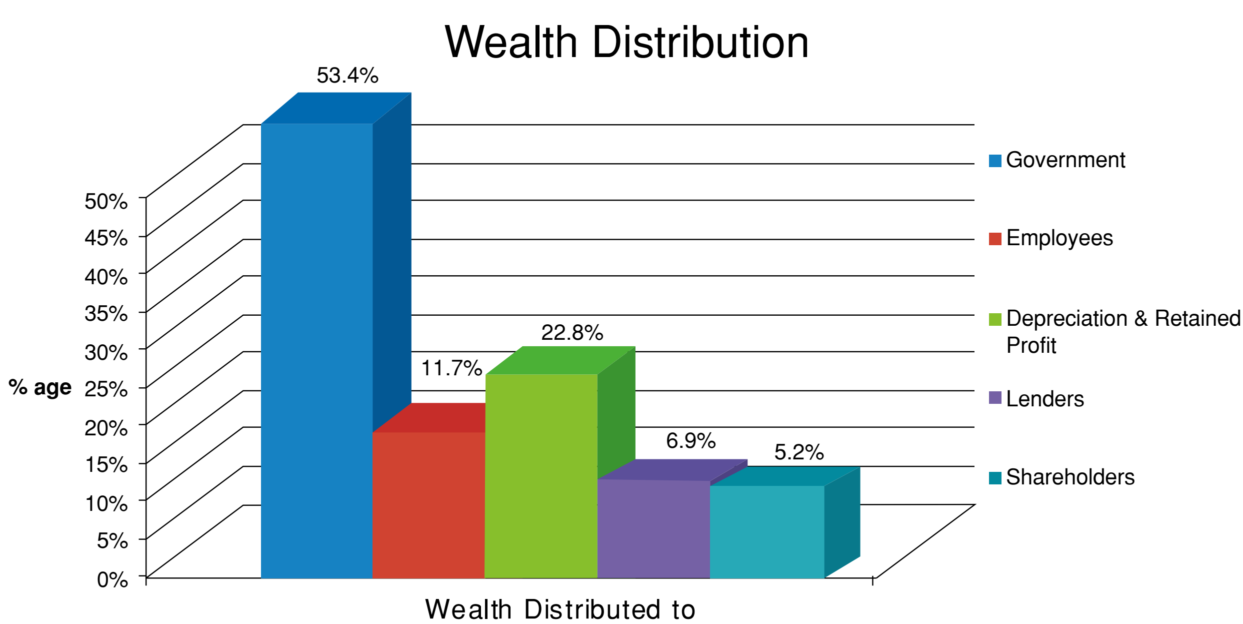
Lahore September 20, 2023	Muhammad Siddique Khatri Chairman	Abdul Sattar Khatri Chief Executive Officer

Operating and Financial Highlights

	Unit	2023	2022	2021	2020	2019	2018	2017
PROFIT AND LOSS								
Sales	Rs. in mln	24,268	15,681	11,124	8,857	6,644	5,743	4,990
Gross Profit	Rs. in mln	4,994	2,065	1,886	1,182	1,379	963	820
Operating Profit	Rs. in mln	3,089	993	1,093	496	756	504	384
Profit / (loss) before tax	Rs. in mln	2,680	764	980	78	505	361	220
Profit after tax	Rs. in mln	1,826	415	657	61	405	415	233
EBITDA	Rs. in mln	3,709	1,508	1,606	1,069	1,248	859	718
Earning per share - Basic and Diluted	Rs.	18.26	4.15	6.57	0.72	4.78	4.91	3.37
BALANCE SHEET								
Operating Fixed assets (NBV)	Rs. in mln	6,323	6,298	5,723	5,872	6,335	5,452	4,128
Current Assets	Rs. in mln	6,828	5,706	3,805	2,968	2,915	2,031	2,065
Current Liabilities	Rs. in mln	6,215	5,775	3,639	2,508	3,461	3,007	2,436
Long Term Liabilities	Rs. in mln	1,773	1,909	1,797	2,579	2,012	1,023	944
Share capital	Rs. in mln	1,000	1,000	847	847	847	770	770
Shareholders' Equity	Rs. in mln	5,312	3,789	3,482	3,081	3,031	2,737	2,421
INVESTOR INFORMATION								
Gross Profit Margin	%	20.58	13.17	16.95	13.34	20.75	16.77	16.43
Net Profit Margin	%	7.53	2.64	5.90	0.69	6.10	7.23	4.68
Return on Equity	%	40%	11.40	20.01	1.99	14.05	16.11	10.59
Price Earning Ratio Restated		2.14	7.20	4.91	36.60	5.64	6.44	9.28
Net Asset Per Share	Rs.	53.12	37.89	41.11	36.38	35.78	35.54	31.45
Long -Term Debt to Equity Ratio		0.37	0.51	0.51	0.60	0.66	0.50	0.49
Current Ratio		1.10	0.99	1.05	1.18	0.84	0.68	0.85
Quick Ratio		0.66	0.53	0.64	0.74	0.50	0.45	0.49
Interest Coverage Ratio		5.49	3.01	4.85	1.03	2.96	3.27	2.17
Debtor Turnover	No. of Times	14.40	10.28	11.25	13.05	11.81	12.86	10.67
Inventory Turnover	No. of Times	7.06	5.11	5.91	6.95	4.40	7.16	4.80
Dividend Payout	%	23.27	24.12	30.45	139.31	-	20.39	38.58
Bonus Shares	%		18.06	-	-	-	10.00	-
Dividend Per Share		4.25	1.00	2.00	1.00	-	1.10	1.30

Statement of Value Added

	2023	2022
	Year ended June 30 (Rs. in Million)	
Wealth Generated:		
Total revenue net of discount and allownces	28,147	18,440
Bought-in-material and services	19,970	13,625
	8,177	4,815
Wealth Distributed:		
To Employees		
Salaries, benefits and other costs	954	777
No. of Employees		
To Government		
Income tax, sales tax and worker welfare fund	4,367	2,880
To Providers of capital		
To shareholders (Dividend & Bonus Shares)	425	100
To Financial Institutes (Mark up/interest on borrowed funds)	562	330
Retained for Reinvestment and Growth		
Depreciation and retained profits	1,868	729
	8,177	4,815



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

Name of company: **Ittehad Chemicals Limited**
Year ended: **June 30, 2023**

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

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

Category	Numbers
Male	06
Female	01

2. 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)

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. 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.

5. 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.

6. 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.

7. 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.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Presently all Board Members have attained certification offered by SECP approved Institutes for Director's Training Program.

10. 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.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. 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, 2023 were as per following:

    a) Audit Committee: Four (04) meetings held (at least one (01) meeting in each quarter).
    b) HR and Remuneration Committee: One (01) meeting 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	Muhammad Siddique Khatri	Abdul Sattar Khatri
September 20, 2023	Chairman	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, 2023 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, 2023.

BDO Ebrahim & Co.

Chartered Accountants
Engagement Partner: Sajjad Hussain Gill

Lahore
Dated: October 2, 2023

UDIN: CR202310087QMhwCZ4Xj

Financial Statements

for the year ended 30 June 2023

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, 2023, 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, 2023 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.	**Capital expenditures**	
	The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2023. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria in the Company's accounting policy, in particular for assets constructed by the Company and the useful economic lives assigned by management are appropriate. For these reasons, we considered it to be a key audit matter.	Our audit work included assessing and testing the design and operation of its key controls over capital expenditure and testing the amounts capitalized to supporting evidence and evaluating whether assets capitalized satisfied the required recognition criteria. We also assessed the useful economic lives assigned with reference to the Company's historical experience. We reviewed the minutes of the Company's Board of Directors during the year to evaluate the completeness of management's consideration of any events that warranted the carrying values.

S. No	Key audit matters	How the matter was addressed in our audit
	Refer to notes 5.1 to the unconsolidated financial statements.	We performed physical verification on test basis of the items of plant and equipment capitalized during the year. We visited the sites where significant capital projects are ongoing to understand the nature of the projects. We assess the adequacy of the disclosures presented in the unconsolidated financial statements regarding property, plant and equipment, based on the applicable accounting standards and requirements of Companies Act, 2017.
2.	**Inventory valuation**	
	As at June 30, 2023, the Company held Rs. 2,730.687 million in inventories. Given the size of the inventory balance relative to the total assets of the Company and the estimates and judgements described below, the valuation of inventory required significant audit attention. As disclosed in Note 5.7 and 5.8, inventory is held at the lower of cost and net realizable value determined using the moving average cost method / average cost plus production overheads. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. The determination of whether inventory will be realized for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future salability of slow moving and older inventory items; • 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. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized if required value and a specific write down is recognized if required.	Our audit procedures involved assessing the Company's accounting policies over recognizing and valuation of inventory in compliance with applicable accounting standards. We tested the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value. We performed an analytical review of the inventory to compare and investigate any unexpected or unusual variation between current year and prior year and discuss these with management and also corroborate with underlying record. We checked final stock valuation sheet to physical stock taking Sheet to ensure that all items are included. We reconciled final stock valuation sheet to general ledger and stock ledger and checked amount to appropriate sources and investigate unusual items. We assessed the Company's disclosures in the unconsolidated financial statements in respect of inventory.

<table>
<tr><th>S. No</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td>Refer to Note 5.7, 5.8, 12 & 13 (Inventory) of the unconsolidated financial statements.</td><td></td></tr>
<tr><td>3.</td><td colspan="2">Contingencies</td></tr>
<tr><td></td><td>As disclosed in note 34.1 to the unconsolidated financial statements, the Company is involved in certain legal and tax proceedings against the Company. The appeals were filed by the Company against these orders at respective forum.

Management judgement is involved in assessing the accounting for claims, and in particular in considering the probability of a claim being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the unconsolidated financial statements.

No provision has been made in the unconsolidated financial statements for the liability that may arise in the event of a decision against the Company as the management is of the opinion, based on advice of legal and tax advisor that the decision is likely to be in the favor of the Company.

There are significant uncertainties attached to the future outcome of these pending matters and, therefore, are considered as key audit matter.</td><td>We undertook a number of procedures to verify the appropriateness of contingencies in the unconsolidated financial statements. This included, among others:

• Obtained and reviewed the details of the pending tax matters and discussed the same with the Company's management;

• Circularized confirmations to the Company's external legal and tax counsels for their views on open tax assessments and the matters under adjudications;

• Reviewed correspondence of the Company with the relevant authorities including significant judgments or orders passed by the relevant authorities in relation to the issues involved;

• Reviewed the reasonableness of management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and tax advisors engaged by the Company; and

• Reviewed appropriateness of the disclosures made in the unconsolidated financial statements in respect of such contingent liabilities.</td></tr>
</table>

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 consolidated 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.

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.

BDO Ebrahim & Co

Lahore
Dated: October 2, 2023

BDO Ebrahim & Co
Chartered Accountants

UDIN: AR202310087Hk46dz2o3

Statement of Financial Position
as at 30 June, 2023

	Note	2023	2022
		------ Rupees in thousand ------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	6,322,977	6,298,108
Capital work in progress	7	908,192	396,152
		7,231,169	6,694,260
Intangible assets	8	883	1,440
Investment property	9	562,500	408,750
Long term investments	10	2,500	2,500
Long term deposits	11	66,375	51,758
		7,863,427	7,158,708
CURRENT ASSETS			
Stores, spares and loose tools	12	533,525	495,567
Stock in trade	13	2,197,162	2,168,526
Trade debts	14	1,939,538	1,787,468
Loans, advances and other receivables	15	172,452	278,928
Trade deposits and short term prepayments	16	37,990	27,367
Tax refunds due from the Government	17	723,163	529,429
Taxation - net	18	-	224,526
Short term investments	19	300,000	-
Cash and bank balances	20	923,733	194,542
		6,827,563	5,706,353
TOTAL ASSETS		14,690,990	12,865,061
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		4,141,170	2,618,421
Merger reserve	23	(6,445)	(6,445)
Surplus on revaluation of fixed assets	24	1,392,042	1,392,042
		6,703,767	5,181,018
NON CURRENT LIABILITIES			
Long term financing	25	938,485	670,698
Long term diminishing musharaka	26	190,561	577,566
Lease liabilities	27	-	9,300
Deferred liabilities	28	571,317	621,789
Deferred grant	29	72,194	30,094
		1,772,557	1,909,447
CURRENT LIABILITIES			
Trade and other payables	30	3,737,996	3,231,916
Unclaimed dividend		4,012	2,308
Mark-up accrued	31	76,317	82,866
Short term borrowings	32	1,314,051	1,790,853
Taxation - net	18	268,032	-
Current portion of long term liabilities	33	814,258	666,653
		6,214,666	5,774,596
TOTAL EQUITY AND LIABILITIES		14,690,990	12,865,061
CONTINGENCIES AND COMMITMENTS	34		

The annexed notes from 1 to 62 form an integral part of these unconsolidated financial statements.

Chief Executive — Director — Chief Financial Officer

Statement of Profit or Loss Account

For the year ended 30 June, 2023

	Note	2023	2022
		------ Rupees in thousand ------	
Revenue from contracts with customers	35	24,268,283	15,681,372
Cost of sales	36	(19,274,504)	(13,616,595)
Gross profit		4,993,779	2,064,777
Selling and distribution expenses	37	(1,627,248)	(805,901)
General and administrative expenses	38	(299,945)	(245,148)
Other operating expenses	39	(196,441)	(80,998)
Other income	40	218,503	60,051
		(1,905,131)	(1,071,996)
Operating profit		3,088,648	992,781
Financial charges	41	(562,207)	(329,982)
Fair value gain on investment property	9	153,750	101,250
Profit before taxation		2,680,191	764,049
Taxation	42	(853,995)	(349,510)
Profit after taxation		1,826,196	414,539
Earnings per share - Basic and diluted (Rupees)	45	18.26	4.15

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

The annexed notes from 1 to 62 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, 2023

	Note	2023	2022
		Rupees in thousand	
Profit after taxation for the year		1,826,196	414,539
Other comprehensive loss			
Items that will not be reclassified subsequently to statement of profit or loss			
Remeasurement of defined benefit liability	28.3	(4,835)	(2,153)
Related tax effect		1,388	683
		(3,447)	(1,470)
Items that may be reclassified subsequently to statement of profit or loss		-	-
		(3,447)	(1,470)
Total comprehensive income for the year		1,822,749	413,069

The annexed notes from 1 to 62 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, 2023

	Note	2023	2022
		Rupees in thousand	
Cash flows from operating activities			
Net cash flows from operating activities before working capital changes	47	3,598,887	1,551,518
Increase / (decrease) in current assets			
Stores, spares and loose tools		(77,488)	(70,623)
Stock in trade		(28,636)	(1,047,263)
Trade debts		(9,382)	(628,692)
Loans, advances and other receivables		106,476	(174,312)
Trade deposits and short term prepayments		(10,623)	6,511
Tax refunds due from the Government		12,737	(120,793)
		(6,916)	(2,035,172)
Increase / (decrease) in current liabilities			
Trade and other payables		506,080	1,252,085
Cash generated from operations		4,098,051	768,431
Taxes paid		(637,322)	(227,971)
Gratuity paid		(8,450)	(5,191)
Financial charges paid		(559,234)	(307,216)
Net cash generated from operating activities		2,893,045	228,053
Cash flows from investing activities			
Additions to operating fixed assets		(64,183)	(61,002)
Additions to intangible assets		-	(1,672)
Additions to capital work in progress		(1,082,381)	(997,872)
Proceeds from sale of operating fixed assets		5,295	12,715
Long term investment made		-	(2,400)
Short term investment made		(300,000)	-
Long term deposits		(14,617)	(751)
Net cash used in investing activities		(1,455,886)	(1,050,982)
Cash flows from financing activities			
Proceeds from long term financing		746,660	678,550
Repayments of long term financing		(284,479)	(131,818)
Repayments of long term diminishing musharaka		(387,005)	(387,005)
Repayment of finance lease liabilities		(8,046)	(7,312)
Dividend paid		(298,296)	(102,995)
Short term borrowings - net		(476,802)	629,416
Net cash (used in) / generated from financing activities		(707,968)	678,836
Net increase / (decrease) in cash and cash equivalents		729,191	(144,093)
Cash and cash equivalents at the beginning of the year		194,542	338,635
Cash and cash equivalents at the end of the year	20	923,733	194,542

The annexed notes from 1 to 62 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, 2023

	Note	Issued, subscribed and paid-up capital	Reserves				Total
			Capital Reserves			Revenue Reserves	
			Surplus on revaluation of fixed assets	Balance arising upon merger	Share premium	Unappropriated profit	
		(Rupees in thousand)					
Balance as at July 01, 2021		847,000	1,392,042	-	330,000	2,305,352	4,874,394
Transaction with owners:							
Issuance of bonus shares @ 18.06 %		153,000	-	-	(153,000)	-	-
Interim cash dividend on ordinary shares @ Rs. 1 per share		-	-	-	-	(100,000)	(100,000)
		153,000	-	-	(153,000)	(100,000)	(100,000)
Total comprehensive income for the year							
Profit for the year		-	-	-	-	414,539	414,539
Adjustment of goodwill upon merger		-	-	(6,445)	-	-	(6,445)
Remeasurements of defined benefit liability - net		-	-	-	-	(1,470)	(1,470)
		-	-	(6,445)	-	413,069	406,624
Balance as at June 30, 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.3 per share		-	-	-	-	(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)
		-	-	-	-	1,522,749	1,522,749
Balance as at June 30, 2023		1,000,000	1,392,042	(6,445)	177,000	4,141,170	6,703,767

The annexed notes from 1 to 62 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, 2023

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.

The Company holds 100% shares of Ittehad Salt Processing (Private) Limited (subsidiary company), which is a private limited company and incorporated in Pakistan under the Companies Act, 2017 on December 3, 2019, as company limited by shares. The subsidiary company is engaged in the business of exploring, operating, and working on mines and quarries. The registered office of subsidiary company is situated at 31-A, Tech Society, Canal Bank, Lahore. The Chief Executive of subsidiary company is Ahmed Mustafa.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS
The registered office of the Company is situated at 39, Empress Road, Lahore. The manufacturing facility of the Company is located at G.T Road Kala Shah Kaku District Sheikhupura and regional offices are located as follows:

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

3 BASIS OF PREPARATION
3.1 Statement of compliance
These 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; and
- Provisions of and directives issued 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 benefits 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.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the unconsolidated financial statements in subsequent years are disclosed in note 44.

3.3 Functional and presentation currency

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

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the unconsolidated financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendmends to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendmends to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendmends to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

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 unconsolidated statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendmends to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendmends to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendmends 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 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 following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

5 SIGNIFICANT 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 profit and loss account. 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 profit and loss account.

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.

Rental income from investment property is accounted for as described in note 5.22.

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) Current

The charge for current year is higher of the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any, and minimum tax computed at the prescribed rate on turnover or alternative corporate tax. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the unconsolidated statement of profit or loss, except in case of items charged or credited directly to equity in which case it is included in the unconsolidated statement of comprehensive income.

5.11 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 balance sheet 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 profit and loss account 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”.

5.12 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.

5.13 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 balance sheet date and adjusted to reflect the current best estimates.

5.14 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.

5.15 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

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 net of borrowings not considered as being in the nature of financing activities.

