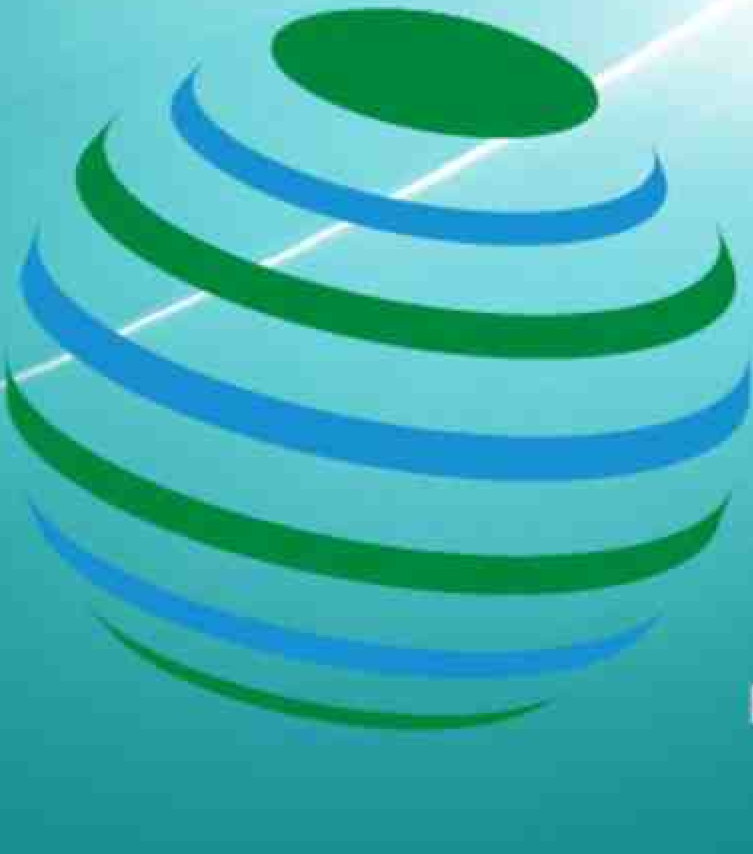
ITTEHAD CHEMICALS LIMITED

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



# 2024

## Half Yearly Report December 31,

# ITTEHAD CHEMICALS LIMITED

## CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2024
(UN-AUDITED)

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# Corporate Information

| | | | |
|---|---|---|---|
| **BOARD OF DIRECTORS** | Mr. Muhammad Siddique Khatri | Chairman | Non-Executive Director |
| | Mr. Abdul Sattar Khatri | Director/CEO | Executive Director |
| | Mr. Waqas Siddiq Khatri | Director | Executive Director |
| | Mr. Ahmed Mustafa | Director | Non-Executive Director |
| | Mrs. Farhana Abdul Sattar Khatri | Director | Non-Executive Director |
| | Mr. Pervez Ismail | Director | Independent Director |
| | Mr. Ali Asrar Hossain Aga | Director | Independent Director |
| **AUDIT COMMITTEE** | Mr. Pervez Ismail | Chairman | |
| | Mr. Ahmed Mustafa | Member | |
| | Mr. Ali Asrar Hossain Aga | Member | |
| **HR & REMUNERATION COMMITTEE** | Mr. Ali Asrar Hossain Aga | Chairman | |
| | Mr. Ahmed Mustafa | Member | |
| | Mr. Waqas Siddiq Khatri | Member | |
| **RISK MANAGEMENT COMMITTEE** | Mr. Pervez Ismail | Chairman | |
| | Mr. Abdul Sattar Khatri | Member | |
| | Mr. Waqas Siddiq Khatri | Member | |

**CHIEF FINANCIAL OFFICER**
Mr. Muhammad Asif Khan

**COMPANY SECRETARY**
Mr. Abdul Mansoor Khan

**REGISTERED OFFICE/HEAD OFFICE**
39-Empress Road, P.O. Box 1414, Lahore-54000.
Tel: 042 - 36306586 - 88, Fax: 042 - 36365697
Website: www.ittehadchemicals.com, E-mail: info@ittehadchemicals.com

**FACTORY/PLANT**
G.T. Road, Kala Shah Kaku, District 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.
Tel: 042 - 37235081 - 82