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 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 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 balance sheet date or at the contract rate. Exchange gains and losses are included in profit and loss account 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 contribution plan (Provident fund - officers and above)

The Company has planned to operate an approved provident fund scheme, effective from July 01, 2021, for officers and above. Equal monthly contributions are made, both by the Company and the employees at the rate of 8.33% of basic salary. However owing to the pending formalities of registration the fund the Company has withdrawn contribution provident fund policy with effect from June 30, 2023 and employee/employer monthly contribution accumulated for last two years including interest has been paid to all entitled employees as on June 30, 2023.

c) Defined benefit plan (Gratuity Fund)

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, 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 remeasurement 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

- Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

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

- Scrap sales are recognized on delivery to customers
- Return on deposits is accrued using effective interest rate.
- Rental income is recognized on accrual basis.
- All other income is recognized on accrual basis.
- 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 Balance arising upon merger

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 ''balance arising upon merger''.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		Rupees in thousand	
Operating fixed assets	6.1	6,321,437	6,289,161
Right of use assets	6.11	1,540	8,947
		6,322,977	6,298,108

6.1 Operating fixed assets

The following is the statement of operating fixed assets:

Description	Freehold land	Buildings on freehold land	Railway sidings	Plant and machinery	Other equipments	Furniture and fixtures	Office and other equipments	Vehicles	Total
	(Rupees in thousand)								
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
Net carrying value basis									
Year ended June 30, 2022									
Opening net book value (NBV)	1,592,895	221,968	698	3,788,043	39,118	3,584	16,271	46,456	5,709,033
Additions / transfer (at cost)	-	49,948	-	993,738	17,664	1,251	6,166	49,453	1,118,220
Disposals (NBV)	-	-	-	(23,364)	-	-	-	(4,322)	(27,686)
Depreciation charge	-	(23,076)	(70)	(461,990)	(6,721)	(448)	(3,901)	(14,200)	(510,406)
Closing net book value	1,592,895	248,840	628	4,296,427	50,061	4,387	18,536	77,387	6,289,161
Gross carrying value basis									
Year ended June 30, 2022									
Cost or revalued	1,592,895	460,222	3,906	7,776,652	162,223	12,149	77,499	146,853	10,232,399
Accumulated depreciation	-	(211,382)	(3,278)	(3,480,225)	(112,162)	(7,762)	(58,963)	(69,466)	(3,943,238)
Net book value	1,592,895	248,840	628	4,296,427	50,061	4,387	18,536	77,387	6,289,161
Depreciation rate % per annum	-	10	10	10 to 33	15	10	15 to 30	20	

6.2 Free hold lands of the Company are located at Mudwala Khurd Sheikhupura with an area covering 74 kanals and 11 Marla, Kala Shah Kaku Sheikhupura with an area of 886 Kanal - 2 Marla, Upper Mall Scheme with an area of 2 Kanal -12 Marla and at Khanpur Canal Sheikhupura with an area of 135 Kanal - 6 Marla. These lands have been held for establishment of head office and factory.

6.3 This includes transfer from capital work-in-progress amounting to Rs. 587.372 million (2022: Rs. 1,083.842 million).

6.4 Free hold land was latest revalued by M/s Harvestor Services (Private) Limited as at June 30, 2021 on the basis of market value. The revaluation resulted in surplus aggregating to Rs. 1392.42 million. Had there been no revaluation, the book value of operating fixed assets would have been lower by Rs. 1392.42 million (2022: Rs. 1392.42 million). Had there been no revaluation, the net book value of the free hold land would have been Rs. 200.853 million (2022: Rs. 200.853 million).

6.5 The forced sale value of free hold land was Rs. 1,353.960 million as at June 30, 2021.

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

	Note	2023	2022
		Rupees in thousand	
Cost of sales	36	596,886	496,947
Selling and distribution expenses	37	1,936	1,926
General and administrative expenses	38	21,343	16,235
		620,165	515,108

6.7 The depreciation break-up is as follows:

	Note	2023	2022
Operating fixed assets	6.1	615,869	510,406
Right of use of assets	6.11	4,296	4,702
		620,165	515,108

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							
FAW XPV Van LEH-17-8543	946	645	301	350	49	Negotiation	Mohammad Mudassar
Honda City - LEC-13-5779	1,490	1,306	184	705	521	Negotiation	Azhar Nazar
Toyota Corolla AUL-366	1,000	902	98	700	602	Negotiation	Shakeel Ahmed Khatri
Suzuki Cultus LEC-08-9134	645	620	25	350	325	Negotiation	Muhammad Saleem
Honda Civic LEC-12-7666	1,259	1,029	230	1,000	770	Negotiation	Usman
Suzuki Cultus LEB 2211	947	816	131	415	284	Negotiation	Jahanzaib
Honda City LE-13-8568	1,204	481	723	975	252	Negotiation	Muhammad Irshad
Toyota Hiace LES-8912	1,576	1,544	32	800	768	Negotiation	Syed Zulfiqar Haider
Office and other equipments	6,260	4,961	1,299	-	(1,299)	Srapped	
Furniture and fixtures	1,027	640	387	-	(387)	Srapped	
Total - 2023	16,354	12,944	3,410	5,295	1,885		
Total - 2022	94,356	66,670	27,686	12,715	(14,971)		

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 canal 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	2023	2022
		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,)		8,947	13,649
Disposals	6.12	(3,111)	-
Depreciation charge		(4,296)	(4,702)
Closing net book value		1,540	8,947
Gross carry value basis			
Cost		27,653	41,653
Accumulated depreciation		(26,113)	(32,706)
Net book value		1,540	8,947
Depreciation rate % per annum		10%	10%

6.12 During the year Company has vacated one premises and accordingly disposal adjustment has been made in these unconsolidated financial statements.

	Note	2023	2022
7 CAPITAL WORK IN PROGRESS			
This comprises of:			
Building		20,295	24,388
Plant and machinery	7.2	839,646	357,918
Advances		48,251	13,846
		908,192	396,152

	Advances	Building	Plant and machinery	Total
	Rupees in thousand			
7.1 Movement of carrying amount				
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
Year ended June 30, 2022				
Opening balance	161,372	12,247	243,547	417,166
Additions (at cost)	18,596	46,684	1,073,548	1,138,828
Adjustment	(63,499)	-	63,499	-
Adjustment	(76,000)	15,406	(15,406)	(76,000)
Transferred to operating fixed assets	(26,623)	(49,949)	(1,007,270)	(1,083,842)
Closing balance	13,846	24,388	357,918	396,152

7.2 Advances include balances amounting to Rs. 1.639 million (2022: Rs. 1.639 million) and Rs. 36.00 million (2022:Nil) 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. 17.030 million (June 30, 2022: 38.332) has been capitalized in the cost of capital work in progress by using average capitalization rate ranges from 14.00% to 17.90 %.

	Note	2023	2022
		Rupees in thousand	
8 INTANGIBLE ASSETS			
Computer software and licences	8.1	883	1,440
8.1 Computer software and licences			
Net carrying value as at June 30,			
Opening balance		1,440	-
Addition during the year		-	1,672
Amortization charge	38	(557)	(232)
Net book value		883	1,440
Gross carrying value as at June 30,			
Cost		24,214	24,214
Accumulated amortization		(23,331)	(22,774)
Net book value		883	1,440
Amortization % per annum		33.33%	33.33%
8.2 The amortization charge for the year has been allocated as follows:			
Administrative expenses	38	557	232
9 INVESTMENT PROPERTY			
Freehold land	9.1	562,500	408,750

	Note	2023	2022
		Rupees in thousand	
9.1 The movement in this account is as follows:			
Opening balance		408,750	307,500
Fair value gain on revaluation recognized as income	9.2	153,750	101,250
		562,500	408,750

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, 2023 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. 478.125 million (2022: Rs. 347.437 million).

	Note	2023	2022
		Rupees in thousand	
10 LONG TERM INVESTMENTS			
Investment in related parties - unquoted			
Held at cost			
Chemi Visco Fiber Limited	10.1	-	-
Ittehad Salt Processing (Private) Limited	10.2	2,500	2,500
		2,500	2,500
10.1 Chemi Visco Fiber Limited			
5,625,000 (2022: 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%			
(2022: 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.

	Note	2023	2022
10.2 Ittehad Salt Processing (Private) Limited			
250,000 (2022: 250,000) fully paid ordinary shares	10.3	2,500	2,500
Relevant information:			
Percentage of investment in equity held 100% (2022: 100%)			

10.3 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	2023	2022
		Rupees in thousand	
11 LONG TERM DEPOSITS			
Long term deposit	11.1	66,375	51,758

11.1 This includes security deposit against utilities and rented premises. The said deposit is refundable at the expiry of the respective rent agreement or on vacation of the rented premises. 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.

	Note	2023	2022
12 STORES, SPARES AND LOOSE TOOLS			
Stores			
in hand	12.1	89,163	86,628
in transit		83	512
		89,246	87,140
Spares:			
in hand	12.1	410,957	413,819
in transit		33,322	31,567
		444,279	445,386
		533,525	532,526
Less: Provision for obsolete stores and spares	12.2	-	36,959
		533,525	495,567

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.

	Note	2023	2022
12.2 Movement of provision for obsolete stores and spares			
Opening balance		36,959	21,837
Adjustment on account of write off during the year		(76,489)	(2,889)
Provision made during the year		39,530	18,011
		-	36,959
13 STOCK IN TRADE			
Raw materials:			
in hand	36	233,689	1,018,757
in transit	13.1	784,484	404,602
		1,018,173	1,423,359
Packing materials			
in hand		30,131	24,011
Work in process	36	75,529	53,901
Finished goods	13.2 & 36	1,073,329	667,255
		2,197,162	2,168,526

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

13.2 The finished goods includes stock in transit amounting to Rs. Nil (2022: 6.36 million) which was on the way to the port at the year end.

13.3 Stock-in-trade up to a maximum amount of Rs. 2,197.162 million (2022: Rs. 2,168.526 million) are under hypothecation of commercial banks as security against short term borrowings.

	Note	2023	2022
		Rupees in thousand	
14 TRADE DEBTS			
Unsecured - Foreign			
Considered good		134,018	306,196
Secured			
Considered doubtful	14.2	2,234	2,234
Less: Expected credit losses		(2,234)	(2,234)
		134,018	306,196
Unsecured - Local			
Considered good		1,805,520	1,481,272
Considered doubtful		64,627	60,234
		1,870,147	1,541,506
		2,004,165	1,847,702
Less: Expected credit losses	14.1	64,627	60,234
		1,939,538	1,787,468

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

	2023	2022
Opening balance	62,468	57,476
Adjustment on account of:		
Expected credit losses	4,393	4,992
Closing balance	66,861	62,468

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	2023	2022
15 LOANS AND ADVANCES			
Advances - (Unsecured - considered good)			
To employees	15.1-3	20,771	19,390
Advance to supplies and services (Unsecured)			
Considered good		75,988	122,984
Considered doubtful		1,374	1,374
		77,362	124,358
Other advance	15.5	-	135,000
Against import		73,225	1,554
		171,358	280,302
Accrued interest receivable		2,468	-
Less: Provision for doubtful advances	15.6	1,374	1,374
		172,452	278,928

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. 15.192 million (2022: 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 This represented payment against purchase of land measuring 1.39 acres located at Plot No. D-4 South Avenue S.I.T.E Karachi. However, the deal has cancelled whole amount has been recovered by the Company during the year.

	Note	2023	2022
		Rupees in thousand	
15.6 Movement of provision for doubtful debts 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)	16.1	19,342	19,400
Security deposits	16.2	11,524	950
Prepayments		7,124	7,017
		37,990	27,367

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. These deposits do not carry any interest or mark-up and are recoverable within one year as the respective premises are vacated during the year.

17 TAX REFUNDS DUE FROM THE GOVERNMENT

(Considered good)			
Income tax		589,631	383,160
Sales tax		133,532	146,269
		723,163	529,429

18 TAXATION - NET

Advance income tax		618,273	478,501
Less: Provision for taxation	42	886,305	253,975
		(268,032)	224,526

19 SHORT TERM INVESTMENTS

Held to maturity			
Term Deposit Receipts			
Faysal Bank Limited		300,000	-

19.1 This represents term deposit receipts and carry interest rate ranging from 13.25% to 17.66% (2022:Nil). These have a maturity period of one month.

19 CASH AND BANK BALANCES

Cash in hand		526	463
Cash at banks			
Current accounts	20.1	920,152	175,898
Saving accounts	20.2	3,055	18,181
		923,207	194,079
		923,733	194,542

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 12.25% to 17.66% (2022: 4.5% to 12.25%) per annum.

			Note	2023	2022
				Rupees in thousand	

21 SHARE CAPITAL

21.1 Authorized share capital

2023	2022			2023	2022
Number of ordinary shares of Rs. 10/- each					
175,000,000	175,000,000	Ordinary shares of Rs. 10/- each		1,750,000	1,750,000
25,000,000	25,000,000	Preference shares of Rs. 10/- each		250,000	250,000
200,000,000	200,000,000			2,000,000	2,000,000

21.2 Issued, subscribed and paid up capital

2023	2022		Note	2023	2022
Number of ordinary shares of Rs. 10/- each					
27,100,000	27,100,000	Fully paid in cash		271,000	271,000
24,900,000	24,900,000	Issued for consideration other than cash	21.2.3	249,000	249,000
48,000,000	48,000,000	Fully paid bonus shares		480,000	480,000
100,000,000	100,000,000			1,000,000	1,000,000

	Note	Number of shares 2023	Number of shares 2022	Rupees in thousand 2023	Rupees in thousand 2022
21.2.1 Movement of share capital is as follows:					
Opening balance		100,000,000	84,700,000	1,000,000	847,000
Shares issued during the year	21.2.2	-	15,300,000	-	153,000
Closing balance		100,000,000	100,000,000	1,000,000	1,000,000

21.2.2 The Board of Directors of the Group in its meeting held on October 27, 2021 accord approval to issue bonus shares in the proportion 18.064 shares for every 100 shares held i.e. 18.064%. These bonus shares have been issued from the share premium account.

21.2.3 The Company 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 Company became a wholly owned subsidiary of Federal Chemical and Ceramics Corporation (Private) Limited. The Company was privatised on July 03, 1995.

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

22 RESERVES

	Note	2023	2022
Capital			
Share premium	22.1	177,000	177,000
Revenue			
Un-appropriated profit		4,141,170	2,618,421
		4,318,170	2,795,421

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

22.2 Movement of reserves have been reflected in the unconsolidated 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	2023	2022
		Rupees in thousand	
24 SURPLUS ON REVALUATION OF FIXED ASSETS			
Revaluation surplus on freehold land	24.1	1,392,042	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.

	Note	2023	2022
25 LONG TERM FINANCING			
Secured:			
Banking Companies			
MCB Bank Limited- SBP Refinance	25.1	-	48,205
Samba Bank Limited-TERF	25.2	378,148	71,866
The Bank of Punjab	25.3	224,734	274,771
Allied Bank Limited - LTF	25.4	100,000	-
		702,882	394,842
Other Financial Institutions			
Pak Libya Holding Company (Private) Limited	25.5	173,572	217,000
Pak Brunei Investment Company Limited	25.6	133,333	200,000
Pak Brunei Investment Co. Limited (WWTP)	25.7	96,250	110,000
Pak Libya Holding Company (Private) Limited	25.8	200,000	-
		603,155	527,000
		1,306,037	921,842
Less: Current portion shown under current liabilities	33	367,552	251,144
		938,485	670,698

25.1 The Company has obtained term finance facility from MCB Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 196.970 million specifically for paying salaries and wages to Company's employees. The Company has made drawdown from May, 2020 to September, 2021. The tenure of the financing is two and half year inclusive 8-Months Grace period and are repayable in 8 equal monthly instalments commencing from January 31, 2021.

This term loan is secured by way of mortgage of all present and future plant and machinery hypothecation charge over all assets belonging to the Company with 27% margin. The rate of mark-up is fixed at 3%.

25.2 The Company has obtained this loan under the scheme of Temporary Economic Refinance Facility (TERF) to the extent of Rs. 500 million. This finance is secured against 667 million 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 has not fully disbursed yet. The loan is repayable in sixteen (16) equal quarterly instalments starting from 1 year (grace period) after initial draw down.

25.3 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 1st pari passu charge of Rs. 400 million over fixed assets of the company. These carry mark up at SBP rate 4% plus 1% spread of Bank per annum under TERF and for the remaining amount carry 6 month KIBOR plus 1.5% per annum.The loan is repayable in Ten (10) equal semi- annual instalments having grace period of Six months after the disbursement date.

25.4 The Company has obtained this loan to the extent of Rs. 200 million. This finance is secured against 1st Hypo & mortgage charge over present and future fixed assets (Land, Building & 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 instalments having a grace period of one year after the date of disbursement.

25.5 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 instalments starting from 15th month from the first drawdown.

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

25.7 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 instalment falling due at the end of 15th month from the disbursement date.

25.8 The Company has obtained this loan under long term finance facility to the extent of Rs. 200 million. This finance is secured against Initially Ranking Charges of Rs. 267 million, inclusive of 25% margin on all assets of the company (excluding land and building), convertible to 1st Pari Passu charge within 180 days of disbursement. This carries mark up at the rate of 3 months KIBOR plus 1.50% per annum payable on quarterly basis. The loan is repayable in sixteen (16) equal quarterly instalments on quarterly basis. First instalment will fall due at the end of 12th month from the date of first draw down.

	Note	2023	2022
		Rupees in thousand	
26 LONG TERM DIMINISHING MUSHARAKA			
Secured;			
Banking Companies			
The Bank of Punjab - TAQWA	26.1	262,500	437,500
The Bank of Punjab - TAQWA	26.2	208,191	313,321
Al-Baraka Bank (Pakistan) Limited	26.3	106,875	213,750
		577,566	964,571
Less: Current portion shown under current liabilities	33	387,005	387,005
		190,561	577,566

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 ranking charge over present & future fixed assets of the Company and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed during the prior year in various tranches and are repayable in eight semi annual equal 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 ranking charge upgradable to specific exclusive charge over imported plant and machinery and ranking & pari passu charge over present & future fixed assets of the Company and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed from May, 2018 to January, 2019 in different tranches and are repayable in eight semi annual equal instalments commencing from December, 2020.

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 ranking charge over present & future fixed assets of the Company and carries mark up at six months average KIBOR plus 1.40%. This finance is disbursed during the year in various tranches with a grace period of six months.

	Note	2023	2022
		Rupees in thousand	
27 LEASE LIABILITIES			
Against right-of-use assets			
Lease liabilities		18,107	25,419
Payments / adjustments during the year		(13,991)	(7,312)
		4,116	18,107
Less: Current portion		(4,116)	(8,807)
		-	9,300

27.1 Maturity analysis-contractual undiscounted cash flow

	2023	2022
Less than one year	(5,347)	(9,997)
One to five year	-	(9,194)
Total undiscounted lease liability	(5,347)	(19,191)

27.2 When measuring lease liabilities, the Company 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.

	Note	2023	2022
28 DEFERRED LIABILITIES			
Deferred taxation	28.1	448,342	519,144
Provision for gratuity	28.3	122,975	102,645
		571,317	621,789

28.1 Deferred taxation

	2023	2022
Deferred tax liability comprises as follows:		
Taxable temporary differences		
Tax depreciation allowances	546,582	614,756
Deductible temporary differences		
Provision for gratuity	(35,308)	(32,552)
Provision for doubtful debts	(22,064)	(20,614)
Provision for WPPF	(39,687)	(12,372)
Provision for obsolete stores	-	(11,721)
Lease liability	(1,181)	(5,742)
Tax credits	-	(12,611)
	448,342	519,144

	2023	2022
	Rupees in thousand	
28.2 The gross movement in the deferred tax liability during the year is as follow:		
Balance as at July 1,	519,144	360,786
Charge to profit and loss account	(69,379)	159,041
Credit in other comprehensive income	(1,388)	(683)
	448,377	519,144

28.3 Provision for gratuity

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, 2023 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.

	2023 Percentage	2022 Percentage
	Per annum	
b) Significant actuarial assumptions		
Following are significant actuarial assumptions used in the valuation:		
Discount rate	16.25	13.25
Expected rate of increase in salary	15.25	12.25

	2023	2022
	Rupees in thousand	
c) Reconciliation of payable to defined benefit plan		
Present value of obligation and liability recognized in balance sheet	122,975	102,645

	2023	2022
	Rupees in thousand	
d) Movement of the liability recognized in the unconsolidated statement of financial position		
Opening net liability	102,645	87,515
Charge for the year	23,945	18,168
Remeasurement chargeable to other comprehensive income	4,835	2,153
Contribution paid to outgoing employees	(8,450)	(5,191)
Closing net liability	122,975	102,645
e) Charge for the year		
Current service cost	10,904	9,676
Interest cost	13,041	8,492
	23,945	18,168

f) The expected charge in respect of defined benefit plan for the year ending June 30, 2024 will be 33.937 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
2023		
Discount rate	114,552	132,370
Salary increase	132,544	114,253
2022		
Discount rate	95,495	110,663
Salary increase	110,813	95,236

h) Maturity profile

Time in year		
1	6,750	7,202
2	9,632	11,235
3	10,366	8,092
4	14,543	8,243
5-11 onwards	1,749,655	885,041

The average duration of the defined benefit obligation is 7 years.

	2023	2022
	Rupees in thousand	
i) Remeasurement chargeable to other comprehensive income		
Experience adjustment and actuarial loss on obligation	4,835	2,153
Tax impact at 39% (2022: 33%) - net of export %age	(1,388)	(683)
	3,447	1,470

29 DEFERRED GRANT

	2023	2022
Deferred Grant	127,779	49,791
Current portion of grant	(55,585)	(19,697)
	72,194	30,094

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, 25.2 and 25.3. 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:

	Note	2023	2022
		—— Rupees in thousand ——	
29.2 Following is the movement in government grant during the year:			
Opening balance as at July 01		49,791	5,115
Addition during the year		105,577	61,526
Amortization during the year		(27,589)	(16,850)
Closing balance as at June 30		127,779	49,791

29.3 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’.

30 TRADE AND OTHER PAYABLES

	Note	2023	2022
Trade creditors		420,006	935,564
Accrued liabilities	30.1	1,680,556	944,941
Cost of supply	30.2	397,574	368,266
GIDC payable	30.3	620,458	619,344
Advances from customers		383,461	224,815
Security deposits	30.4	36,300	40,200
Retention money		3,594	5,331
Income tax deducted at source		216	15,577
Workers' Profit Participation Fund	30.5	138,226	39,013
Workers' Welfare Fund	30.6	57,470	16,322
Other liabilities		135	22,543
		3,737,996	3,231,916

30.1 This includes a balance due to Chemi Multifabrics Limited, a related party, amounting to Rs. 105.429 million (2022: Rs. 27.774 million).

30.2 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. 397.574 million on prudence basis since February, 2018.

30.3 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, 2022: 619.344 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.

30.4 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	2023	2022
		Rupees in thousand	
30.5 Workers' Profit Participation Fund			
Balance as at July 01,		39,013	47,035
Interest at prescribed rate		2,477	2,825
Less: Amount paid to fund		39,110	46,591
		2,380	3,269
Current year's allocation at 5%	39	135,846	35,744
		138,226	39,013

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

	Note	2023	2022
30.6 Workers' Welfare Fund			
Balance as at July 01		16,322	28,018
Current year's allocation at 2%	39	57,470	16,322
Less : Amount paid		(16,322)	(28,018)
		57,470	16,322

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

31 MARK UP ACCRUED

	2023	2022
Secured;		
Long term financing	30,622	20,953
Long term diminishing musharaka	21,561	22,172
Short term borrowings	24,134	39,741
	76,317	82,866

32 SHORT TERM BORROWINGS

	Note	2023	2022
		—— Rupees in thousand ——	
Secured			
Banking companies			
Running finances			
MCB Bank Limited	32.1	205,396	118,118
Askari Bank Limited	32.1	120,035	-
The Bank of Punjab	32.1	193,928	192,931
Samba Bank Limited	32.1	213,432	342,310
Habib Metro Bank Limited	32.1	47,437	130,985
Soneri Bank Limited	32.1	-	81,567
Allied Bank Limited	32.1	45,823	-
		826,051	865,911
Term finance			
Askari Bank Limited	31.2	-	150,000
Bank Al-Falah Limited	31.2	-	275,000
Pak Brunei Investment Company Limited	31.2	200,000	200,000
Faysal Bank Limited (Istisna)	31.2	288,000	299,942
		488,000	924,942
		1,314,051	1,790,853

32.1 Short term running finance facilities have been obtained from various banks aggregated to Rs. 1,520 million (2022: Rs. 1,570 million) and carry mark-up ranging from one month KIBOR plus 1% to three months KIBOR plus 1.25% per annum (2022: 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.

32.2 Term finance facilities have been obtained from various banks aggregated to Rs. 1,125 million (2022: Rs. 1,125 million) and carry mark-up ranging from matching KIBOR plus 0.70% to 1.00% per annum (2022: 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.

32.3 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. 5,885 million (2022: Rs. 5,215 million) are available to the Company.

33 CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2023	2022
Long term financing	25	367,552	251,144
Long term diminishing musharaka	26	387,005	387,005
Liabilities against assets subject to finance lease	27	4,116	8,807
Deferred grant	29	55,585	19,697
		814,258	666,653

34 CONTINGENCIES AND COMMITMENTS

34.1 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 which is pending for hearing. The Company expects a favourable outcome of the proceedings. However, if the case is decided against the Company, it may result in maximum tax payable of Rs. 54.510 million (June 30, 2022: 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, 2022: 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. 10.027 million (June 30, 2022: Rs. 12.797 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, 2022: 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 Honorable Lahore High Court through writ petition 67856/2019.

In this regard the Court has issued interim order and has directed the taxpayers to file their income tax return manually. If the case is decided in favour of the Company it may result in a contingent deductible allowance of Rs. 63.20 million. (June 30, 2022: 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 2020, to challenge the vires of Section 5A of the Income Tax Ordinance, 2001 and management believes that it has meritorious grounds to file this writ petition and is confident of its outcome in the Company's favour. Accordingly, no provision amounting to Rs. 25.50 million has been made against the same in the 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, 2022: Rs. 25.50 million).

g) Letters of guarantee outstanding as at June 30, 2023 were Rs. 476.076 million (2022: Rs. 470.908 million).

34.2 Commitments

Commitments as on June 30, 2023 were as follows:

a) Against letters of credit amounting to Rs. 3,123.055 million (2022: Rs. 1,427.79 million).
b) Against purchase of land and shops amounting to Rs. 145.639 million (2022: Rs. 1.639 million).
c) Commitment for lease payment has been made under the relevant note.

	Note	2023	2022
		Rupees in thousand	
35 REVENUE FROM CONTRACTS WITH CUSTOMERS			
Set out below is the disaggregation of the Company's revenue from contracts with customers			
Major products and services			
Manufacturing		27,767,320	18,354,484
Trading		19,015	17,498
Toll manufacturing		142,244	8,078
		27,928,579	18,380,060
Less:			
Sales tax		3,455,782	2,513,891
Commission to selling agents		204,514	184,797
		3,660,296	2,698,688
		24,268,283	15,681,372
Local sales		20,754,232	14,900,584
Export sales		3,514,051	780,788
		24,268,283	15,681,372
Geographical region:			
Pakistan		20,754,232	14,900,584
Afghanistan		169,655	37,845
France		9,838	81,065
Australia		7,070	-
Saudi Arabia		-	7,364
United Arab Emirates		1,867,484	558,032
Congo		93,846	-
Durban		905,775	-
Uzbekistan		204,288	24,841
Tanzania		26,748	-
Vietnam		-	14,109
Kuwait		8,240	-
Oman		221,107	10,202
China		-	47,330
		24,268,283	15,681,372
Timing of transfer of goods			
Goods transferred to customers at a point in time		24,268,283	15,681,372
Contract balances			
Trade receivables	13	1,939,538	1,787,468
Contract liabilities	30	383,461	224,815

	Note	2023	2022
		Rupees in thousand	
36 COST OF SALES			
Raw materials consumed			
Opening stock		1,423,359	609,901
Purchases		9,175,526	6,659,571
		10,598,885	7,269,472
Closing stock	13	(1,018,173)	(1,423,359)
		9,580,712	5,846,113
Stores, spares and consumables		330,687	315,854
Packing materials consumed		246,931	167,087
Salaries, wages and other benefits	36.1	743,811	596,414
Fuel and power		7,979,006	6,301,888
Repair and maintenance		114,187	46,576
Rent, rates and taxes		10,761	9,304
Insurance		17,381	14,373
Depreciation	6.6	596,886	496,947
Vehicle running expenses		25,798	17,070
Telephone, telex and postage		1,033	1,033
Printing and stationery		1,242	303
Provision for slow moving stores and spares	12.2	39,530	18,011
Other expenses		6,115	3,430
		19,694,080	13,834,403
Work in process			
Opening		53,901	43,626
Closing	13	(75,529)	(53,901)
		(21,628)	(10,275)
Cost of goods manufactured		19,672,452	13,824,128
Cost of stores traded		8,126	14,774
Finished goods			
Opening		667,255	444,948
Closing	13	(1,073,329)	(667,255)
		(406,074)	(222,307)
		19,274,504	13,616,595

36.1 This amount includes Rs. 51.374 million (2022: Rs. 25.464 million) in respect of employees' retirement benefits.

	Note	2023	2022
37 SELLING AND DISTRIBUTION EXPENSES			
Salaries and other benefits	37.1	50,903	41,145
Travelling and conveyance		3,940	1,073
Vehicle running expenses		5,328	3,225
Advertisement		338	815
Telephone, telex and postage		883	1,210
Marketing service charges		104,957	76,481
Freight		1,440,932	667,956
Rent, rates and taxes		2,463	1,248
Printing and stationery		645	744
Fee and subscription		235	112
Fuel and power		3,780	2,960
Repair and maintenance		1,077	1,780
Insurance		9,832	5,225
Depreciation	6.6	1,935	1,927
		1,627,248	805,901

37.1 This amount includes Rs. 2.118 million (2022: Rs. 1.639 million) in respect of employees' retirement benefits.

38 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2023	2022
		Rupees in thousand	
Salaries and other benefits	38.1	159,491	139,477
Traveling and conveyance		24,746	14,932
Vehicle running expenses		19,403	11,348
Telephone, telex and postage		3,357	3,067
Rent, rates and taxes		9,915	7,367
Printing and stationery		1,444	1,095
Fee and subscription		4,206	9,422
Legal and professional charges		9,745	9,804
Fuel and power		8,780	6,228
Provision for doubtful debts and advances		4,393	4,992
Amortization of intangible asset		557	232
Repair and maintenance		4,314	3,574
Depreciation	6.6	21,343	16,235
Donations	38.2	23,557	13,448
Other expenses		4,694	3,927
		299,945	245,148

38.1 This amount includes Rs. 3.922 million (2022: Rs. 3.499 million) in respect of employees' retirement benefits.

38.2 Donations

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

	2023	2022
Swat Flood Relief	1,100	-
Al Khidmat Foundation	1,000	-
Zubaida Associates	1,062	-
Dastkari School KSK	2,298	1,603
Kiran Foundation	200	130
Baitusslam welfare trust	1,500	500
	7,160	2,233

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

Donation amounting to Rs. 0.200 million (2022 Rs. 0.130 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.

38.2.2 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.

	Note	2023	2022
		Rupees in thousand	
39 OTHER OPERATING EXPENSES			
Auditors' remuneration			
Audit fee		1,000	900
Half yearly review fee		250	250
Tax and certification charges		50	76
Out of pocket expenses		139	236
		1,439	1,462
Loss on scrap of fixed assets		1,686	23,364
Workers' profit participation fund	30.5	135,846	35,743
Workers' welfare fund	30.6	57,470	16,322
Foreign exchange loss		-	4,107
		196,441	80,998
40 OTHER INCOME			
Income from financial assets			
Gain on foreign exchange		147,081	-
Return on saving accounts		8,329	1,136
Balances written back		-	285
		155,410	1,421
Income from non- financial assets			
Gain on sale of fixed assets		3,571	8,393
Gain on sale of leased assets (disposal)		2,834	-
Sale of scrap		30,137	23,680
Government grants		26,551	16,850
Insurance claim net		-	9,707
		63,093	58,630
		218,503	60,051
41 FINANCIAL CHARGES			
Mark-up / interest on:			
Long term financing		157,482	52,179
Long term diminishing musharaka		138,785	122,036
Interest on lease finance		1,217	1,922
Short term borrowings		213,728	120,023
Worker's profit participation fund		2,477	2,825
		513,689	298,985
Bank charges and commission		26,673	15,670
Unwinding of discount on GIDC payment		1,114	15,327
Discounting charges UL LC		20,731	-
		562,207	329,982
42 TAXATION			
Current		686,410	195,238
Super tax	42.1	236,540	63,507
Prior year		458	(68,277)
Deferred tax		(69,413)	159,042
		853,995	349,510

42.1 This represents super tax @ 10% on the taxable income for the tax year 2023 imposed through Finance Act 2022.

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

	Note	2023	2022
		Rupees in thousand	
42.2.1 Relationship between Tax Expense and Accounting Profit			
Accounting profit		2,680,191	-
Applicable tax rate 29% (2022: 29%)		29%	-
Tax at the applicable rate of 29% (2022: 29%)		777,255	-
Tax effect of inadmissible expenses/ losses		264,188	-
Tax effect of admissible expenses		(271,835)	-
Income taxed at different rates		(45,547)	-
Prior years adjustment		458	-
Tax effect of losses and other allowances		(37,651)	-
Effect of temporary difference		(69,413)	-
Effect of super tax		236,540	-
Tax charge for the year		853,995	-

42.3 The rate of tax has been fixed at 29% for Tax Year 2023 and onwards by taxation authorities.

42.4 Comparison of tax provision against tax assessments

Years	Excess/ (Short)	Tax provision	Tax assessment/ tax return
	Rupees in thousand		
2021-22	6,699	258,745	252,046
2020-21	68,417	170,740	102,323
2019-20	1,446	1,446	-

42.5 As at June 30, 2023, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

43 ACCOUNTING ESTIMATES AND JUDGMENTS

The Company's main accounting policies affecting its result of operations and financial conditions are set out in note 6. 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) Defined benefit plan

Certain actuarial assumptions have been adopted by external professional valuer (as disclosed in note 28.3) for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

c) 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 June 30, 2021.

d) 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 profit and loss account as provision / reversal.

e) Financial instrument

The fair value of the financial instrument that are not traded in an active market is determined by using valuation techniques based on assumption that are dependent on conditions existing at the balance sheet.

f) 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.

g) Fair value measurement

A number of assets and liabilities included in the unconsolidated financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Establishment's financial and non- financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the fair value hierarchy):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

44 DEFINED CONTRIBUTION PLAN

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. 7.113 million (2022: Rs. 7.218 million).

Based on the unaudited financial information of the Provident Fund as at June 30, 2023, 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. 6.014 million (2022: Rs. 6.120 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
2023		
Deposit in scheduled banks	6,014	100
2022		
Deposit in scheduled banks	6,120	100

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:

	Note	2023	2022
		Rupees in thousand	
Profit after taxation		1,826,196	414,539
Weighted average number of ordinary shares in thousand		100,000	100,000
Earnings per share - (Rupees)		18.26	4.15

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, 2022	4,182,111	2,308	4,184,419
Borrowings from Banking Companies (short and long)	269,858	-	269,858
Repayment of financing	(292,525)	-	(292,525)
Repayments of long term diminishing musharaka	(387,005)	-	(387,005)
Dividend on ordinary shares	-	300,000	300,000
Payment of dividend	-	(298,296)	(298,296)
Balance as at June 30, 2023	3,772,439	4,012	3,776,451

47 CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2023	2022
		Rupees in thousand	
Profit before tax		2,680,191	764,049
Adjustments for items not involving movement of funds:			
Depreciation	6.6	620,165	515,108
Amortization of intangible assets		557	232
Provision for staff retirement gratuity	28	23,945	18,168
(Gain)/Loss on sale of fixed assets	6.8	(1,885)	14,971
Gain on disposal of leased assets	6.11	(2,834)	-
Gain on revaluation of investment property	9.1	(153,750)	(101,250)
Foreign exchange (gain) / loss	39	(147,081)	4,107
Provision for / (recovery of) doubtful debts	14	4,393	4,992
Deferred grant amortization	40	(26,551)	(16,850)
Provision for obsolete stores and spares	12	39,530	18,011
Financial charges	41	562,207	329,980
Net cash flow before working capital changes		3,598,887	1,551,518

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.

48.1 Transactions with related parties

Relation with the Company	Nature of transaction	2023	2022
		Rupees in thousand	
Other related party			
Chemi Multifabrics Limited	Marketing service charges	104,957	75,475
Chemi Viscofiber Limited	Purchase of Misc. Stores Items	-	7,435
Chemi Viscofiber Limited	Balance payment of Misc. Store Items	(1,539)	-
Subsidiary			
Ittehad Salt Processing (Private) Limited	Investment made	-	2,400
	Loan - given	90	780
	Loan - repaid	(90)	(780)
Staff retirement fund	Contribution to staff retirement	652	584
Directors and employees	Remuneration to directors and key management personnel	128,123	110,311
Key management personnel	Loans & advances	-	10,010
	Payment of loans & advances	-	(10,010)

48.2 Basis of relationship with the company

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

48.3 Year end balance

	2023	2022
Chemi Multifabrics Limited (Payable)	105,429	27,774
Chemi Viscofiber Limited	-	1,539

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 54)". 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:

	2023	2022
	Rupees in thousand	
Long term deposits	66,375	51,758
Long term investments	2,500	2,500
Trade debts - net of expected credit loss	1,939,538	1,787,468
Loans, advances and other receivables - net of provision	20,771	19,390
Trade deposits	19,342	19,400
Short term investment	300,000	-
Bank balances	923,207	194,079
	3,271,733	2,074,595

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 balance sheet date by geographic region is as follows:

Export	134,018	306,196
Domestic	1,805,520	1,481,272
	1,939,538	1,787,468

Trade receivables by geographical split is as follows:

	Sales			Trade debts	
	LC	Others	Total	Outstanding balance	
	Rupees in thousand				
				2023	2022
Country					
Afghanistan	-	169,655	169,655	-	-
Australia	-	7,070	7,070	-	-
China	-	-	-	-	4
United Arab Emirates	-	1,867,484	1,867,484	133,815	221,155
Congo	-	93,846	93,846	-	-
Durban	-	905,775	905,775	-	-
France	-	9,838	9,838	-	85,037
Oman	-	221,107	221,107	-	-
Uzbekistan	-	204,288	204,288	203	-
Tanzania	-	26,748	26,748	-	-
Kuwait	-	8,240	8,240	-	-
Total	-	3,514,051	3,514,051	134,018	306,196

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

	2023	2022
	Rupees in thousand	
Dealers	560,699	364,062
End-user customers	1,378,839	1,423,407
	1,939,538	1,787,469
The aging of trade receivable at the reporting date is:		
Not past due	1,554,805	1,538,038
Past due 1-30 days	293,069	199,018
Past due 30-150 days	91,664	50,412
	1,939,538	1,787,468

The company's most significant customers, are dealers from whom the receivable was Rs. 560.699 million (2022: Rs. 364.062 million) and foreign debtors amounting to Rs. 134.018 million (2022: Rs. 306.196 million) of the total carrying amount as at 30 June 2023.