**BANKERS**

| Banks - Conventional Side | Banks - Islamic Window Operations |
|---|---|
| Askari Bank Limited | Al-Baraka Bank (Pakistan) Limited |
| Allied Bank Limited | The Bank of Punjab (Taqwa Islamic Banking) |
| Faysal Bank Limited | Dubai Islamic Bank (Pak) Limited |
| Habib Metro Bank Limited | Bank Alfalah Limited - Islamic-Banking |
| MCB Bank Limited | MCB Islamic Bank Limited |
| National Bank of Pakistan | |
| JS Bank Limited | |
| Pak Libya Holding Co. (Pvt.) Ltd. | |
| Pak Brunei Inv. Company Ltd. | |
| The Bank of Punjab | |
| United Bank Limited | |
| Samba Bank Limited | |
| Soneri Bank Limited | |
| Pak China Investment Co. Limited | |

**AUDITORS**
M/s. BDO Ebrahim & Co., Chartered Accountants,
2nd Floor, Block- C, Lakson Square Building No.1,
Sarwar Shaheed Road, Karachi.
Ph: 021 - 35683189, 35683498, Fax : 021 - 35684239

**LEGAL ADVISOR**
Cornelius, Lane & Mufti
Advocates & Solicitors
Nawa-e-Waqt House
4 - Shahrah-e-Fatima Jinnah
Lahore-54000

# DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the standalone and consolidated un-audited condensed interim financial statements of the Company for the half year ended December 31, 2024 together with the Auditor's Review Report thereon.

During the period under review, the Company posted net sales revenue of Rupees 13,143 Million (2023: Rupees 12,174 Million) denoting an increase of 7.96% from the corresponding period of last year. The cost of sales was Rupees 10,660 Million (2023: Rupees 9,743 Million) bringing gross profit to Rupees 2,483 Million (2023: Rupees 2,431 Million). The gross profit margin was 18.89% vis-à-vis 19.97% of the corresponding period of last year. The Company's operational performance has improved in 2nd quarter as compared to 1st quarter of ongoing Financial Year. The bottom line showed a net profit after tax of Rupees 614 Million (2023: Rupees 694 Million) which yielded earnings per share of Rupees 6.14 (2023: Rupees 6.94 per share).

As previously communicated, the Company's wholly owned subsidiary i.e. M/s ICL Power (Pvt.) Limited has entered into a definitive agreement with a seller for purchase of partial plant and equipment for Biomass Power Plant. The Project construction work has commenced during January 2025. With the construction period of around eighteen (18) months, the project is expected to be operational within a reasonable timeframe, ensuring a quick return on investment. Presently, Company is injecting equity in its wholly owned subsidiary on as and when required basis from its own resources. However, the Board has decided to sell Company's land (the "Investment Property") measuring approximately 66 Kanals, situated at Mouza Hassanabad, Barki Road, Lahore, Pakistan in order to meet some of the equity portion of its subsidiary's project. The Project will make its contribution towards the Company's profitability in the long run. M/s Ittehad Salt Processing (Pvt.) Limited (a wholly owned subsidiary), remains committed to acquiring the Mining Lease, however; the process has been delayed due to prevailing Government policies.

Pakistan's economy demonstrated a continued improvement in 1st Half of FY 2025, capitalizing on the stabilization achieved in FY 2024. The positive momentum was fueled by sound macroeconomic management, effective inflation control measures and enhanced fiscal and external accounts stability. Policy reforms, monetary easing and fiscal consolidation further strengthened the foundation for sustainable economic momentum. We are optimistic that economic situation of Pakistan which has started its march towards recovery and growth will result in better performance of the Company.

The Board is thankful to the valuable Members, Suppliers, 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 | Muhammad Siddique Khatri | Abdul Sattar Khatri |
| February 14, 2025 | Chairman | Chief Executive Officer |

# ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2024ء کو اختتام پذیر ہونے والے نصف مالی سال کے غیر مربوط غیر پڑتال شدہ بین المدتی مختصر مالی گوشواروں کو آڈیٹرز کی جائزہ رپورٹ کے ساتھ پیش کرتے ہوئے خوشی محسوس کررہے ہیں۔

زیر جائزہ مدت کے دوران، کمپنی کی فروخت گزشتہ سال کے اسی عرصہ کے مقابلے میں 7.96% فیصد اضافے کے ساتھ 13,143 ملین روپے (2023: 12,174 ملین روپے) رہی۔ فروخت کی لاگت 10,660 ملین روپے (2023: 9,743 ملین روپے) رہی جس سے 2,483 ملین روپے (2023: 2,431 ملین روپے) خام منافع حاصل ہوا۔ خام منافع کا تناسب گزشتہ سال کے اسی عرصے کے 19.97 فیصد کے مقابلے میں 18.89 فیصد رہا۔ رواں مالی سال کی پہلی سہ ماہی کے مقابلے میں دوسری سہ ماہی میں کمپنی کی آپریشنل کارکردگی میں بہتری آئی ہے۔ ٹیکس کی ادائیگی کے بعد گوشوارے کی آخری سطر مبلغ 614 ملین روپے (2023: 694 ملین روپے) کا منافع ظاہر کرتی ہے جس کے نتیجے میں فی حصص 6.14 روپے (2023: 6.94 روپے فی حصص) کی آمدنی ہوئی۔

جیسا کہ پہلے بتایا گیا ہے، کمپنی کی مکمل ملکیت والی ذیلی کمپنی یعنی میسرز آئی سی ایل پاور (پرائیوٹ) لمیٹڈ نے بائیوماس پاور پلانٹ کے لئے جزوی پلانٹ اور آلات کی خریداری کے لئے ایک فروخت کنندہ کے ساتھ ایک حتمی معاہدہ کیا ہے۔ منصوبے کی تعمیر کا کام جنوری 2025 کے دوران شروع کیا گیا ہے۔ تقریباً اٹھارہ (18) ماہ کی تعمیراتی مدت کے ساتھ، توقع ہے کہ منصوبہ مناسب وقت کے اندر آپریشنل ہو جائے گا، جس سے سرمایہ کاری پر فوری منافع کو یقینی بنایا جاسکے گا۔ تاہم اِس وقت کمپنی اپنی مکمل ملکیتی کمپنی میں سرمایہ اسکی ضروریات کے مطابق کررہی ہے۔ بائیوماس پاور پراجیکٹ کے کچھ سرمائے کی مد کو پورا کرنے کے لئے بورڈ نے موضع حسن آباد، برکی روڈ، لاہور، پاکستان میں واقع کمپنی کی تقریباً 66 کنال اراضی ("انویسٹمنٹ پراپرٹی") کو فروخت کرنے کا فیصلہ کیا ہے۔ یہ منصوبہ طویل مدت میں کمپنی کے منافع میں اپنا حصہ ڈالے گا۔ اتحاد سالٹ پروسیسنگ (پرائیویٹ) لمیٹڈ (ایک مکمل ملکیتی ماتحت ادارہ) کان کنی لیز حاصل کرنے کے لئے پرعزم ہے۔ موجودہ حکومتی پالیسیوں کی وجہ سے اس عمل میں تاخیر ہوئی ہے۔

پاکستان کی معیشت نے مالی سال 2025ء کی پہلی ششماہی میں مسلسل بہتری کا مظاہرہ کیا، جو مالی سال 2024ء میں حاصل کردہ استحکام پر مبنی ہے۔ مضبوط میکرو اکنامک مینجمنٹ، افراطِ زر پر قابو پانے کے موثر اقدامات اور مالیاتی اور بیرونی کھاتوں کے استحکام میں اضافے سے مثبت رفتار کو تقویت ملی۔ پالیسی اصلاحات، مالیاتی نرمی اور مالی استحکام نے پائیدار معاشی رفتار کی بنیاد کو مزید مضبوط کیا۔ ہم پرامید ہیں کہ پاکستان کی معاشی صورتحال جس نے بحالی اور ترقی کی طرف اپنا سفر شروع کردیا ہے اس کے نتیجے میں کمپنی کی بہتر کارکردگی ہوگی۔

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

منجانب بورڈ

| | | |
|---|---|---|
| عبدالستار کھتری | محمد صدیق کھتری | لاہور |
| چیف ایگزیکٹو آفیسر | چیئرمین | 14 فروری 2025ء |