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. 4.393 million (2022: 4.992 million) has been charged to profit and loss account and upto balance sheet an amount of Rs. 66.861 million (2022: Rs. 62.468 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. 923.733 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.

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.

	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+	AA+
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+
MCB Bank Limited	PACRA	A1+	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+

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					
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	2,104,291	2,104,291	2,104,291	-	-	-
Mark-up accrued	76,317	76,317	76,317	-	-	-
Short term borrowing	1,314,051	1,392,179	1,392,179	-	-	-
	5,382,378	6,083,085	4,085,636	517,737	727,286	752,426
2022						
Financial liabilities						
Long term financing	921,842	1,154,668	186,417	160,886	308,716	498,649
Long term diminishing musharaka	964,571	1,148,628	253,785	241,714	447,210	205,919
Lease liabilities	18,107	19,191	9,997	-	9,194	-
Trade and other payables	2,895,989	2,895,989	2,895,989	-	-	-
Mark-up accrued	82,866	82,867	82,867	-	-	-
Short term borrowing	1,790,853	1,861,536	1,861,536	-	-	-
	6,674,228	7,162,879	5,290,591	402,600	765,120	704,568

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	2023	2022
		Rupees in thousand	
Trade debts		134,018	306,196
Gross balance sheet exposure		134,018	306,196
Outstanding letters of credit	34.2	(3,123,055)	(1,427,795)
Net exposure		(2,989,037)	(1,121,599)

The following significant exchange rates applied during the year:

	Average rate 2023	Average rate 2022	Reporting date rate 2023	Reporting date rate 2022
USD to PKR	246.55	182.15	287.10	206.00

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	13,402	30,620

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 balance sheet date the interest rate profile of the Group's interest - bearing financial instruments is as follows:

	Effective rates	Carrying amount 2023	Carrying amount 2022
		Rupees in thousand	
Financial liabilities			
Variable rate instruments:			
Long term loans	17.90%	1,433,816	971,634
Long term diminishing musharaka	18.52%	577,566	964,571
Short term borrowings	17.49%	1,314,051	1,790,853
		3,325,433	3,727,058

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 2022.

	Profit and loss 100 bp increase	Profit and loss 100 bp decrease
As at June 30, 2023		
Cash flow sensitivity - Variable rate financial liabilities	(33,254)	33,254
As at June 30, 2022		
Cash flow sensitivity - Variable rate financial liabilities	(37,271)	37,271

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.

50 RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and over sight 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. 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, 2023 and June 30, 2022.

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.

52 FINANCIAL INSTRUMENTS BY CATEGORY

	2023							
		Carrying amount			Fair value			
	Note	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand							
On-Balance sheet financial instruments								
As at June 30, 2023								
Financial assets								
At cost or amortised cost								
Long-term deposits	11	66,375	-	66,375	-	-	-	-
Long term investment		2,500		2,500				
Trade debts - net of provisions	14	1,939,538	-	1,939,538	-	-	-	-
Loans, advances and other receivables	15	20,771	-	20,771	-	-	-	-
Trade deposits	16	19,342	-	19,342	-	-	-	-
Short term investment	19	300,000	-	300,000				
Cash and bank balances	20	923,733	-	923,733	-	-	-	-
		3,272,259	-	3,272,259	-	-	-	-
Financial liabilities at amortised cost								
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	-	3,122,323	3,122,323	-	-	-	-
Mark-up accrued	31	-	76,317	76,317	-	-	-	-
Short-term borrowings	32	-	1,314,051	1,314,051	-	-	-	-
		-	6,523,385	6,523,385	-	-	-	-

	2022							
		New carrying amount under IFRS 9			Fair value			
	Note	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand							
On-Balance sheet financial instruments								
As at June 30, 2022								
Financial assets at amortised cost								
Long Term Investment	10	2,500	-	2,500	-	-	-	-
Long-term deposits	11	51,758	-	51,758	-	-	-	-
Trade debts - net of provisions	14	1,787,468	-	1,787,468	-	-	-	-
Loans, advances and other receivables	15	19,390	-	19,390	-	-	-	-
Trade deposits	16	19,400	-	19,400	-	-	-	-
Cash and bank balances	20	194,542	-	194,542	-	-	-	-
		2,075,058	-	2,075,058	-	-	-	-
Financial liabilities at amortised cost								
Long term financing	25	-	921,842	921,842	-	-	-	-
Long term diminishing musharaka	26	-	964,571	964,571	-	-	-	-
Lease Liabilities	27	-	18,107	18,107	-	-	-	-
Gratuity	28	-	102,645	102,645	-	-	-	-
Trade and other payables	30	-	2,895,989	2,895,989	-	-	-	-
Mark-up accrued	31	-	82,867	82,867	-	-	-	-
Short-term borrowings	32	-	1,790,853	1,790,853	-	-	-	-
		-	6,776,874	6,776,874	-	-	-	-

52.1 The Company has valued free hold 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.

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

53 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	
	2023	2022	2023	2022	2023	2022
	Rupees in thousand					
Managerial remuneration	6,500	5,520	6,408	5,160	143,047	106,601
House rent allowance	2,925	2,484	2,884	2,322	64,371	47,970
Medical expenses	325	276	320	258	7,152	5,330
Bonus (performance)	935	690	892	710	23,644	23,820
	10,685	8,970	10,504	8,450	238,214	183,721
Number of persons	1	1	1	1	71	62

53.1 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.

53.2 Aggregate amount charged in these unconsolidated financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 1.80 million (2022: Rs. 1.560 million). The Directors fees for attending Board, HR&R Committee and Audit Committee meetings were paid as prescribed in Articles of Association.

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

54 CAPACITY AND PRODUCTION

	Installed capacity (Tonnes)		Actual production (Tonnes)		Reason for shortfall
	2023	2022	2023	2022	
Caustic Soda Liquid	150,000	150,000	92,145	100,175	Production strategy based on actual demands.
Caustic Soda Flakes	10,000	10,000	8,409	5,330	
LABSA / SLES	70,000	70,000	26,227	22,165	
Liquid Chlorine	13,200	13,200	5,782	8,911	
Hydrochloric Acid	250,000	250,000	207,393	222,176	
Sodium Hypochlorite	49,500	49,500	36,134	30,388	
Zinc Sulphate	600	600	-	89	
Sodium Sulphate (anhydrous)	4,000	4,000	596	2,090	
Calcium Chloride Prills	30,000	30,000	25,412	12,744	
Humic Acid	120	120	-	-	

55 NUMBER OF EMPLOYEES

	2023	2022
Number of employees at June 30,	682	617
Average number of employees during the year	650	619

56 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.

	Note	2023	2022
		Rupees in thousand	
The proportion of debt to equity at the year end was:			
Total Borrowings (notes 25, 26, and 33)		3,253,239	3,705,770
Less: Balances with banks (note 20)		923,733	194,542
Net debt		2,329,506	3,511,228
Total equity		6,703,767	5,181,018
Total capital		9,033,273	8,692,246
Gearing ratio		0.26	0.40

57 CORRESPONDING FIGURES

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

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

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

59 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on 20th September 2023 has recommended Rs. 1.25 i.e 12.5% (June 30, 2022: Nil)of final dividend however these unconsolidated finanicial statements do not reflect this appropriation.

60 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	2023	2022
		Rupees in thousand	
Loan and advance obtained	Interest bearing	865,566	1,539,513
Bank balance as at June 30,	Placed under shariah permissible	589,428	21,976
Income on bank deposit		4,611	997
Mark up paid on Islamic mode of Financing		120,654	153,319

Relationship with banks having Islamic windows	Bank Name	Nature of transaction
	Al- Baraka Bank (Pakistan) Limited The Bank of Punjab Dubai Islamic Bank (Pakistan Limited Bank Alfalah Limited - Islamic Meezan Bank Limited	Long term diminishing musharaka, short term borrowings and current A/C

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

61 DATE OF AUTHORIZATION OF ISSUE

These unconsolidated financial statements were authorized for issue on 20th September 2023 by the Board of Directors of the Company.

62 GENERAL

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

Chief Executive | Director | Chief Financial Officer

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Consolidated Financial Statements

for the year ended 30 June 2023

Directors' Report on The Consolidated Financial Statements

The Directors take pleasure in presenting their Report on the Consolidated Financial Statements of the Ittehad Chemicals Limited ("The Holding Company") and its wholly owned subsidiary company "Ittehad Salt Processing (Pvt.) Limited" (the "ISPPL"), for the year ended June 30, 2023.

ISPPL was incorporated under the Companies Act, 2017 in Pakistan as a company limited by shares on December 3, 2019. The registered office of the Company is situated in Lahore, Punjab. The main objective of the wholly owned subsidiary is to explore opportunities in the Rock Salt Mining. Presently, the wholly owned subsidiary has acquired the exploration license from Punjab Minerals and Mines Department for an area of 1,356.07 acres situated near Dhok Jabba /Lafi District Chakwal and is steadily accomplishing all the requisites to get the mining license from Government Department.

The Consolidated Financial Statements showed Earnings per share Rs. 18.26 (2022: Rupees 4.14) for the year ended June 30, 2023. Adequate internal financial controls are placed and Management ensures complete and satisfactory implementation of the same. The Management is optimistic about future growth and healthy returns after obtaining the Mining license from Punjab Minerals and Mines Department.

Lahore	Muhammad Siddique Khatri	Abdul Sattar Khatri
September 20, 2023	Chairman	Chief Executive Officer

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 financial statements of Ittehad Chemicals Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan

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.	**Capital expenditures**	
	The Group continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2023. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria in the Group's accounting policy, in particular for assets constructed by the Group and the useful economic lives assigned by management are appropriate. For these reasons, we considered it to be a key audit matter. Refer to notes 5.1 to the consolidated financial statements.	Our audit work included assessing and testing the design and operation of its key controls over capital expenditure and testing the amounts capitalized to supporting evidence and evaluating whether assets capitalized satisfied the required recognition criteria. We also assessed the useful economic lives assigned with reference to the Group's historical experience. We reviewed the minutes of the Group's Board of Directors during the year to evaluate the completeness of management's consideration of any events that warranted the carrying values. We performed physical verification on test basis of the items of plant and equipment capitalized during the year. We visited the sites where significant capital projects are ongoing to understand the nature of the projects.

S. No	Key audit matters	How the matter was addressed in our audit
		We assess the adequacy of the disclosures presented in the consolidated financial statements regarding property, plant and equipment, based on the applicable accounting standards and requirements of Companies Act, 2017.
2.	**Inventory valuation**	
	As at June 30, 2023, the Group held Rs. 2,730.687 million in inventories. Given the size of the inventory balance relative to the total assets of the Group and the estimates and judgements described below, the valuation of inventory required significant audit attention. As disclosed in Note 5.7 and 5.8, inventory is held at the lower of cost and net realizable value determined using the moving average cost method / average cost plus production overheads. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. The determination of whether inventory will be realized for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future salability of slow moving and older inventory items; • 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. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized if required. Refer to Note 5.7, 5.8, 12 & 13 (inventory) of the consolidated financial statements.	Our audit procedures involved assessing the Group's accounting policies over recognizing and valuation of inventory in compliance with applicable accounting standards. We tested the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value. We performed an analytical review of the inventory to compare and investigate any unexpected or unusual variation between current year and prior year and discuss these with management and also corroborate with underlying record. We checked final stock valuation sheet to physical stock taking Sheet to ensure that all items are included. We reconciled final stock valuation sheet to general ledger and stock ledger and checked amount to appropriate sources and investigate unusual items. We assessed the Group's disclosures in the consolidated financial statements in respect of inventory.

S. No	Key audit matters	How the matter was addressed in our audit
3.	**Contingencies**	
	As disclosed in note 35.1 to the consolidated financial statements, the Group is involved in certain legal and tax proceedings against the Group. The appeals were filed by the Group against these orders at respective forum. Management judgement is involved in assessing the accounting for claims, and in particular in considering the probability of a claim being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the consolidated financial statements. No provision has been made in the consolidated financial statements for the liability that may arise in the event of a decision against the Group as the management is of the opinion, based on advice of legal and tax advisor that the decision is likely to be in the favor of the Group. There are significant uncertainties attached to the future outcome of these pending matters and, therefore, are considered as key audit matter.	We undertook a number of procedures to verify the appropriateness of contingencies in the consolidated financial statements. This included, among others: • Obtained and reviewed the details of the pending tax matters and discussed the same with the Group's management; • Circularized confirmations to the Group's external legal and tax counsels for their views on open tax assessments and the matters under adjudications; • Reviewed correspondence of the Group with the relevant authorities including significant judgments or orders passed by the relevant authorities in relation to the issues involved; • Reviewed the reasonableness of management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and tax advisors engaged by the Group; and • • Reviewed appropriateness of the disclosures made in the consolidated financial statements in respect of such contingent liabilities..

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 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.

The Board of directors are responsible for overseeing the Group'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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

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

Lahore
Dated: October 2, 2023

UDIN: AR202310087uRjbkIl2A

BDO Ebrahim & Co
Chartered Accountants

Consolidated Statement of Financial Position
as at 30 June, 2023

	Note	2023	2022
		Rupees in thousand	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	6,322,977	6,298,108
Capital work in progress	7	908,192	396,152
		7,231,169	6,694,260
Intangible assets	8	1,135	1,692
Investment property	9	562,500	408,750
Long term investments	10	-	-
Long term deposits	11	67,875	53,258
		7,862,679	7,157,960
CURRENT ASSETS			
Stores, spares and loose tools	12	533,525	495,567
Stock in trade	13	2,197,162	2,168,526
Trade debts	14	1,939,538	1,787,468
Loans, advances and other receivables	15	172,452	278,928
Trade deposits and short term prepayments	16	37,990	27,367
Tax refunds due from the Government	17	723,163	529,429
Taxation - net	18	-	224,526
Short term investments	19	300,000	-
Cash and bank balances	20	925,198	196,151
		6,829,028	5,707,962
TOTAL ASSETS		14,691,707	12,865,922
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		4,140,827	2,618,302
Surplus on revaluation of fixed assets	23	1,392,042	1,392,042
Merger reserve	24	(6,445)	(6,445)
		6,703,424	5,180,899
NON CURRENT LIABILITIES			
Long term financing	25	938,485	670,698
Long term diminishing musharaka	26	190,561	577,566
Lease liabilities	27	-	9,300
Deferred liabilities	28	571,317	621,789
Deferred grant	29	72,194	30,094
		1,772,557	1,909,447
CURRENT LIABILITIES			
Trade and other payables	30	3,738,046	3,231,966
Short term loan	31	1,010	930
Unclaimed dividend		4,012	2,308
Mark-up accrued	32	76,317	82,866
Short term borrowings	33	1,314,051	1,790,853
Taxation - net	18	268,032	-
Current portion of long term liabilities	34	814,258	666,653
		6,215,726	5,775,576
TOTAL EQUITY AND LIABILITIES		14,691,707	12,865,922
CONTINGENCIES AND COMMITMENTS	35		

The annexed notes from 1 to 63 form an integral part of these consolidated financial statements.

Chief Executive | Director | Chief Financial Officer

Consolidated Statement of Profit or Loss Account
For the year ended 30 June, 2023

	Note	2023	2022
		Rupees in thousand	
Revenue from contracts with customers	36	24,268,283	15,681,372
Cost of sales	37	(19,274,504)	(13,616,595)
Gross profit		4,993,779	2,064,777
Selling and distribution expenses	38	(1,627,248)	(805,901)
General and administrative expenses	39	(300,115)	(245,185)
Other operating expenses	40	(196,495)	(81,079)
Other income	41	218,503	60,051
		(1,905,355)	(1,072,114)
Operating profit		3,088,424	992,663
Financial charges	42	(562,207)	(329,982)
Fair value gain on investment property	9	153,750	101,250
Profit before taxation		2,679,967	763,931
Taxation	43	(853,995)	(349,511)
Profit after taxation		1,825,972	414,420
Earnings per share - Basic and diluted (Rupees)	46	18.26	4.14

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

The annexed notes from 1 to 63 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, 2023

	Note	2023	2022
		Rupees in thousand	
Profit after taxation for the year		1,825,972	414,420
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	28.3	(4,835)	(2,153)
Related tax effect		1,388	683
		(3,447)	(1,470)
Items that may be reclassified subsequent to profit or loss		-	-
		(3,447)	(1,470)
Total comprehensive income for the year		1,822,525	412,950

The annexed notes from 1 to 63 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, 2023

	Note	2023	2022
		Rupees in thousand	
Cash flows from operating activities			
Net cash flows from operating activities before working capital changes	48	3,598,663	1,551,397
Increase / (decrease) in current assets			
Stores, spares and loose tools		(77,488)	(70,623)
Stock in trade		(28,636)	(1,047,263)
Trade debts		(9,382)	(628,692)
Loans, advances and other receivables		106,476	(174,312)
Trade deposits and short term prepayments		(10,623)	6,511
Tax refunds due from the Government		12,737	(120,793)
		(6,916)	(2,035,172)
Increase / (decrease) in current liabilities			
Trade and other payables		506,080	1,252,106
Cash generated from operations		4,097,827	768,331
Taxes paid		(637,322)	(227,971)
Gratuity paid		(8,450)	(5,191)
Financial charges paid		(559,234)	(307,216)
Net cash generated from operating activities		2,892,821	227,953
Cash flows from investing activities			
Additions to operating fixed assets		(64,183)	(61,002)
Additions to intangible assets		-	(1,672)
Additions to capital work in progress		(1,082,381)	(997,872)
Proceeds from sale of operating fixed assets		5,295	12,715
Short term investment made		(300,000)	-
Long term deposits		(14,617)	(2,251)
Net cash used in investing activities		(1,455,886)	(1,050,082)
Cash flows from financing activities			
Proceeds from long term financing		746,660	678,550
Repayments of long term financing		(284,479)	(131,818)
Repayments of long term diminishing musharaka		(387,005)	(387,005)
Repayment of finance lease liabilities		(8,046)	(7,312)
Proceeds from third party loan during the year		80	720
Dividend paid		(298,296)	(102,995)
Short term borrowings - net		(476,802)	629,409
Net cash (used in) / generated from financing activities		(707,888)	679,549
Net increase / (decrease) in cash and cash equivalents		729,047	(142,580)
Cash and cash equivalents at the beginning of the year		196,151	338,731
Cash and cash equivalents at the end of the year	20	925,198	196,151

The annexed notes from 1 to 63 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, 2023

	Issued, subscribed and paid-up capital	Directors' loans	Reserves				Total
			Capital Reserves			Revenue Reserves	
			Surplus on revaluation of fixed assets	Balance arising upon merger	Share premium	Unappropriated profit	
	(Rupees in thousand)						
Balance as at July 01, 2021	847,000	219	1,392,042	-	330,000	2,305,352	4,874,613
Transaction with owners:							
Issuance of bonus shares @ 18.06 %	153,000	-	-	-	(153,000)	-	-
Interim final cash dividend on ordinary shares @ Rs. 1 per share	-	-	-	-	-	(100,000)	(100,000)
	153,000	-	-	-	(153,000)	(100,000)	(100,000)
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	414,420	414,420
Remeasurement of defined benefit liability - net	-	-	-	-	-	(1,470)	(1,470)
Adjustment of goodwill upon merger	-	-	-	(6,445)	-	-	(6,445)
	-	-	-	(6,445)	-	412,950	406,505
Directors' loan	-	(219)	-	-	-	-	(219)
Balance as at June 30, 2022	1,000,000	-	1,392,042	(6,445)	177,000	2,618,302	5,180,899
Transaction with owners:							
Interim final cash dividend on ordinary shares @ Rs. 3 per share	-	-	-	-	-	(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)
	-	-	-	-	-	1,522,525	1,522,525
Balance as at June 30, 2023	1,000,000	-	1,392,042	(6,445)	177,000	4,140,827	6,703,424

The annexed notes from 1 to 63 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, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

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

1.1 Status of the Parent Company

Ittehad Chemicals Limited (the Group) 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 Group 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.