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF ITTEHAD CHEMICALS LIMITED

## Report on review of unconsolidated condensed interim financial statements

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **ITTEHAD CHEMICALS LIMITED** (the "Company") as at December 31, 2024 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flow, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended December 31, 2024 and December 31, 2023 in the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

**LAHORE**

BDO Ebrahim & Co

**DATED:** February 21, 2025

**BDO EBRAHIM & CO.**
**CHARTERED ACCOUNTANTS**

**UDIN:** RR202410087aHZTgiRuO

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

| | Note | December 31, 2024 (Un-audited) | June 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **ASSETS** | | | |
| **NON CURRENT ASSETS** | | | |
| Property, plant and equipment | | | |
| Operating fixed assets | 6 | 8,480,258 | 8,504,920 |
| Capital work in progress | 7 | 327,930 | 242,090 |
| | | 8,808,188 | 8,747,010 |
| Intangible assets | | 163 | 326 |
| Investment property | | 675,000 | 675,000 |
| Long term investments | 8 | 499,382 | 12,382 |
| Long term deposits | | 64,799 | 63,144 |
| | | 10,047,532 | 9,497,862 |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | 9 | 664,107 | 661,237 |
| Stock in trade | 10 | 2,867,866 | 2,274,309 |
| Trade debts | 11 | 2,617,162 | 3,015,773 |
| Loans, advances and other receivables | 12 | 153,959 | 256,358 |
| Trade deposits and short term prepayments | | 196,028 | 204,211 |
| Tax refunds due from the Government | | 1,096,124 | 723,993 |
| Taxation - net | | 166,872 | 333,136 |
| Short term investments | | 12,200 | 12,200 |
| Cash and bank balances | | 511,815 | 287,556 |
| | | 8,286,133 | 7,768,773 |
| **TOTAL ASSETS** | | 18,333,665 | 17,266,635 |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorized share capital | 13.1 | 2,000,000 | 2,000,000 |
| Issued, subscribed and paid up share capital | 13.2 | 1,000,000 | 1,000,000 |
| Reserves | | | |
| Capital reserves - Share premium | | 177,000 | 177,000 |
| Revenue reserves - Unappropriated profit | | 5,708,935 | 5,244,539 |
| Surplus on revaluation of land | | 2,872,504 | 2,872,504 |
| Merger reserve | | (6,445) | (6,445) |
| | | 9,751,994 | 9,287,598 |
| **NON CURRENT LIABILITIES** | | | |
| Long term financing | 14 | 528,333 | 582,415 |
| Long term diminishing musharaka | | - | - |
| Deferred liabilities | | 856,442 | 799,378 |
| Deferred grant | 15 | 12,730 | 27,526 |
| | | 1,397,505 | 1,409,319 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | 3,222,882 | 3,247,100 |
| Contract liabilities | | 323,652 | 250,984 |
| Unclaimed dividend | | 9,080 | 5,932 |
| Mark-up accrued | | 118,192 | 107,870 |
| Short term borrowings | 17 | 2,983,118 | 2,294,448 |
| Current portion of long term liabilities | 18 | 527,242 | 663,384 |
| | | 7,184,166 | 6,569,718 |
| **TOTAL EQUITY AND LIABILITIES** | | 18,333,665 | 17,266,635 |
| **CONTINGENCIES AND COMMITMENTS** | 19 | | |