1.2 Basis of consolidation

These Consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Company as at June 30, 2023 (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 subsidiary 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.

1.3 Investment in joint venture

In the previous year Group has entered into a partnership agreement dated April 21, 2022 with Mr. Abdul Ghaffar Cheema and Mrs. Samina Ghaffar to form a partnership firm named as ‘‘Ittehad Salt’’, to carry on the business of exploration, development, excavation, extraction, mining, marketing, sale and supply of salt. Group considered this arrangement as a joint venture (Note - 5.6). However no activity during the year took place.

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 Sheikhupura and regional offices are located as follows:

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

2.2 Subsidiary company

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated 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.

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 benefits 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.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the consolidated financial statements in subsequent years are disclosed in note 43.

3.3 Functional and presentation currency

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

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. 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 IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

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
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' - Disclosure of Accounting Policies	January 01, 2023
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 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 following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

5 SIGNIFICANT 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 profit and loss account. 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 profit and loss account.

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 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.

Rental income from investment property is accounted for as described in note 5.22.

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 associates

Investment in associates where the Group 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.

5.6.2 Investments 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.

5.6.3 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.

5.6.4 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.

5.6.5 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.

5.6.6 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.

5.6.7 Investment in Joint Arrangements

The Group is a party to joint arrangement when there is contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interest in joint arrangements as either:

- Joint Ventures: where the Group has rights to only the net assets of the joint arrangement.
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangements.

In assessing the classification of interest in joint arrangements, the Group considers:

- The structure of the joint arrangement.
- The legal form of Joint arrangements structured through a separate vehicle.
- The contractual terms of the joint arrangement's agreement.
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interest in joint Ventures in the same manners as investment in Associates (i.e. using the equity method).

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) Current

The charge for current year is higher of the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any, and minimum tax computed at the prescribed rate on turnover or alternative corporate tax. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the statement of profit or loss, except in case of items charged or credited directly to equity in which case it is included in the consolidate statement of comprehensive income.

The Group companies take into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group companies view differ from the income tax department at the assessment stage and where the Group companies consider that their view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

5.11 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 balance sheet 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”.

5.12 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.

5.13 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 balance sheet date and adjusted to reflect the current best estimates.

5.14 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.

5.15 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

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 net of borrowings not considered as being in the nature of financing activities.

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 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 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 balance sheet 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 balance sheet date or at the contract rate. Exchange gains and losses are included in profit and loss account 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 contribution plan (Provident fund - officers and above)

The Group has planned to operate an approved provident fund scheme, effective from July 01, 2021, for officers and above. Equal monthly contributions are made, both by the Group and the employees at the rate of 8.33% of basic salary. However owing to the pending formalities of registration the fund the Group has withdrawn contribution provident fund policy with effect from June 30, 2023 and employee/employer monthly contribution accumulated for last two years including interest has been paid to all entitled employees as on June 30, 2023.

c) Defined benefit plan (Gratuity Fund)

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 remeasurement 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

- Sale of goods is recognized when the Group has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

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.
- Rental income is recognized on accrual basis.
- 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 Balance arising upon merger

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 ''balance arising upon merger''.

	Note	2023	2022
		Rupees in thousand	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	6,321,437	6,289,161
Right of use assets	6.12	1,540	8,947
		6,322,977	6,298,108

6.1 Operating fixed assets

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

Description	Freehold land	Buildings on freehold land	Railway sidings	Plant and machinery	Other equipments	Furniture and fixtures	Office and other equipments	Vehicles	Total
	(Rupees in thousand)								
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
Net carrying value basis									
Year ended June 30, 2022									
Opening net book value (NBV)	1,592,895	221,968	698	3,788,043	39,118	3,584	16,271	46,456	5,709,033
Additions / transfer (at cost)	-	49,948	-	993,738	17,664	1,251	6,166	49,453	1,118,220
Disposals (NBV)	-	-	-	(23,364)	-	-	-	(4,322)	(27,686)
Depreciation charge	-	(23,076)	(70)	(461,990)	(6,721)	(448)	(3,901)	(14,200)	(510,406)
Closing net book value	1,592,895	248,840	628	4,296,427	50,061	4,387	18,536	77,387	6,289,161
Gross carrying value basis									
Year ended June 30, 2022									
Cost or revalued	1,592,895	460,222	3,906	7,776,652	162,223	12,149	77,499	146,853	10,232,399
Accumulated depreciation	-	(211,382)	(3,278)	(3,480,225)	(112,162)	(7,762)	(58,963)	(69,466)	(3,943,238)
Net book value	1,592,895	248,840	628	4,296,427	50,061	4,387	18,536	77,387	6,289,161
Depreciation rate % per annum	-	10	10	10 to 33	15	10	15 to 30	20	

6.2 Free hold lands of the Group are located at Mudwala Khurd Sheikhupura with an area covering 74 kanals and 11 Marla, Kala Shah Kaku Sheikhupura with an area of 886 Kanal - 2 Marla, Upper Mall Scheme with an area of 2 Kanal -12 Marla and at Khanpur Canal Sheikhupura with an area of 135 Kanal - 6 Marla. These lands have been held for establishment of head office and factory.

6.3 This includes transfer from capital work-in-progress amounting to Rs. 587.372 million (2022: Rs. 1,083.842 million).

6.4 Free hold land was latest revalued by M/s Harvestor Services (Private) Limited as at June 30, 2021 on the basis of market value. The revaluation resulted in surplus aggregating to Rs. 1392.42 million. Had there been no revaluation, the book value of operating fixed assets would have been lower by Rs. 1392.42 million (2022: Rs. 1392.42 million). Had there been no revaluation, the net book value of the free hold land would have been Rs. 200.853 million (2022: Rs. 200.853 million).

6.5 The forced sale value of free hold land was Rs. 1,353.960 million as at June 30, 2021.

	Note	2023	2022
		Rupees in thousand	
6.6 The depreciation charge for the year has been allocated as follows:			
Cost of sales	37	596,886	496,947
Selling and distribution expenses	38	1,936	1,926
General and administrative expenses	39	21,343	16,235
		620,165	515,108
6.7 The depreciation break-up is as follows:			
Operating fixed assets	6.1	615,869	510,406
Right of use of assets	6.12	4,296	4,702
		620,165	515,108

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							
FAW XPV Van LEH-17-8543	946	645	301	350	49	Negotiation	Mohammad Mudassar
Honda City - LEC-13-5779	1,490	1,306	184	705	521	Negotiation	Azhar Nazar
Toyota Corolla AUL-366	1,000	902	98	700	602	Negotiation	Shakeel Ahmed Khatri
Suzuki Cultus LEC-08-9134	645	620	25	350	325	Negotiation	Muhammad Saleem
Honda Civic LEC-12-7666	1,259	1,029	230	1,000	770	Negotiation	Usman
Suzuki Cultus LEB 2211	947	816	131	415	284	Negotiation	Jahanzaib
Honda City LE-13-8568	1,204	481	723	975	252	Negotiation	Muhammad Irshad
Toyota Hiace LES-8912	1,576	1,544	32	800	768	Negotiation	Syed Zulfiqar Haider
Office and other equipments	6,260	4,961	1,299	-	(1,299)	Scrapped	
Furniture and fixtures	1,027	640	387	-	(387)	Scrapped	
Total - 2023	16,354	12,944	3,410	5,295	1,885		
Total - 2022	94,356	66,670	27,686	12,715	(14,971)		

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.

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

6.11 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 canal 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	2023	2022
		Rupees in thousand	
6.12 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,)		8,947	13,649
Disposals	6.13	(3,111)	-
Depreciation charge		(4,296)	(4,702)
Closing net book value		1,540	8,947
Gross carry value basis			
Cost		27,653	41,653
Accumulated depreciation		(26,113)	(32,706)
Net book value		1,540	8,947
Depreciation rate % per annum		10%	10%

6.13 In prior year Group has vacated two premises and accordingly disposal adjustment has been made in these financial statements.

7 CAPITAL WORK IN PROGRESS

	Note	2023	2022
This comprises of:		20,295	24,388
Building		839,646	357,918
Plant and machinery	7.2	48,251	13,846
Advances		908,192	396,152

	Advances	Building	Plant and machinery	Total
	Rupees in thousand			
7.1 Movement of carrying amount				
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
Year ended June 30, 2022				
Opening balance	161,372	12,247	243,547	417,166
Additions (at cost)	18,596	46,684	1,073,548	1,138,828
Adjustment	(63,499)	-	63,499	-
Adjustment	(76,000)	15,406	(15,406)	(76,000)
Transferred to operating fixed assets	(26,623)	(49,949)	(1,007,270)	(1,083,842)
Closing balance	13,846	24,388	357,918	396,152

7.2 Advances include balances amounting to Rs. 1.639 million (2022: Rs. 1.639 million) and 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. 17.030 million (June 30, 2022: 38.332) has been capitalized in the cost of capital work in progress by using average capitalization rate ranges from 14.00% to 17.90 %.

	Note	2023	2022
		Rupees in thousand	
8 INTANGIBLE ASSETS			
Computer software and licences	8.1	883	1,440
Goodwill	8.2	252	252
		1,135	1,692
8.1 Computer software and licences			
Net carrying value as at June 30,			
Opening balance		1,440	-
Addition during the year		-	1,672
Amortization charge	39	(557)	(232)
Net book value		883	1,440
Gross carrying value as at 30 June			
Cost		24,214	24,214
Accumulated amortization		(23,331)	(22,774)
Net book value		883	1,440
Amortization % per annum		33.33%	33.33%
The amortization charge for the year has been allocated as follows:			
Administrative expenses	39	557	232

8.2 Goodwill

	Note	2023	2022
		—— Rupees in thousand ——	
Goodwill on acquisition of ISPL		252	252

8.2.1 This represents Rs. 0.252 million (2022: 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

	Note	2023	2022
Freehold land	9.1	562,500	408,750

9.1 The movement in this account is as follows:

	Note	2023	2022
Opening balance		408,750	307,500
Fair value gain on revaluation shown in “income statement”	9.2	153,750	101,250
		562,500	408,750

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, 2023 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. 478.125 million (2022: Rs. 347.437 million).

10 LONG TERM INVESTMENTS

	Note	2023	2022
Investment in related parties - unquoted			
Held at cost			
Chemi Visco Fiber Limited	10.1	-	-

10.1 Chemi Visco Fiber Limited

	Note	2023	2022
5,625,000 (2022: 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% (2022: 7.91%) (Chief Executive : Mr. Usman Ghani)		-	-

10.1.1 This provision was made in earlier years as a matter of prudence since the project of the investee company is not operating and there is significant uncertainty regarding future earnings and related cash flows. Further, the financial statements of the entity indicate that the fair value of the net assets is negative.

11 LONG TERM DEPOSITS

	Note	2023	2022
Long term deposit	11.1	67,875	53,258

11.1 This includes security deposit against utilities and rented premises. The said deposit is refundable at the expiry of the respective rent agreement or on vacation of the rented premises. 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	2023	2022
		Rupees in thousand	
12 STORES, SPARES AND LOOSE TOOLS			
Stores			
in hand	12.1	89,163	86,628
in transit		83	512
		89,246	87,140
Spares:			
in hand	12.1	410,957	413,819
in transit		33,322	31,567
		444,279	445,386
		533,525	532,526
Less: Provision for obsolete stores and spares	12.2	-	36,959
		533,525	495,567

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.

		2023	2022
12.2 Movement of provision for obsolete stores and spares			
Opening balance		36,959	21,837
Adjustment on account of write off during the year		(76,489)	(2,889)
Provision made during the year		39,530	18,011
		-	36,959

	Note	2023	2022
13 STOCK IN TRADE			
Raw materials:			
in hand	37	233,689	1,018,757
in transit	13.1	784,484	404,602
		1,018,173	1,423,359
Packing materials			
in hand		30,131	24,011
Work in process	37	75,529	53,901
Finished goods	13.2 & 37	1,073,329	667,255
		2,197,162	2,168,526

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

13.2 The finished goods also includes stock in transit amounting to Rs. Nil (2022: 6.36 million) which was still on the way to port at the year end.

13.3 Stock-in-trade up to a maximum amount of Rs. 2,197.162 million (2022: Rs.2,168.526 million) are under hypothecation of commercial banks as security against short term borrowings.

	Note	2023	2022
		Rupees in thousand	
14 TRADE DEBTS			
Unsecured			
Considered good - Foreign		134,018	306,196
Secured			
Considered doubtful	14.2	2,234	2,234
Less: Expected credit losses		2,234	2,234
		-	-
Unsecured			
Considered good - Local		1,805,520	1,481,272
Considered doubtful		64,627	60,234
		1,870,147	1,541,506
		2,004,165	1,847,702
Less: Expected credit losses	14.1	64,627	60,234
		1,939,538	1,787,468

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

	2023	2022
Opening balance	62,468	57,476
Adjustment on account of:		
Expected credit losses	4,393	4,992
Closing balance	66,861	62,468

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	2023	2022
15 LOANS AND ADVANCES			
Advances - (Unsecured - considered good)			
To employees	15.1- 4	20,771	19,390
Advance to supplies and services (Unsecured)			
Considered good		75,988	122,984
Considered doubtful		1,374	1,374
		77,362	124,358
Other advance	15.5	-	135,000
Against import		73,225	1,554
		171,358	280,302
Accrued interest receivable		2,468	-
Less: Provision for doubtful advances	15.6	1,374	1,374
		172,452	278,928

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. 15.192 million (2022: Rs. 15.192 million) deposited to the Honorable Lahore High Court against various cases for gratuity of employees. The Group is expecting favorable 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 financial statements hence no impact on measurement has been considered.

15.5 This represented payment against purchase of land measuring 1.39 acres located at Plot No. D-4 South Avenue S.I.T.E Karachi. However, the deal has cancelled whole amount has been recovered by the Group during the year.

	Note	2023	2022
		Rupees in thousand	
15.6 Movement of provision for doubtful debts 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

	Note	2023	2022
Trade deposits - (Considered good)	16.1	19,342	19,400
Security deposits	16.2	11,524	950
Prepayments		7,124	7,017
		37,990	27,367

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. These deposits do not carry any interest or mark-up and are recoverable within one year as the respective premises are vacated during the year.

17 TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2023	2022
(Considered good)			
Income tax		589,631	383,160
Sales tax		133,532	146,269
		723,163	529,429

18 TAXATION - NET

	Note	2023	2022
Advance income tax		618,273	478,501
Less: Provision for taxation	43	(886,305)	(253,975)
		(268,032)	224,526

19 SHORT TERM INVESTMENTS

	Note	2023	2022
Held to maturity			
Term deposit receipts			
Faysal Bank Limited		300,000	-

This represents term deposit receipts and carry interest rate ranging from 13.25% to 17.66% (2022:Nil). These have a maturity period of one month.

20 CASH AND BANK BALANCES

	Note	2023	2022
Cash in hand		526	463
Cash at banks		-	213,462
Current accounts	20.1	921,617	177,507
Saving accounts	20.2	3,055	18,181
		924,672	195,688
		925,198	196,151

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 12.25% to 17.66% (2022: 4.5% to 12.25%) per annum.

21 SHARE CAPITAL

21.1 Authorized share capital

2023	2022		Note	2023	2022
Number of ordinary shares of Rs. 10/- each				Rupees in thousand	
175,000,000	175,000,000	Ordinary shares of Rs. 10/- each		1,750,000	1,750,000
25,000,000	25,000,000	Preference shares of Rs. 10/- each		250,000	250,000
200,000,000	200,000,000			2,000,000	2,000,000

21.2 Issued, subscribed and paid up capital

2023	2022		Note	2023	2022
Number of ordinary shares of Rs. 10/- each				Rupees in thousand	
27,100,000	27,100,000	Fully paid in cash		271,000	271,000
24,900,000	24,900,000	Issued for consideration other than cash	21.2.3	249,000	249,000
48,000,000	48,000,000	Fully paid bonus shares		480,000	480,000
100,000,000	100,000,000			1,000,000	1,000,000

	Note	Number of shares 2023	Number of shares 2022	Rupees in thousand 2023	Rupees in thousand 2022
21.2.1 Movement of share capital is as follows:					
Opening balance		100,000,000	84,700,000	1,000,000	847,000
Shares issued during the year	21.2.2	-	15,300,000	-	153,000
Closing balance		100,000,000	100,000,000	1,000,000	1,000,000

21.2.2 The Board of Directors of the Group in its meeting held on October 27, 2021 accord approval to issue bonus shares in the proportion 18.064 shares for every 100 shares held i.e 18.064%. These bonus shares have been issued from the share premium account.

21.2.3 The Company 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 Company became a wholly owned subsidiary of Federal Chemical and Ceramics Corporation (Private) Limited. The Company was privatised on July 03, 1995.

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

22 RESERVES

	Note	2023	2022
Capital			
Share premium	22.1	177,000	177,000
Revenue			
Un-appropriated profit		4,140,827	2,618,302
		4,317,827	2,795,302

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 statement of changes in equity.

	Note	2023	2022
		Rupees in thousand	
23 SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS			
Revaluation surplus on freehold land		1,392,042	1,392,042

23.1 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.

24 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,"

25 LONG TERM FINANCING

	Note	2023	2022
Secured:			
Banking Companies			
MCB Bank Limited- SBP Refinance	25.1	-	48,205
Samba Bank Limited-TERF	25.2	378,148	71,866
Bank of Punjab	25.3	224,734	274,771
Allied Bank Limited - LTF	25.4	100,000	-
		702,882	394,842
Other Financial Institutions			
Pak Libya Holding Company (Private) Limited	25.5	173,572	217,000
Pak Brunei Investment Company Limited	25.6	133,333	200,000
Pak Brunei Investment Co. Ltd (WWTP)	25.7	96,250	110,000
Pak Libya Holding Company (Pvt.) Limited	25.8	200,000	-
		603,155	527,000
		1,306,037	921,842
Less: Current portion shown under current liabilities	34	367,552	251,144
		938,485	670,698

25.1 The Group has obtained term finance facility from MCB Bank Limited under Refinancing Scheme of the State Bank of Pakistan amounting to Rs. 196.970 million specifically for paying salaries and wages to Group's employees. The Group has made drawdown from May 2020 to September 2021. The tenor of the financing is two and half year inclusive 8-Months Grace period and are repayable in 8 equal monthly instalments commencing from January 31, 2021.

This term loan is secured by way of mortgage of all present and future plant and machinery hypothecation charge over all assets belonging to the Group with 27% margin. The rate of mark-up is fixed at 3%.

25.2 The Group has obtained this loan under the scheme of Temporary Economic Refinance Facility (TERF) to the extent of Rs. 500 million. This finance is secured against 667 million 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 has not fully disbursed yet. The loan is repayable in sixteen (16) equal quarterly instalments starting from 1 year (grace period) after initial draw down.

25.3 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 1st pari passu charge of Rs. 400 million over fixed assets of the Group. 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 instalments having grace period of Six months after the disbursement date.

25.4 The Group has obtained this loan to the extent of Rs. 200 million. This finance is secured against 1st Hypo & mortgage charge over present and future fixed assets (Land, Building & 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 instalments having a grace period of one year after the date of disbursement.

25.5 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 moths KIBOR plus 1.5% per annum. The loan is repayable in sixteen (16) equal quarterly instalments starting from 15th month from the first drawdown.

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

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

25.8 The Group has obtained this loan under long term finance facility to the extent of Rs. 200 million. This finance is secured against Initially Ranking Charges of Rs. 267 million, inclusive of 25% margin on all assets of the Group (excluding land and building), convertible to 1st Pari Passu charge within 180 days of disbursement. This carries mark up at the rate of 3 months KIBOR plus 1.50% per annum payable on quarterly basis. The loan is repayable in sixteen (16) equal quarterly instalments on quarterly basis. First instalment will fall due at the end of 12th month from the date of first draw down.

	Note	2023	2022
		Rupees in thousand	
26 LONG TERM DIMINISHING MUSHARAKA			
Secured;			
Banking Companies			
The Bank of Punjab - TAQWA	26.1	262,500	437,500
The Bank of Punjab - TAQWA	26.2	208,191	313,321
Al-Baraka Bank (Pakistan) Limited	26.3	106,875	213,750
		577,566	964,571
Less: Current portion shown under current liabilities	34	387,005	387,005
		190,561	577,566

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 ranking charge over present & future fixed assets of the Group and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed during the prior year in various tranches and are repayable in eight semi annual equal 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 ranking charge upgradable to specific exclusive charge over imported plant and machinery and ranking & pari passu charge over present & future fixed assets of the Group and carries mark up at six months average KIBOR plus 1.25%. This finance was disbursed from May, 2018 to January, 2019 in different tranches and are repayable in eight semi annual equal instalments commencing from December, 2020.

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 ranking charge over present & future fixed assets of the Group and carries mark up at six months average KIBOR plus 1.40%. This finance is disbursed during the year in various tranches with a grace period of six months.

	Note	2023	2022
		Rupees in thousand	
27 LEASE LIABILITIES			
Against right of use assets			
Lease liabilities		18,107	25,419
Payments / adjustments during the year		(13,991)	(7,312)
		4,116	18,107
Less: Current portion		(4,116)	(8,807)
		-	9,300
27.1 Maturity analysis-contractual undiscounted cash flow			
Less than one year		(5,347)	(9,997)
One to five year		-	(9,194)
Total undiscounted lease liability		(5,347)	(19,191)

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.

	Note	2023	2022
28 DEFERRED LIABILITIES			
Deferred taxation	28.1	448,342	519,144
Provision for gratuity	28.3	122,975	102,645
		571,317	621,789

	Note	2023	2022
		Rupees in thousand	
28.1 Deferred taxation			
Deferred tax liability comprises as follows:			
Taxable temporary differences			
Tax depreciation allowances		546,582	614,756
Deductible temporary differences			
Provision for gratuity		(35,308)	(32,552)
Provision for doubtful debts		(22,064)	(20,614)
Provision for WPPF		(39,687)	(12,372)
Provision for obsolete stores		-	(11,721)
Lease liability		(1,181)	(5,742)
Tax credits		-	(12,611)
		448,342	519,144

28.2 The gross movement in the deferred tax liability during the year is as follow:

	2023	2022
Balance as at July 1,	519,144	360,786
Charge to profit and loss account	(69,379)	159,041
Credit in other comprehensive income	(1,388)	(683)
	448,377	519,144

28.3 Provision for gratuity

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, 2023 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.

		2023 Percentage	2022 Percentage
		Per annum	
b)	**Significant actuarial assumptions**		
	Following are significant actuarial assumptions used in the valuation:		
	Discount rate	16.25	13.25
	Expected rate of increase in salary	15.25	12.25
c)	**Reconciliation of payable to defined benefit plan**		
	Present value of obligation and liability recognized in balance sheet	122,975	102,645
d)	**Movement of the liability recognized in the statement of financial position**		
	Opening net liability	102,645	87,515
	Charge for the year	23,945	18,168
	Remeasurement chargeable to other comprehensive income	4,835	2,153
	Contribution paid to outgoing employees	(8,450)	(5,191)
	Closing net liability	122,975	102,645
e)	**Charge for the year**		
	Current service cost	10,904	9,676
	Interest cost	13,041	8,492
	Gains and losses arising on plan settlements	-	-
	Charge for the year	23,945	18,168

f) The expected charge in respect of defined benefit plan for the year ending June 30, 2024 will be 33.937 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
2023		
Discount rate	114,552	132,370
Salary increase	132,544	114,253
2022		
Discount rate	95,495	110,663
Salary increase	110,813	95,236

h) **Maturity profile**

Time in year	2023	2022
1	6,750	7,202
2	9,632	11,235
3	10,366	8,092
4	14,543	8,243
5-11 onwards	1,749,655	885,041

The average duration of the defined benefit obligation is 7 years.

		Note	2023	2022
			Rupees in thousand	
i)	Remeasurement chargeable to other comprehensive income			
	Experience adjustment and actuarial loss / (gain) on obligation		4,835	2,153
	Tax impact at 39 % (2022: 33%) - net of export %age		(1,388)	(683)
			3,447	1,470

29 DEFERRED GRANT

	2023	2022
Deferred Grant	127,779	49,791
Current portion of grant	(55,585)	(19,697)
	72,194	30,094

29.1 This represents deferred grant recognised in respect of the benefit of below-market interest rate on long term finance facility as 'referred to in note 25.1, 25.2 and 25.3. 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:

	2023	2022
Opening balance	49,791	5,115
Addition during the period	105,577	61,526
Amortization during the period	(27,589)	(16,850)
Closing balance	127,779	49,791

29.3 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

	Note	2023	2022
Trade creditors		420,006	935,564
Accrued liabilities	30.1	1,680,606	944,991
Cost of supply	30.2	397,574	368,266
GIDC payable	30.3	620,458	619,344
Advances from customers		383,461	224,815
Security deposits	30.4	36,300	40,200
Retention money		3,594	5,331
Income tax deducted at source		216	15,577
Workers' Profit Participation Fund	30.5	138,226	39,013
Workers' Welfare Fund	30.6	57,470	16,322
Other liabilities		135	22,543
		3,738,046	3,231,966

30.1 This includes a balance due to Chemi Multifabrics Limited, a related party, amounting to Rs. 105.429 million (2022: Rs. 27.774 million).

30.2 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. 397.574 million on prudence basis since February 2018.

30.3 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, 2022: 619.344 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 collected as per GIDC Act, 2015.

30.4 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	2023	2022
		—— Rupees in thousand ——	
30.5 Workers' Profit Participation Fund			
Balance as at July 01,		39,013	47,035
Interest at prescribed rate		2,477	2,825
Less: Amount paid to fund		39,110	46,591
		2,380	3,269
Current year's allocation at 5%	40	135,846	35,744
		138,226	39,013

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

	Note	2023	2022
30.6 Workers' Welfare Fund			
Balance as at July 01		16,322	28,018
Current year's allocation at 2%	40	57,470	16,322
Less : Amount paid		(16,322)	(28,018)
		57,470	16,322

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

31 SHORT TERM LOAN

	2023	2022
Sohaib Razzaq	1,010	930

31.1 The amount represents interest free general purpose loan in accordance with the Group's policy and is repayable within next 12 months.

	Note	2023	2022
		Rupees in thousand	
32 MARK UP ACCRUED			
Secured;			
Long term financing		30,622	20,953
Long term diminishing musharaka		21,561	22,172
Short term borrowings		24,134	39,741
		76,317	82,866
33 SHORT TERM BORROWINGS			
Secured			
Banking companies			
Running finances			
MCB Bank Limited	33.1	205,396	118,118
Askari Bank Limited	33.1	120,035	-
The Bank of Punjab	33.1	193,928	192,931
Samba Bank Limited	33.1	213,432	342,310
Habib Metro Bank Limited	33.1	47,437	130,985
Soneri Bank Limited	33.1	-	81,567
Allied Bank Ltd	33.1	45,823	-
		826,051	865,911
Term finance			
Askari Bank Limited	33.2	-	150,000
Bank Al-Falah Limited	33.2	-	275,000
Pak Brunei Investment Company Limited	33.2	200,000	200,000
Faysal Bank Ltd (Istisna)	33.2	288,000	299,942
		488,000	924,942
		1,314,051	1,790,853

33.1 Short term running finance facilities from various banks aggregated to Rs. 1,520 million (2022: Rs. 1,570 million) and carries mark-up ranging from one month KIBOR plus 1% to three months KIBOR plus 1.25% per annum (2022: 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 from various banks aggregated to Rs. 1,125 million (2022: Rs. 1,125 million) and carry mark-up ranging from matching KIBOR plus 0.70% to 1.00 % per annum (2022: matching KIBOR plus 0.70% to 1.00% per annum) on utilized limits. These facilities are secured against first pari passu charge over present and future current assets of the Group.

33.3 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. 5,885 million (2022: Rs. 5,215 million) are available to the Group.

	Note	2023	2022
		Rupees in thousand	
34 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing	25	367,552	251,144
Long term diminishing musharaka	26	387,005	387,005
Liabilities against assets subject to finance lease	27	4,116	8,807
Deferred grant	29	55,585	19,697
		814,258	666,653

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 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 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 Honourable ATIR upon application for rectification filed before ATIR to pass revised speaking order which is pending for hearing. The Group expects a favourable outcome of the proceedings. However, if the case is decided against the Group, it may result in maximum tax payable of Rs. 54.510 million (June 30, 2022: 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, 2022: 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. 10.027 million (June 30, 2022: Rs. 12.797 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, 2022: 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, 2022: 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 financial statements. However, if the case is decided against the Group, it may result in tax payable of Rs. 25.50 million (June 30, 2022: Rs. 25.50 million).

g) Letters of guarantee outstanding as at June 30, 2023 were Rs. 476.076 million (2022: Rs. 470.908 million).

35.2 Commitments

Commitments as on June 30, 2023 were as follows:

a) Against letters of credit amounting to Rs. 3,123.055 million (2022: Rs. 1,427.79 million).
b) Against purchase of land and shops amounting to Rs. 145.639 million (2022: Rs. 1.639 million).
c) Commitment for lease payment has been made under the relevant note.

36 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2023	2022
	Rupees in thousand	
Major products and services		
Manufacturing	27,788,958	18,355,658
Trading	19,015	17,498
Toll manufacturing	120,606	6,904
	27,928,579	18,380,060
Less:	3,455,782	2,513,891
Sales tax	204,514	184,797
Commission to selling agents	3,660,296	2,698,688
	24,268,283	15,681,372
Local sales	20,754,232	14,900,584
Export sales	3,514,051	780,788
	24,268,283	15,681,372
Pakistan	20,754,232	14,900,584
Afghanistan	169,655	37,845
France	9,838	81,065
Australia	7,070	-
Saudia Arabia	-	7,364
United Arab Emirates	1,867,484	558,032
Congo	93,846	-
Durban	905,775	-
Uzbekistan	204,288	24,841
Tanzania	26,748	-
Vietnam	-	14,109
Kuwait	8,240	-
Oman	221,107	10,202
China	-	47,330
	24,268,283	15,681,372

	Note	2023	2022
		Rupees in thousand	
Timing of transfer of goods			
Goods transferred to customers at a point in time		24,268,283	15,681,372
Contract balances			
Trade Receivables	14	1,939,538	1,787,468
Contract liabilities	30	383,461	224,815

37 COST OF SALES

	Note	2023	2022
Raw materials consumed			
Opening stock		1,423,359	609,901
Purchases		9,175,526	6,659,571
		10,598,885	7,269,472
Closing stock	13	(1,018,173)	(1,423,359)
		9,580,712	5,846,113
Stores, spares and consumables		330,687	315,854
Packing materials consumed		246,931	167,087
Salaries, wages and other benefits	37.1	743,811	596,414
Fuel and power		7,979,006	6,301,888
Repair and maintenance		114,187	46,576
Rent, rates and taxes		10,761	9,304
Insurance		17,381	14,373
Depreciation	6.6	596,886	496,947
Vehicle running expenses		25,798	17,070
Telephone, telex and postage		1,033	1,033
Printing and stationery		1,242	303
Provision for slow moving stores and spares	12.2	39,530	18,011
Other expenses		6,115	3,430
		19,694,080	13,834,403
Work in process			
Opening		53,901	43,626
Closing	13	(75,529)	(53,901)
		(21,628)	(10,275)
Cost of goods manufactured		19,672,452	13,824,128
Cost of stores traded		8,126	14,774
Finished goods			
Opening		667,255	444,948
Closing	13	(1,073,329)	(667,255)
		(406,074)	(222,307)
		19,274,504	13,616,595

37.1 This amount includes Rs. 51.374 million (2022: Rs. 25.464 million) in respect of employees' retirement benefits.

	Note	2023	2022
		Rupees in thousand	
39 SELLING AND DISTRIBUTION EXPENSES			
Salaries and other benefits	38.1	50,903	41,145
Travelling and conveyance		3,940	1,073
Vehicle running expenses		5,328	3,225
Advertisement		338	815
Telephone, telex and postage		883	1,210
Marketing service charges		104,957	76,481
Freight		1,440,932	667,956
Rent, rates and taxes		2,463	1,248
Printing and stationery		645	744
Fee and subscription		235	112
Fuel and power		3,780	2,960
Repair and maintenance		1,077	1,780
Insurance		9,832	5,225
Depreciation	6.6	1,935	1,927
		1,627,248	805,901

38.1 This amount includes Rs. 2.118 million (2022: Rs. 1.639 million) in respect of employees' retirement benefits.

	Note	2023	2022
39 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other benefits	39.1	159,491	139,477
Traveling and conveyance		24,746	14,932
Vehicle running expenses		19,403	11,348
Telephone, telex and postage		3,357	3,067
Rent, rates and taxes		9,915	7,387
Printing and stationery		1,444	1,112
Fee and subscription		4,376	9,422
Legal and professional charges		9,745	9,804
Fuel and power		8,780	6,228
Provision for doubtful debts and advances		4,393	4,992
Amortization of intangible asset		557	232
Repair and maintenance		4,314	3,574
Depreciation	6.6	21,343	16,235
Bad debts written off		-	-
Donations	39.2	23,557	13,448
Other expenses		4,694	3,927
		300,115	245,185

39.1 This amount includes Rs. 3.922 million (2022: Rs. 3.499 million) in respect of employees' retirement benefits.

39.2 Donations

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

	2023	2022
Swat Flood Relief	1,100	-
Al Khidmat Foundation	1,000	-
Zubaida Associates	1,062	-
Dastkari School KSK	2,298	1,603
Kiran Foundation	200	130
Baitusslam welfare trust	1,500	500
	7,160	2,233

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

Donation amounting to Rs. 0.200 million (2022: Rs. 0.130 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 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 Group or his spouse had any interest at any time during the year.

	Note	2023	2022
		Rupees in thousand	
40 OTHER OPERATING EXPENSES			
Auditors' remuneration			
Audit fee		1,050	950
Half yearly review fee		250	250
Tax and certification charges		50	102
Out of pocket expenses		143	241
		1,493	1,543
Loss on scrap of fixed assets		1,686	23,364
Workers' profit participation fund	30.5	135,846	35,743
Workers' welfare fund	30.6	57,470	16,322
Loss on foreign exchange		-	4,107
		196,495	81,079
41 OTHER INCOME			
Income from financial assets			
Gain on foreign exchange		147,081	-
Return on saving accounts		8,329	1,136
Parties written back		-	285
		155,410	1,421
Income from non- financial assets			
Gain on sale of fixed assets		3,571	8,393
Gain on sale of leased assets (disposal)		2,834	-
Sale of scrap		30,137	23,680
Insurance claim net		-	9,707
Govt Grant		26,551	16,850
		63,093	58,630
		218,503	60,051
42 FINANCIAL CHARGES			
Mark-up / interest on:			
Long term financing		157,482	52,179
Long term diminishing musharaka		138,785	122,036
Interest on lease finance		1,217	1,922
Short term borrowings		213,728	120,023
Worker's profit participation fund		2,477	2,825
		513,689	298,985
Bank charges and commission		26,673	15,670
Unwinding of discount on GIDC payment		1,114	15,327
Discounting charges UL LC		20,731	-
		562,207	329,982

43 TAXATION

	Note	2023	2022
		Rupees in thousand	
Current		686,410	195,239
Super tax	43.1	236,540	63,507
Prior year		458	(68,277)
Deferred tax		(69,413)	159,042
		853,995	349,511

43.1 This represents super tax @ 10% on the taxable income for the tax year 2023 imposed through Finance Act, 2022.

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

43.2.1 Relationship between tax expense and accounting profit

	2023	2022
Accounting profit	2,679,967	-
Applicable tax rate 29% (2022: 29%)	29%	0%
Tax at the applicable rate of 29% (2022 : 29%)	777,255	-
Tax effect of inadmissible expenses/ losses	264,188	-
Tax effect of admissible expenses	(271,835)	-
Income taxed at different rates	(45,547)	-
Prior years adjustment	458	-
Tax effect of losses and other allowances	(37,651)	-
Effect of temporary difference	(69,413)	-
Effect of super tax	236,540	
Tax charge for the year	853,995	-

43.3 The rate of tax has been fixed at 29% for Tax Year 2023 and onwards by taxation authorities.

43.4 Comparison of tax provision against tax assessments

Years	Excess	Tax provision	Tax assessment/ tax return
	Rupees in thousand		
2021-22	6,699	258,745	252,046
2020-21	68,417	170,740	102,323
2019-20	1,446	1,446	-

43.5 As at June 30, 2023, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

44 ACCOUNTING ESTIMATES AND JUDGMENTS

The Group's main accounting policies affecting its result of operations and financial conditions are set out in note 6. 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) Defined benefit plan

Certain actuarial assumptions have been adopted by external professional valuer (as disclosed in note 28.3) for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

c) 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 June 30, 2021.

d) 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 profit and loss account as provision / reversal.

e) Financial instrument

The fair value of the financial instrument that are not traded in an active market is determined by using valuation techniques based on assumption that are dependent on conditions existing at the balance sheet.

f) 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.

g) Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Establishment's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the fair value hierarchy):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

45 DEFINED CONTRIBUTION PLAN

45.1 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. 7.113 million (2022: Rs. 7.218 million).