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2024

| | | Half year ended | | Quarter ended | |
|---|---|---|---|---|---|
| | | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31 2023 |
| | Note | (Rupees in thousand) | | | |
| Revenue from contracts with customers | 20 | 13,143,258 | 12,173,752 | 6,549,804 | 5,543,819 |
| Cost of sales | 21 | (10,659,970) | (9,743,040) | (5,259,101) | (4,559,452) |
| Gross profit | | 2,483,288 | 2,430,712 | 1,290,703 | 984,367 |
| Selling and distribution expenses | | (822,254) | (597,022) | (398,851) | (326,595) |
| General and administrative expenses | | (190,195) | (170,271) | (97,921) | (88,243) |
| Other operating income | | 49,488 | 103,797 | 33,691 | 79,713 |
| Other operating expense | | (82,849) | (96,970) | (43,717) | (30,236) |
| | | (1,045,810) | (760,466) | (506,798) | (365,361) |
| Operating profit | | 1,437,478 | 1,670,246 | 783,905 | 619,006 |
| Financial charges | | (352,176) | (393,928) | (197,595) | (224,541) |
| Profit before income tax and levy | | 1,085,302 | 1,276,318 | 586,310 | 394,465 |
| Levy | | (6,094) | (7,915) | (5,738) | (5,807) |
| Profit before income tax | | 1,079,208 | 1,268,403 | 580,572 | 388,658 |
| Taxation | | (464,812) | (574,100) | (228,248) | (180,911) |
| Profit after taxation | | 614,396 | 694,303 | 352,324 | 207,747 |
| Earnings per share - basic and diluted (Rupees) | 22 | 6.14 | 6.94 | 3.52 | 2.08 |

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2024

| | Half year ended | | Quarter ended | |
|---|---|---|---|---|
| | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| | ---------------- (Rupees in thousand) ---------------- | | | |
| Profit after taxation for the period | 614,396 | 694,303 | 352,324 | 207,747 |
| Other comprehensive income | | | | |
| Items that will not be reclassified subsequently to statetment of profit or loss | | | | |
| Revaluation surplus on free hold land | - | 1,523,560 | - | 1,523,560 |
| Items that may be reclassified subsequently to statement of profit or loss | - | - | - | - |
| Total comprehensive income for the period | 614,396 | 2,217,863 | 352,324 | 1,731,307 |

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2024

| | Note | Half year ended December 31, 2024 | Half year ended December 31, 2023 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit before income tax and levy | | 1,085,302 | 1,276,318 |
| Adjustments for items not involving movement of funds: | | | |
| Depreciation | 6.1 | 370,525 | 317,116 |
| Provision for gratuity | | 29,524 | 20,968 |
| Amortisation of intangible assets | | 163 | 279 |
| Gain on sale of fixed assets | | (10,074) | (3,529) |
| Gain on foreign exchange | | (592) | (37,498) |
| Deferred grant amortization | | (23,638) | (31,238) |
| Provision for obsolete stores and spares | 9.2 | - | 9,000 |
| Financial charges | | 352,176 | 393,928 |
| Net cash flow before working capital changes | | 1,803,386 | 1,945,344 |
| **Decrease / (increase) in current assets** | | | |
| Stores and spares | | (2,870) | (84,596) |
| Stock in trade | | (593,557) | (562,707) |
| Trade debts | | 399,202 | (582,002) |
| Loans and advances | | 102,399 | 2,765 |
| Trade deposits and short term prepayments | | 8,183 | 16,571 |
| Tax refunds due from the Government | | (14,022) | (233,719) |
| | | (100,665) | (1,443,688) |
| **Increase / (decrease) in current liabilities** | | | |
| Trade and other payables | | 48,450 | (126,043) |
| Cash generated from operations | | 1,751,171 | 375,613 |
| Income taxes paid | | (629,814) | (668,518) |
| Gratuity paid | | (5,392) | (444) |
| Financial charges paid | | (341,854) | (307,133) |
| Net cash generated from / (used in) operating activities | | 774,111 | (600,482) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Additions to operating fixed assets - net | | (24,121) | (35,757) |
| Additions to capital work in progress | | (409,363) | (557,828) |
| Proceeds from sale of operating fixed assets | | 11,851 | 90,076 |
| Long term invesmtents | | (487,000) | - |
| Short term investment - net | | - | 287,439 |
| Long term deposits | | (1,655) | (181,227) |
| Net cash used in investing activities | | (910,288) | (397,297) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Proceeds from long term financing | | 150,000 | 41,500 |
| Repayment of long term financing | | (192,352) | (176,563) |
| Repayment of long term diminishing musharaka | | (139,030) | (193,503) |
| Dividend paid | | (146,852) | (125,628) |
| Payment againt lease liabilities | | - | (3,296) |
| Short term borrowings - net | | 688,670 | 976,737 |
| Net cash generated from financing activities | | 360,436 | 519,247 |
| Net increase / (decrease) in cash and cash equivalents | | 224,259 | (478,532) |
| Cash and cash equivalents at the beginning of the period | | 287,556 | 923,733 |
| Cash and cash equivalents at the end of the period | | 511,815 | 445,201 |