Based on the unaudited financial information of the Provident Fund as at June 30, 2023, 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. 6.014 million (2022: Rs. 6.120 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
2023		
Deposit in scheduled banks	6,014	100
2022		
Deposit in scheduled banks	6,120	100

46 EARNINGS PER SHARE - BASIC AND DILUTED

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

	Note	2023	2022
		Rupees in thousand	
Profit after taxation - (Rupees in thousand)		1,825,972	414,420
Weighted average number of ordinary shares - (in thousand)		100,000	100,000
Earnings per share - (Rupees)		18.26	4.14

47 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities and equity		
	Financing / Lease/GIDC	Dividend	Total
	Rupees in thousand		
Balance as at July 1, 2022	4,182,104	2,308	4,184,412
Borrowings from Banking Companies (short and long)	269,858	-	269,858
Repayment of financing	(292,525)	-	(292,525)
Repayments of long term diminishing musharaka	(387,005)	-	(387,005)
Dividend on ordinary shares	-	300,000	300,000
Payment of dividend	-	(298,296)	(298,296)
Balance as at June 30, 2023	3,772,432	4,012	3,776,444

	Note	2023	2022
		Rupees in thousand	
48 CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,679,967	763,931
Adjustments for items not involving movement of funds:			
Depreciation	6.6	620,165	515,108
Amortization of intangible assets	8.1	557	232
Provision for staff retirement gratuity	28	23,945	18,168
Loss on sale of fixed assets	6.8	(1,885)	14,970
Gain on disposal of leased assets	6.12	(2,834)	-
Gain on revaluation of investment property	9.1	(153,750)	(101,250)
Foreign exchange (gain) / loss	40	(147,081)	4,105
Expected credit losses	14	4,393	4,991
Deferred grant amortization	41	(26,551)	(16,850)
Provision for obsolete stores and spares	37	39,530	18,010
Financial charges	42	562,207	329,982
Net cash flow before working capital changes		3,598,663	1,551,397

49 TRANSACTIONS WITH RELATED PARTIES INCLUDING ASSOCIATED UNDERTAKINGS

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors, as associated person 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:

49.1 Transactions with related parties

Relation with the Company	Nature of transaction	2023	2022
Other related party			
Chemi Multifabrics Limited	Marketing service charges	104,957	75,475
Chemi Viscofiber Limited	Purchase of Misc. Stores Items	-	7,435
	Balance payment of Misc. Store Items	(1,539)	-
Staff retirement fund	Contribution to staff retirement	652	584
Directors and employees	Remuneration to directors and key management personnel	128,123	110,311
Key management personnel	Loans & advances	-	10,010
	Payment of loans & advances	-	(10,010)

49.2 Basis of relationship with the company

Name of related party	Relationship	Basis of Association
Chemi Viscofiber Limited	Other related party	Shareholding
Chemi Multifabrics Limited	Other related party	N/A
Chemi Dyestuffs Industries (Private) Limited	Associated company	Common Directorship
Ittehad Developer	Associated company	Common Directorship

	Note	2023	2022
		Rupees in thousand	
49.3 Year end balance			
Payable to			
Chemi Multifabrics Limited		105,429	27,774
Chemi Viscofiber Limited		-	1,539

49.4 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 54)". There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

49.5 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.

50 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 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.

50.1 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:

	2023	2022
	Rupees in thousand	
Long term deposits	67,875	53,258
Long term investments	2,500	2,500
Trade debts - net of provision	1,939,538	1,787,468
Loans, advances and other receivables	20,771	19,390
Trade deposits	19,342	19,400
Short term investment	300,000	-
Bank balances	924,672	195,688
	3,274,698	2,077,704

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 balance sheet date by geographic region is as follows:

Export	134,018	306,196
Domestic	1,805,520	1,481,272
	1,939,538	1,787,468

Trade receivables by geographical split is as follows:

	Sales			Trade debts	
	LC	Others	Total	Outstanding balance	
	Rupees in thousand				
				2023	2022
Country					
Afghanistan	-	169,655	169,655	-	-
Australia	-	7,070	7,070		
China	-	-	-	-	4
United Arab Emirates	-	1,867,484	1,867,484	133,815	221,155
Congo	-	93,846	93,846		
Durban	-	905,775	905,775		
France	-	9,838	9,838	-	85,037
Oman	-	221,107	221,107	-	-
Uzbekistan	-	204,288	204,288	203	-
Tanzania	-	26,748	26,748		
Kuwait	-	8,240	8,240	-	-
Total	-	3,514,051	3,514,051	134,018	306,196

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

Dealers	560,699	364,062
End-user customers	1,378,839	1,423,406
	1,939,538	1,787,468
The aging of trade receivable at the reporting date is:		
Not past due	1,554,805	1,538,038
Past due 1-30 days	293,069	199,018
Past due 30-150 days	91,664	50,412
	1,939,538	1,787,468

The Group's most significant customers, are dealers from whom the receivable was Rs. 560.699 million (2022: Rs. 364.062 million) and foreign debtors amounting to Rs. 134.018 million (2022: Rs. 306.196 million) of the total carrying amount as at 30 June 2023.

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. 4.393 million (2022: 4.992 million) has been charged to profit and loss account and upto balance sheet an amount of Rs. 66.861 million (2022: Rs. 62.468 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. 925.198 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.

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.

	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+	AA+
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+
MCB Bank Limited	PACRA	A1+	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+

50.2 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					
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	4,116	-	-	-
Trade and other payables	2,104,341	2,104,341	2,104,341	-	-	-
Mark-up accrued	76,317	76,317	76,317	-	-	-
Short term borrowing	1,314,051	1,392,179	1,392,179	-	-	-
	5,382,428	6,083,135	4,086,238	515,954	727,286	752,426
2022						
Financial liabilities						
Long term financing	921,842	1,154,668	186,417	160,886	308,716	498,649
Long term diminishing musharaka	964,571	1,148,628	253,785	241,714	447,210	205,919
Lease liabilities	18,107	19,191	9,997	-	9,194	-
Trade and other payables	2,896,039	2,896,039	2,896,039	-	-	-
Mark-up accrued	82,866	82,866	82,867	-	-	-
Short term borrowing	1,790,853	1,861,536	1,861,536	-	-	-
	6,674,278	7,162,929	5,290,641	402,600	765,120	704,568

50.3 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	2023	2022
		Rupees in thousand	
Trade debts		134,018	306,196
Gross balance sheet exposure		134,018	306,196
Outstanding letters of credit	35.2	(3,123,055)	(1,427,795)
Net exposure		(2,989,037)	(1,121,599)

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2023	2022	2023	2022
USD to PKR	246.55	182.15	287.10	206.00

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.

	Note	2023	2022
		Rupees in thousand	
Effect on profit or loss			
Loss		13,402	30,620

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 balance sheet date the interest rate profile of the Group's interest - bearing financial instruments is as follows:

	Effective rates	Carrying amount 2023	Carrying amount 2022
		Rupees in thousand	
Financial liabilities			
Variable rate instruments:			
Long term loans	17.90%	1,433,814	971,634
Long term diminishing musharaka	18.52%	577,566	964,571
Short term borrowings	17.49%	1,314,051	1,790,853
		3,325,431	3,727,058

Effective interest rates are mentioned in the respective notes to the 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 2022.

	Profit and loss 100 bp increase	Profit and loss 100 bp decrease
As at June 30, 2023		
Cash flow sensitivity - Variable rate financial liabilities	(33,254)	33,254
As at June 30, 2022		
Cash flow sensitivity - Variable rate financial liabilities	(37,271)	37,271

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

50.4 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.

51 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.

52 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The 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, 2023 and June 30, 2022.

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.

53 FINANCIAL INSTRUMENTS BY CATEGORY

	2023							
		New carrying amount under IFRS 9			Fair value			
	Note	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand							
On-Balance sheet financial instruments								
As at June 30, 2023								
Financial assets at amortised cost								
Long-term deposits	11	67,875	-	67,875	-	-	-	-
Trade debts - net of provisions	14	1,939,538	-	1,939,538	-	-	-	-
Loans, advances and other receivables	15	20,771	-	20,771	-	-	-	-
Trade deposits	16	19,342	-	19,342	-	-	-	-
Short term investment	19	300,000	-	300,000				
Cash and bank balances	20	925,198	-	925,198	-	-	-	-
		3,272,724	-	3,272,724	-	-	-	-
Financial liabilities at amortised cost								
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	102,645	-	-	-	-
Trade and other payables	30	-	3,122,373	3,122,373	-	-	-	-
Mark-up accrued	32	-	76,317	76,317	-	-	-	-
Short-term borrowings	33	-	1,314,051	1,314,051	-	-	-	-
		-	6,523,435	6,503,105	-	-	-	-

	2022							
		New carrying amount under IFRS 9			Fair value			
	Note	Amortised cost	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	Rupees in thousand							
On-Balance sheet financial instruments								
As at June 30, 2022								
Financial assets at amortised cost								
Long term investment	10	-	-	-	-	-	-	-
Long-term deposits	11	53,258	-	53,258	-	-	-	-
Long-term investments		2,500		2,500	-	-	-	-
Trade debts - net of provisions	14	1,787,468	-	1,787,468	-	-	-	-
Loans, advances and other receivables	15	19,390	-	19,390	-	-	-	-
Trade deposits	16	19,400	-	19,400	-	-	-	-
Cash and bank balances	20	196,151	-	196,151	-	-	-	-
		2,078,167	-	2,078,167	-	-	-	-
Financial liabilities at amortised cost								
Long term financing	25	-	921,842	921,842	-	-	-	-
Long term diminishing musharaka	26	-	964,571	964,571	-	-	-	-
Lease Liabilities	27	-	18,107	18,107	-	-	-	-
Gratuity	28	-	102,645	102,645	-	-	-	-
Trade and other payables	30	-	2,896,039	2,896,039	-	-	-	-
Mark-up accrued	32	-	82,867	82,867	-	-	-	-
Short-term borrowings	33	-	1,790,853	1,790,853	-	-	-	-
		-	6,776,924	6,776,924	-	-	-	-

53.1 The Group has valued free hold 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 financial statements.

53.2 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.

54 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	
	2023	2022	2023	2022	2023	2022
	Rupees in thousand					
Managerial remuneration	6,500	5,520	6,408	5,160	143,047	106,601
House rent allowance	2,925	2,484	2,884	2,322	64,371	47,970
Medical expenses	325	276	320	258	7,152	5,330
Bonus (performance)	935	690	892	710	23,644	23,820
	10,685	8,970	10,504	8,450	238,214	183,721
Number of persons	1	1	1	1	71	62

54.1 The Group 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.

54.2 Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 1.80 million (2022: Rs. 1.560 million). The Directors fees for attending Board, HR&R Committee and Audit Committee meetings were paid as prescribed in Articles of Association.

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

55 CAPACITY AND PRODUCTION

	Installed capacity (Tonnes)		Actual production (Tonnes)		Reason for shortfall
	2023	2022	2023	2022	
Caustic Soda Liquid	150,000	150,000	92,145	100,175	
Caustic Soda Flakes	10,000	10,000	8,409	5,330	
LABSA / SLES	70,000	70,000	26,227	22,165	
Liquid Chlorine	13,200	13,200	5,782	8,911	
Hydrochloric Acid	250,000	250,000	207,393	222,176	Cautious production strategy based on actual demands.
Sodium Hypochlorite	49,500	49,500	36,134	30,388	
Zinc Sulphate	-	600	-	89	
Sodium Sulphate (anhydrous)	600	4,000	-	2,090	
Sulphuric Acid	4,000	3,300	596	1,620	
Calcium Chloride Prills	30,000	30,000	25,412	12,744	
Humic Acid	120	120	-	-	

56 NUMBER OF EMPLOYEES

	2023	2022
Number of employees at June 30,	682	617
Average number of employees during the year	650	619

57 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	2023	2022
		Rupees in thousand	
The proportion of debt to equity at the year end was:			
Total Borrowings	25, 26, and 34	3,253,239	3,705,770
Less: Balances with banks	20	925,198	194,542
Net debt		2,328,041	3,511,228
Total equity		6,703,424	5,181,018
Total capital		9,031,465	8,692,246
Gearing ratio		0.26	0.40

58 CORRESPONDING FIGURES

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

59 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

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

60 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Group in its meeting held on 20th September 2023 has recommended Rs. 1.25 i.e 12.5% (June 30, 2022: Nil)of final dividend however these consolidated finanicial statements do not reflect this appropriation.

61 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	2023	2022
		Rupees in thousand	
Loan and advance obtained	Interest bearing	865,566	1,539,513
Bank balance as at June 30,	Placed under shariah permissible	589,428	21,976
Income on bank deposit		4,611	997
Mark up paid on Islamic mode of Financing		120,654	153,319

Relationship with banks having Islamic windows	Bank Name	Nature of transaction
	Al- Baraka Bank (Pakistan) Limited The Bank of Punjab Dubai Islamic Bank (Pakistan) Limited Bank Alfalah Limited - Islamic Meezan Bank Limited	Long term diminishing musharaka, short term borrowings and current A/C

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

62 DATE OF AUTHORIZATION OF ISSUE

These consolidated financial statements were authorized for issue on 20th September 2023 by the Board of Directors of the Group.

63 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 2023

Number of Shareholders	Shareholding From		To	Total Shares Held	Percentage of Total Capital
251	1	-	100	6,503	0.01
160	101	-	500	48,948	0.05
158	501	-	1000	112,560	0.11
336	1001	-	5000	769,392	0.77
88	5001	-	10000	625,174	0.63
46	10001	-	15000	565,274	0.57
21	15001	-	20000	382,130	0.38
8	20001	-	25000	184,993	0.18
9	25001	-	30000	247,375	0.25
7	30001	-	35000	224,817	0.22
3	35001	-	40000	113,780	0.11
5	40001	-	45000	210,827	0.21
4	45001	-	50000	196,149	0.20
5	50001	-	55000	260,309	0.26
3	55001	-	60000	173,077	0.17
1	60001	-	65000	64,935	0.06
3	65001	-	70000	204,755	0.20
2	70001	-	75000	149,638	0.15
2	80001	-	85000	169,341	0.17
1	90001	-	95000	94,451	0.09
3	95001	-	100000	299,997	0.30
3	100001	-	105000	306,981	0.31
1	105001	-	110000	106,257	0.11
2	110001	-	115000	222,050	0.22
2	115001	-	120000	237,425	0.24
1	135001	-	140000	140,000	0.14
3	140001	-	145000	429,704	0.43
3	145001	-	150000	446,000	0.45
1	155001	-	160000	158,886	0.16
1	160001	-	165000	160,929	0.16
2	165001	-	170000	336,480	0.34
1	175001	-	180000	175,952	0.18
1	195001	-	200000	200,000	0.20
1	210001	-	215000	210,060	0.21
1	220001	-	225000	221,369	0.22
2	235001	-	240000	472,639	0.47
1	240001	-	245000	243,755	0.24
1	260001	-	265000	261,766	0.26
1	275001	-	280000	275,678	0.28
1	290001	-	295000	290,827	0.29
1	335001	-	340000	336,481	0.34
1	405001	-	410000	405,999	0.41
1	415001	-	420000	416,572	0.42
1	485001	-	490000	489,997	0.49
1	515001	-	520000	516,880	0.52
1	545001	-	550000	550,000	0.55
1	590001	-	595000	590,318	0.59
2	595001	-	600000	1,198,170	1.20
1	620001	-	625000	623,207	0.62
1	680001	-	685000	680,552	0.68
1	690001	-	695000	694,442	0.69
1	720001	-	725000	724,997	0.72

Pattern of Shareholding
as at 30 June 2023

Number of Shareholders	Shareholding From		Shareholding To	Total Shares Held	Percentage of Total Capital
1	730001	-	735000	733,750	0.73
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	1055001	-	1060000	1,056,113	1.06
1	1120001	-	1125000	1,120,047	1.12
1	1180001	-	1185000	1,183,383	1.18
1	1315001	-	1320000	1,318,984	1.32
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	1775001	-	1780000	1,779,220	1.78
1	2035001	-	2040000	2,035,877	2.04
1	2270001	-	2275000	2,273,000	2.27
2	2420001	-	2425000	4,844,989	4.84
1	3735001	-	3740000	3,738,552	3.74
1	3800001	-	3805000	3,801,329	3.80
1	4350001	-	4355000	4,352,760	4.35
1	4785001	-	4790000	4,787,997	4.79
1	5095001	-	5100000	5,095,107	5.10
1	5225001	-	5230000	5,226,050	5.23
1	5495001	-	5500000	5,495,997	5.50
1	5995001	-	6000000	6,000,000	6.00
1	13205001	-	13210000	13,207,997	13.21
1,189				**100,000,000**	**100.00**

Pattern of Shareholding
as at 30 June 2023

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		181,543	0.1815%
Shareholders holding 10% or more (Already included in above Categories)		13,451,752	13.4518%
General Public			
	a- Local	67,610,005	67.6100%
	b- Foreign	7,091	0.0071%
Others (to be specified)			
1 - Joint Stock Companies		10,670,511	10.6705%
2 - Pension Funds		125,110	0.1251%
3 - Foreign Companies		0	0.0000%
4 - Others		8,499	0.0085%
Grand Total		100,000,000	100.0000%
Shareholders holding 10% or more		13,451,752	13.4518%

Pattern of Shareholding
as at 30 June 2023

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	B.R.R. GUARDIAN MODARABA	111,543	0.1115
2	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	69,500	0.0695
3	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	500	0.0005
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	67,351,485	67.3515
	b. Foreign	19,091	0.0191
Joint Stock Companies			
1	MRA SECURITIES LIMITED - MF	1,000	0.0010
2	MUHAMMAD SALIM KASMANI SECURITIES (PRIVATE) LIMITED	50,000	0.0500
3	NETWORTH SECURITIES LTD	11,663	0.0117
4	SOFCOM (PRIVATE) LIMITED	2,951	0.0030
5	TOPLINE SECURITIES LIMITED - MF	146,500	0.1465
6	ASDA SECURITIES (PVT.) LTD.	17,709	0.0177
7	NH SECURITIES (PVT) LIMITED.	3,997	0.0040
8	NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PVT) LTD.	30,859	0.0309
9	MAPLE LEAF CAPITAL LIMITED	1	0.0000
10	VALIKA ART FABRICS LTD	1,180	0.0012
11	MARINE SERVICES (PVT.) LIMITED	19,480	0.0195
12	VALIKA TRADING HOUSE (PRIVATE) LIMITED	1,180	0.0012
13	M/S. JHELUM SILK MILLS (PVT)	4,787,997	4.7880
14	M/S. CHEMITEX INDUSTRIES LTD.	5,495,997	5.4960
15	SITARA CHEMICAL INDUSTRIES LTD.	99,997	0.1000

Pattern of Shareholding
as at 30 June 2023

Sr. No.	Name	No. of Shares Held	Percentage
Pension Funds			
1	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	40,505	0.0405
2	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	84,605	0.0846
Others			
1	VALIKA PROPERTIES (PVT) LTD	1,180	0.0012
2	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEES P. FUND	6,729	0.0067
3	TRUSTEE PAKISTAN PETROLEUM JUNIOR PROVIDENT FUND	590	0.0006
	Grand Total:	100,000,000	100.0000

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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 32nd Annual General Meeting of the Company to be held on Thursday, October 26, 2023 at 11.00 a.m at the registered office and any adjournment thereof.

Signed this _________ day of __________ 2023.

Revenue
Stamp(s) of
Rupees Fifty

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.