The annexed notes from 1 to 27 form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2024

| | Issued, subscribed and paid-up share capital | Surplus on revaluation of fixed assets | Reserves | | | Total |
|---|---|---|---|---|---|---|
| | | | Capital | | Revenue | |
| | | | Balance arising upon merger | Share premium | Unappropriated profit | |
| | (Rupees in thousand) | | | | | |
| **Balance as at July 01, 2023 (audited)** | 1,000,000 | 1,392,042 | (6,445) | 177,000 | 4,141,170 | 6,703,767 |
| **Transaction with owners:** | | | | | | |
| Final cash dividend on ordinary shares @ Rs. 1.25 per share | - | - | - | - | (125,000) | (125,000) |
| Profit for the period (unaudited) | - | - | - | - | 694,303 | 694,303 |
| Revaluation surplus for the period | - | 1,523,560 | - | - | - | 1,523,560 |
| **Total comprehensive income for the period** | - | 1,523,560 | - | - | 694,303 | 2,217,863 |
| Revaluation surplus transferred to revenue reserves | - | (43,098) | - | - | 43,098 | |
| **Balance as at December 31, 2023 (unaudited)** | 1,000,000 | 2,872,504 | (6,445) | 177,000 | 4,753,571 | 8,796,630 |
| **Balance as at July 01, 2024 (audited)** | 1,000,000 | 2,872,504 | (6,445) | 177,000 | 5,244,539 | 9,287,598 |
| **Transaction with owners:** | | | | | | |
| Final cash dividend on ordinary shares @ Rs. 1.5 per share | - | - | - | - | (150,000) | (150,000) |
| Profit for the period (unaudited) | - | - | - | - | 614,396 | 614,396 |
| Other comprehensive income for the period | - | - | - | - | - | - |
| **Total comprehensive income for the period** | - | - | - | - | 614,396 | 614,396 |
| **Balance as at December 31, 2024 (unaudited)** | 1,000,000 | 2,872,504 | (6,445) | 177,000 | 5,708,935 | 9,751,994 |

'The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE    DIRECTOR    CHIEF FINANCIAL OFFICER

# NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2024

## 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

The Company holds 100% shares of ICL Power (Private) Limited (subsidiary company), which is a private limited company incorporated in Pakistan under the Companies Act, 2017 on January 2, 2024, as company limited by shares. The Company is engaged in the business of generating and providing of electricity.

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

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

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

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

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

These unconsolidated condensed interim financial statements are unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

These unconsolidated condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2024 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these unconsolidated condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2024, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the unaudited unconsolidated condensed interim financial statements for the half year ended December 31, 2023.

### 3.2 Basis of measurement

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

### 3.3 Functional and presentation currency

These unconsolidated condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## 4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these uncosolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the unconsolidated condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2024.

Provision in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and taxation in these unconsolidated condensed interim financial statements are estimated based on management judgment and prevailing laws; these are subject to final adjustments in the annual audited financial statements.

## 5 MATERIAL ACOUNTING POLICY INFORMATION

5.1 The accounting policies adopted and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2024.

### 5.2 Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

#### 5.2.1 Amendments to published accounting and reporting standards which became effective during the period:

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

### 5.2.2 Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2025. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

| | Note | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **6 OPERATING FIXED ASSETS** | | | |
| Fixed assets | 6.1 | 8,480,258 | 8,504,920 |

### 6.1 Fixed assets

| | Note | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| Opening net book value (NBV) | | 8,504,920 | 6,321,437 |
| Additions/ revaluation / transfer (at cost) | 6.1.1 & 6.1.2 | 347,644 | 3,010,763 |
| | | 8,852,564 | 9,332,200 |
| Disposals (at NBV) during the period / year | 6.1.3 | (1,781) | (140,433) |
| Depreciation charged during the period / year | | (370,525) | (686,847) |
| | | (372,306) | (827,280) |
| Closing net book value (NBV) at the end of the period / year | | 8,480,258 | 8,504,920 |