AFFIX
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Registered / Head Office:
39-Empress Road, Lahore-Pakistan.
Tel: +92 42 3630 6586-88
Fax: +92 42 3636 5697

پراکسی فارم

میں/ہم---بحیثیت ممبر **اتحاد کیمیکلز لمیٹڈ** اور حامل------------------------عمومی حصص بمطابق رجسٹرڈ فولیو/سی ڈی سی پارٹیسپینٹ شناختی نمبر اور سی ڈی سی اکاؤنٹ نمبر ------------------------------ بذریعہ تحریر ہذا محترم/محترمہ ------------------------------ کو یا ان کی غیر حاضری کی صورت میں محترم/محترمہ--کو جو بحوالہ رجسٹرڈ فولیو/سی ڈی سی پارٹیسپینٹ 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 32ویں سالانہ اجلاس عام میں ووٹ ڈال سکیں جو 26 اکتوبر 2023ء بروز جمعرات کو صبح 11:00 بجے رجسٹرڈ آفس میں یا اس کے کسی بھی التوا کی صورت میں منعقد ہوگا۔

تاریخ دستخط:------------------------	پچاس روپے کے رسیدی ٹکٹس

دستخط

(جو کمپنی کے پاس رجسٹرڈ ہیں)

گواہ نمبر 1 دستخط--------------------------- نام-------------------------------- پتہ--------------------------------- قومی شناختی کارڈ یا پاسپورٹ نمبر---------------------------	**گواہ نمبر 2** دستخط-------------------------------- نام--------------------------------- پتہ--------------------------------- 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 چاہیئے۔

☆ 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۔

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Registered / Head Office:
39-Empress Road, Lahore-Pakistan.
Tel: +92 42 3630 6586-88
Fax: +92 42 3636 5697

مستقبل کا نقطہِ نظر

آگے بڑھتے ہوئے، کمپنی مسلسل ترقی فراہم کرنے کے لیے پُرعزم ہے۔ انتظامیہ بائیوماس پاور پلانٹ کے قیام، ایک اضافی الیکٹرولائزر کی شمولیت، فلیکر پلانٹ کے قیام اور کیلشیم کلورائیڈ پلانٹ میں توسیع پر غور کر رہی ہے۔ موسمیاتی تبدیلی کے ادراک کی وجہ سے، ہم اپنے کاربن فٹ پرنٹ پر کام کریں گے اور اسے کم کریں گے۔ اس کو حاصل کرنے کے لیے انتظامیہ ماحولیاتی، سماجی اور گورننس ("ESG") کارکردگی کے سٹینڈرڈز پر توجہ مرکوز کر رہی ہے۔

دوسری طرف، عالمی معیشت سست ترقی، بلند افراطِ زر اور مالیاتی سختی سے دوچار ہے۔ افراطِ زر کا دباؤ، لیکویڈیٹی کی کمی، بلند شرح سود، توانائی کی قیمتوں میں اضافے کے ساتھ ساتھ پاکستانی روپے کی قدر میں کمی عام طور پر صنعت اور خاص طور پر کیمیکل صنعت کو درپیش چند چیلنجز ہیں۔ لہٰذا معیشت میں موجود میکرو اکنامک عدم توازن پر قابو پانے کے لیے حکومت کی جانب سے فوری اور مؤثر اصلاحی اقدامات کی اشد ضرورت ہے۔ انتظامیہ موجودہ معاشی حالات پر گہری نظر رکھے ہوئے ہے اور اعلیٰ ترین سطح پر ضروری اقدامات کر رہی ہے۔ مکمل ملکیتی ماتحت ادارہ یعنی اتحاد سالٹ پروسیسنگ (پرائیویٹ) لمیٹڈ بھی متعلقہ سرکاری محکمے سے مائننگ لیز حاصل کرنے کے عمل میں ہے۔

اظہارِ تشکر

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

منجانب بورڈ

عبدالستار کھتری	محمد صدیق کھتری	لاہور
چیف اگزیکٹو	چیئرمین	20 ستمبر 2023ء

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 وشبات نہیں ہیں۔
vii. گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد وشمار منسلک ہیں۔
viii. ٹیکس اور لیویز کے بقایاجات کے متعلق معلومات اکاؤنٹس کے نوٹس میں دی گئی ہیں۔
ix. پراویڈنٹ فنڈ کی انویسٹمنٹ کی ویلیو 30 جون 2023ء 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۔
xii. کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری ان کی بیگمات اور ان کے بچوں کی جانب سے کمپنی کے شیئرز میں سال کے دوران کی گئی ٹریڈنگ (اگر کوئی ہے) اور شیئرز کی تعداد کے متعلق معلومات منسلک ہیں۔

صحت، تحفظ اور ماحولیات

ہم اپنے ملازمین کو کام کرنے کے لیے صحت منداور محفوظ ماحول فراہم کرنے کے لیے کوشاں ہیں۔ کمپنی قابلِ اطلاق قوانین اور حکومتی ضوابط کے ساتھ ساتھ اپنے معیارات پر بھی پورا اترتی ہے۔ ہم فعال طور پر حادثات کا باعث بننے والے عوامل کو ختم کرنے، ماحولیاتی آلودگی کو کم کرنے، فضلے میں کمی، توانائی کی بچت، حفاظتی آگاہی ٹریننگ، ایمرجنسی کے حوالے سے تیاری اور ماحولیاتی اثرات جو کہ اردگرد آبادیوں پر اثرانداز ہوسکتے ہیں کو کم کرنے کے لیے ہر وقت کوشاں ہیں۔ کمپنی کو گلوبل انٹر سرٹیفکیشن (GIC) کے کوالٹی مینجمنٹ سسٹم آئی ایس او 9001:2015، انوائرمنٹ مینجمنٹ سسٹم (EMS) آئی ایس او 14001:2015 اور کوالٹی مینجمنٹ سسٹم (QMS) آئی ایس او 45001:2018، ACTS-Al-Waiz سرٹیفکیشن اور ٹریننگ سروسز (پرائیویٹ) لیمیٹڈ کے حلال فوڈ مینجمنٹ سسٹم PS 3733:2019 سے بھی نوازا گیا ہے۔

کاروباری سماجی ذمہ داری

صحت، تعلیم اور معاشرے کی بہتری ہمارے بنیادی کاروباری سماجی پروگرام کا حصہ ہے۔ اس سلسلے میں اتحاد کیمیکلز لیمیٹڈ صحت، تعلیم اور سماجی بہتری کے لیے کام کرنے والی مختلف تنظیموں کی مالی امداد بھی کررہی ہے۔ زیرِ جائزہ سال کے دوران کمپنی نے مختلف فلاحی تنظیموں کو 23,556,766/- روپے دیے ہیں۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز BDO ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ نے، ریٹائر اور اہل ہونے کی بنا پر سال 24-2023 ء 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۔

شیئر ہولڈنگ کی فہرست

30 جون 2023ء تک شیئر ہولڈنگ کی فہرست منسلک ہے۔

رِسک مینجمنٹ کمیٹی

ڈائریکٹرز کے دوبارہ انتخاب کے نتیجے میں بورڈ نے دوبارہ رِسک مینجمنٹ کمیٹی تشکیل کی جو کہ درج ذیل ممبران پر مشتمل ہے۔

1-	جناب پرویز اسماعیل	چیئرمین	آزاد ڈائریکٹر
2-	جناب عبدالستار کھتری	رکن	ایگزیکٹو ڈائریکٹر
3-	جناب وقاص صدیق کھتری	رکن	ایگزیکٹو ڈائریکٹر

نوٹ: جناب پرویز اسماعیل کو 31 جولائی 2023ء کو محمد صدیق کھتری کی جگہ RMC کا چیئرمین / ممبر مقرر کیا گیا تھا۔

ڈائریکٹرز کا معاوضہ

کمپنی نان اگزیکٹیو ڈائریکٹرز / آزاد ڈائریکٹرز کو کسی قسم کا معاوضہ ادا نہیں کرتی۔ تاہم بورڈ نے آزاد اور نان ایگزیکٹو ڈائریکٹرز کے لیے بورڈ اور اُس کی کمیٹیوں کی ہر میٹینگ میں شامل ہونے کی فیس 60,000 روپے مقرر کی ہے اور بورڈ / کمیٹیوں کے چیئرمین کے لیے 70,000 روپے ہے۔ اس کے ساتھ ساتھ میٹینگ کے علاوہ ہونے والے سفری اور دیگر اخراجات صرف نان اگزیکٹیو اور آزاد ڈائریکٹرز کو ادا کیے جاتے ہیں۔

ضابطہ اخلاق / Code of Conduct

کمپنی کے تمام ملازمین سے بہترین اخلاقی اور قانونی معاملات کے عکاس رویوں کی توقع کی جاتی ہے چاہے وہ کسی بھی شعبے کے ملازمین ہوں۔ تاہم کمپنی نے مخصوص میعار اور ذمہ داریوں کا تعین کیا ہے۔ ضابطہ اخلاق کمپنی کے تمام ملازمین میں تقسیم کیا گیا ہے اور کمپنی کی ویب سائٹ پر بھی دیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کے ضابطہ کی تعمیل

بورڈ نے کارپوریٹ گورننس کے بہترین طریقوں پر عملدرآمد کو ہمیشہ یقینی بنایا 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 بقاعدہ کتب بنائی گئیں ہیں۔

iii. مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مدِ 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. جناب احمد مصطفیٰ

vi. جناب پرویز اسماعیل

vii. جناب علی اسرار حسین آغا

- جناب محمد صدیق کھتری کو چیئرمین بورڈ آف ڈائریکٹرز منتخب کیا گیا۔
- جناب عبدالستار کھتری کو 3 سال کے لیے سی ای او منتخب کیا گیا جس کا آغاز 28 مارچ 2023ء سے ہوا۔ ایچ آر اینڈ آر کمیٹی کی جانب سے موجودہ ماہانہ معاوضہ 935,000 روپے مقرر کیا گیا۔ اس کے علاوہ انہیں تمام الاؤنسز، مراعات، آمدن اور ٹرمینل فوائد جو کہ کمپنی کے قواعد و ضوابط کے مطابق کمپنی کے سینئر ایگزیکٹو کے لیے لاگو ہوتے ہیں، ادا کیے جائیں گے۔
- جناب وقاص صدیق کھتری کو کمپنی کے ایگزیکٹو ڈائریکٹر کے طور پر دوبارہ منتخب کیا گیا جس کی میعاد 28 مارچ 2023ء سے شروع ہو چکی ہے اور موجودہ ماہانہ معاوضہ 892,000 روپے مقرر کیا گیا۔ اس کے علاوہ انہیں تمام الاؤنسز، مراعات، آمدن اور ٹرمینل فوائد جو کہ کمپنی کے قواعد و ضوابط کے مطابق کمپنی کے سینئر ایگزیکٹو کے لیے لاگو ہوتے ہیں، ادا کیے جائیں گے۔

آڈٹ کمیٹی

ڈائریکٹرز کے دوبارہ انتخاب کے نتیجے میں بورڈ نے دوبارہ آڈٹ کمیٹی تشکیل کی جو کہ درج ذیل ممبران پر مشتمل ہے۔

1-	جناب پرویز اسماعیل	چیئرمین	آزاد ڈائریکٹر
2-	جناب علی اسرار حسین آغا	رکن	آزاد ڈائریکٹر
3-	جناب احمد مصطفیٰ	رکن	نان ایگزیکٹو ڈائریکٹر

ہیومن ریسورس اور معاوضہ کمیٹی

ڈائریکٹرز کے دوبارہ انتخاب کے نتیجے میں بورڈ نے دوبارہ ہیومن ریسورس اور معاوضہ کمیٹی تشکیل کی جو کہ درج ذیل ممبران پر مشتمل ہے۔

1-	جناب علی اسرار حسین آغا	چیئرمین	آزاد ڈائریکٹر
2-	جناب وقاص صدیق کھتری	رکن	ایگزیکٹو ڈائریکٹر
3-	جناب احمد مصطفیٰ	رکن	نان ایگزیکٹو ڈائریکٹر

بورڈ اور اس کی کمیٹیوں کا اجلاس اور حاضری

لسٹڈ کمپنیز کے کوڈ آف کارپوریٹ گورنینس کی شق 34(2)(i,ii,iii) کے مطابق فہرستی بورڈ کی ساخت اس رپورٹ سے منسلک سٹیٹمنٹ آف کمپلائنس میں درج ہے۔

سال کے دوران، پانچ (05) بورڈ کے اجلاس، چار (04) آڈٹ کمیٹی اجلاس، ایک (01) HR&R کمیٹی اجلاس اور ایک (01) رِسک مینجمنٹ کمیٹی کے اجلاس منعقد ہوئے۔ بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضری درج ذیل ہے:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد			
	بورڈ آف ڈائریکٹر	آڈٹ کمیٹی	ایچ آر اینڈ آر کمیٹی	رسک مینجمنٹ کمیٹی
جناب محمد صدیق کھتری	5	N/A	N/A	1
جناب عبدالستار کھتری	5	N/A	N/A	1
جناب وقاص صدیق کھتری	5	N/A	1	1
* جناب عبداللہ مصطفیٰ	3	3	N/A	N/A
محترمہ فرحانہ عبدالستار کھتری	5	N/A	N/A	N/A
** جناب پرویز احمد خان	3	3	N/A	N/A
جناب پرویز اسماعیل	5	4	N/A	N/A
* جناب احمد مصطفیٰ	2	1	1	N/A
** جناب علی اسرار حسین آغا	2	1	1	N/A

نوٹ:

* جناب عبداللہ مصطفیٰ 28 مارچ 2023ء کو ریٹائر ہوئے اور جناب احمد مصطفیٰ منتخب ہوئے۔

** جناب علی اسرار حسین آغا کو جناب پرویز احمد خان کی جگہ آزاد ڈائریکٹر منتخب کیا گیا کیونکہ انہوں نے آزاد ڈائریکٹر کی حیثیت سے اپنی مسلسل تین (03) مدتیں مکمل کر لی ہیں۔

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۔

بورڈ آف ڈائریکٹرز میں تبدیلی

28 مارچ 2023ء کو منعقدہ غیر معمولی اجلاسِ عام میں ڈائریکٹرز کا دوبارہ انتخاب ہوا۔

- درج ذیل ڈائریکٹرز کا انتخاب کیا گیا:
  - i. جناب محمد صدیق کھتری
  - ii. جناب عبدالستار کھتری
  - iii. جناب وقاص صدیق کھتری
  - iv. محترمہ فرحانہ عبدالستار کھتری

منافع اور تخصیص

	2022ء	"000" روپے	2023ء
کل آمدنی برائے سال	413,069		1,822,749
بشمول آگے لایا گیا غیر تخصیص منافع	2,305,352		2,618,421
تخصیص کے لیے دستیاب منافع	2,718,421		4,441,170
تخصیص			
مالی سال 2021-22 ء کیلئے عبوری نقد منافع 10٪ کی شرح سے ادا کیا گیا۔	(100,000)		-
مالی سال 2022-23ء کیلئے عبوری نقد منافع 30٪ کی شرح سے ادا کیا گیا۔	-		(300,000)
تخصیص کے لیے دستیاب منافع	2,618,421		4,141,170

نقد منافع / بونس شیئرز

بورڈ آف ڈائریکٹرز 30 جون 2023ء کو ختم ہونے والے مالی سال کیلئے 1.25 روپے کا حتمی نقد منافع فی حصص یعنی 12.50٪ کی تجویز دیتے ہوئے خوشی محسوس کر رہے ہیں، جو پہلے سے جاری کردہ 3 روپے کے عبوری نقد منافع فی حصص یعنی 30٪ کے علاوہ ہے۔ حتمی منافع 26 اکتوبر 2023ء 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)

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے کمپنی کی درجہ بندی 'A-/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 لیکویڈیٹی اور کمپنی کے بنیادی اصولوں کے ساتھ بروقت ادائیگیوں کی نشاندہی کرتی ہے۔ 30 مارچ 2023ء کے اعلامیے کے مطابق درجہ بندی پر آؤٹ لک کو "مثبت" سے "مستحکم" کر دیا گیا ہے۔

کارپوریٹ بریفنگ سیشن (سی بی ایس)

پاکستان سٹاک ایکسچینج کے قانون کے مطابق، تمام لسٹڈ کمپنیوں کے لیے مالی سال کے دوران اسٹیک ہولڈرز کے لیے کم از کم ایک کارپوریٹ بریفنگ سیشن (سی بی ایس) کا انعقاد لازمی ہے۔ زیرِ نظر سال کے دوران، کمپنی نے 26 جون 2023ء کو اپنے رجسٹرڈ آفس میں ویڈیو لنک کی سہولت کے ذریعے سی بی ایس کا اہتمام کیا جس میں کمپنی کی حکمتِ عملی، مالی پوزیشن، آپریشنز اور کارکردگی کو اجاگر کیا گیا۔ بورڈ تمام اسٹیک ہولڈرز کے ساتھ مضبوط تعلقات قائم کرنے کی اہمیت کو تسلیم کرتا ہے۔ کارپوریٹ بریفنگز مواصلاتی سیشنز ہوتے ہیں اور مینجمنٹ کو اسٹیک ہولڈرز، مجموعی کارکردگی اور کمپنی کے مستقبل کے نقطہ نظر سے آگاہ کرنے کا موقع فراہم کرتے ہیں۔

ڈائریکٹرز رپورٹ

کمپنی کے ڈائریکٹرز سالانہ رپورٹ بمعہ 30 جون 2023ء 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

زیرِ نظر مالی سال پاکستان کی معیشت کے لیے کافی چیلنجنگ رہا، جس نے سیاسی اور معاشی عدم استحکام کی وجہ سے کاروباری طبقہ کو بری طرح متاثر کیا۔ مہنگائی کو روکنے کے لیے سخت مالیاتی دباؤ کی وجہ سے زیادہ تر شعبوں میں گھریلو اقتصادی سرگرمیوں میں سست روی دیکھی گئی۔ غیر ملکی زرمبادلہ کے ذخائر میں اب تک کی کم ترین سطح تک کمی اور درآمدات پر پابندیاں عائد کرنے سے کاروباری اداروں کی درآمد شدہ خام مال اور اسپیئرز کو محفوظ بنانے کی صلاحیت متاثر ہوئی اور اس طرح ان کی بلا تعطل کارروائیوں کو برقرار رکھنے کی صلاحیت میں رکاوٹ پیدا ہوئی۔ یہ مشکلات، توانائی کی بڑھتی ہوئی قیمتوں، زیادہ قرض لینے کے اخراجات اور مقامی کرنسی کی قدر میں کمی کے ساتھ صارفین کی خرچ کرنے کی طاقت پر منفی اثر پڑا، جس کی وجہ سے تمام اقتصادی طبقات میں مانگ میں تیزی سے کمی واقع ہوئی۔ تمام چیلنجوں کے باوجود، کمپنی نے زیر جائزہ سال کے دوران اپنی ترقی کی رفتار کو کامیابی سے برقرار رکھا۔

مالی کارکردگی

زیرِ جائزہ سال کے دوران، کمپنی کی 55 فیصد اضافے کے ساتھ 24,268 ملین روپے کی خالص فروخت آمدنی (2022: 15,681 ملین روپے) رہی۔ فروخت کی لاگت 19,275 ملین روپے رہی (2022: 13,617 ملین روپے) جس سے خام منافع 4,994 ملین روپے (2022: 2,065 ملین روپے) تک پہنچ گیا۔ بین الاقوامی مارکیٹ میں کمپنی کی مصنوعات کی برآمدات میں اضافہ اور بہتر توانائی / ورکنگ کیپیٹل مینجمنٹ کی وجہ سے سالانہ خام منافع کا مارجن پچھلے سال کی اسی مدت کے مقابلے میں 13 فیصد سے بڑھ کر 21 فیصد ہو گیا۔ ٹیکس کی ادائیگی کے بعد گوشوارے کی آخری سطر مبلغ 1,826 ملین روپے (2022: 415 ملین روپے) کا خالص منافع دکھاتی ہے جس سے فی حصص 18.26 روپے (2022: 4.15 روپے فی حصص) آمدنی ہوئی۔

مالی جھلکیاں

30 جون 2022ء اور 2023ء کو ختم ہونے والے سال کے لیے تقابلی مالیاتی نتائج مندرجہ ذیل ہیں۔

2023ء	"000" روپے 2022ء	
24,268,283	15,681,372	مجموعی فروخت
4,993,779	2,064,777	مجموعی منافع
3,088,648	992,781	آپریٹنگ منافع
2,680,191	764,049	ٹیکس سے پہلے منافع
1,826,196	414,539	ٹیکس کے بعد منافع
18.26	4.15	فی حصص کمائی- دوبارہ بیان کردہ (روپے)

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