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

| | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|
| Freehold land | - | 1,523,560 |
| Building | 5,713 | 27,141 |
| Plant and machinery | 318,231 | 1,397,366 |
| Other equipment | 400 | 35,785 |
| Furniture and fixtures | 154 | 344 |
| Office and other equipment | 2,426 | 2,014 |
| Vehicles | 20,720 | 24,553 |
| | 347,644 | 3,010,763 |

6.1.2 Freehold land was latest revalued by M/s Harvestor Services (Private) Limited as at Novemeber 03, 2023 on the basis of market value. The revaluation resulted in surplus aggregating to Rs. 2,872.504 million. Had there been no revaluation, the book value of operating fixed assets would have been lower by Rs. 2,872.504 million (2024: Rs. 2,872.504 million). Had there been no revaluation, the net book value of the freehold land would have been Rs. 158.476 million (2024: Rs. 158.476 million).

| | Note | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |
| 6.1.3 Details of disposals (at NBV) during the period / year are as follows: | | | |
| Freehold land | | - | (85,475) |
| Building | | - | (3) |
| Plant and machinery | | - | (49,662) |
| Other equipments | | - | (2,040) |
| Furniture and fixtures | | - | (322) |
| Office and other equipments | | - | (1,541) |
| Vehicles | | (1,781) | (1,390) |
| | | (1,781) | (140,433) |

6.1.4 Freehold 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 and at Khanpur Canal Sheikhupura with an area of 135 Kanal - 6 Marla. These include lands which have been held for establishment of factory.

## 7 CAPITAL WORK IN PROGRESS

| | | | |
|---|---|---|---|
| Advance | | 104,139 | 104,140 |
| Building | | 56,813 | 12,707 |
| Plant and machinery | | 166,978 | 125,243 |
| | | 327,930 | 242,090 |

## 8 LONG TERM INVESMTENTS

| | | | |
|---|---|---|---|
| Investment in related parties - unquoted | | | |
| Ittehad Salt Processing (Private) Limited- at cost | | 2,500 | 2,500 |
| ICL Power (Private) Limited | 8.1 | 496,882 | 9,882 |
| | | 499,382 | 12,382 |

| | | Note | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| 8.1 | **ICL Power (Private) Limited** | | | |
| | Investment at cost | | 1,000 | 1,000 |
| | Advance against issuance of shares | | 495,882 | 8,882 |
| | | | 496,882 | 9,882 |
| 9 | **STORES, SPARES AND LOOSE TOOLS** | | | |
| | Stores: | | | |
| | in hand | | 93,005 | 75,791 |
| | Spares: | | | |
| | in hand | | 566,709 | 501,965 |
| | in transit | | 22,393 | 101,481 |
| | | | 589,102 | 603,446 |
| | | | 682,107 | 679,237 |
| | Less: Provision for obsolete stores and spares | 9.2 | (18,000) | (18,000) |
| | | | 664,107 | 661,237 |

9.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase.

9.2 Movement of provision for obsolete stores and spares

| | | | |
|---|---|---|---|
| Opening balance | | 18,000 | - |
| Provision during the period / year | | - | 18,000 |
| | | 18,000 | 18,000 |

| | | Note | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|---|
| 10 | **STOCK IN TRADE** | | | |
| | Raw materials: | | | |
| | in hand | 21 | 1,126,318 | 784,056 |
| | in transit | | 95,340 | 151,529 |
| | | | 1,221,658 | 935,585 |
| | Packing materials - in hand | | 46,019 | 47,217 |
| | Work in process | 21 | 89,118 | 82,822 |
| | Finished goods | 10.1 | 1,511,071 | 1,208,685 |
| | | | 2,867,866 | 2,274,309 |

10.1 Stock-in-trade up to a maximum amount of Rs. 2,867.866 million (2024: 2,274.309 million) are under hypothecation of commercial banks as security for short term borrowings.

| | | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **11 TRADE DEBTS** | | | |
| Unsecured | | | |
| Considered good - foreign | | 75,243 | 324,191 |
| Secured - Local | | | |
| Considered doubtful | | 2,234 | 2,234 |
| Less: Allowance for expected credit loss | | (2,234) | (2,234) |
| | | 75,243 | 324,191 |
| Unsecured | | | |
| Considered good | | 2,541,919 | 2,691,582 |
| Considered doubtful | | 68,317 | 68,317 |
| | | 2,610,236 | 2,759,899 |
| | | 2,685,479 | 3,084,090 |
| Less: Allowance for expected credit loss | 11.1 | (68,317) | (68,317) |
| | | 2,617,162 | 3,015,773 |

11.1 During the period, impact of expected credit loss is insignificant.

| | | | |
|---|---|---|---|
| **12 LOANS ADVANCES AND OTHER RECEIVABLES** | | | |
| Advances - (Unsecured - considered good) | | | |
| To employees | | 20,444 | 21,864 |
| Advance to supplies and services (Unsecured) | | | |
| Considered good | | 130,378 | 231,814 |
| Considered doubtful | | 1,374 | 1,374 |
| | | 131,752 | 233,188 |
| Against import | | 1,281 | 1,576 |
| | | 153,477 | 256,628 |
| Accrued interest receivable | | 1,856 | 1,104 |
| Less: Expected credit loss against advances | | (1,374) | (1,374) |
| | | 153,959 | 256,358 |

| | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|
| | (Rupees in thousand) | |

## 13 SHARE CAPITAL

### 13.1 Authorized share capital

| | | |
|---|---|---|
| 175,000,000 (June 30, 2024: 175,000,000) ordinary shares of Rs. 10/- each | 1,750,000 | 1,750,000 |
| 25,000,000 (June 30, 2024: 25,000,000) preference shares of Rs. 10/- each | 250,000 | 250,000 |
| | 2,000,000 | 2,000,000 |

### 13.2 Issued, subscribed and paid up share capital

| | | |
|---|---|---|
| 27,100,000 (June 30, 2024: 27,100,000) ordinary shares of Rs. 10/- each fully paid in cash | 271,000 | 271,000 |
| 24,900,000 (June 30, 2024: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash | 249,000 | 249,000 |
| 48,000,000 (June 30, 2024: 32,700,000) fully paid bonus shares of Rs. 10/- each | 480,000 | 480,000 |
| | 1,000,000 | 1,000,000 |

| | | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |

## 14 LONG TERM FINANCING

From banking companies and financial institutions - secured

| | | | |
|---|---|---|---|
| Balance as at December 31, | | 972,040 | 1,014,392 |
| Current portion presented under current liabilities | | (443,707) | (431,977) |
| | | 528,333 | 582,415 |

## 15 DEFERRED GRANT

| | | | |
|---|---|---|---|
| Deferred grant | | 44,734 | 68,372 |
| Current portion shown under current liability | 15.1 | (32,004) | (40,846) |
| | | 12,730 | 27,526 |

15.1 This represents deferred grant recognised in respect of the benefit of below-market interest rate on long term finance facility. The benefit has been measured as the difference between the fair value of the loan and the proceeds received.

## 16 TRADE AND OTHER PAYABLES

| | | | |
|---|---|---|---|
| Trade creditors | | 720,069 | 665,282 |
| Accrued liabilities | 16.1 | 1,166,678 | 1,238,703 |
| Cost of supply | 16.2 | 561,919 | 496,979 |
| GIDC payable | 16.3 | 620,458 | 620,458 |
| Security deposits | | 38,650 | 38,650 |
| Retention money | | 7,301 | 6,824 |
| Income tax deducted at source | | 22,812 | 3,618 |
| Workers' Profit Participation Fund | | 61,655 | 124,029 |
| Workers Welfare Fund | | 23,340 | 50,870 |
| Levy payable | | - | 1,687 |
| | | 3,222,882 | 3,247,100 |

16.1 These include a balance due to Chemi Multifabrics Limited, other related party, amounting to Rs. 26.622 million (June 30, 2024: Rs. 25.814 million).

16.2 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. 561.919 million on prudence basis since February, 2018.

16.3 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, 2024: 620.458 million). The provision was recognized earlier based on estimation basis for the respective periods. However, the Company has filed a writ petition in the Honorable Sindh High Court to suspend the recovery of arrears of Cess calculated at enhanced captive rates. The Honorable Sindh High Court has granted a stay for recovery of arrears and matter is pending for adjudication. There is an aggregate differential of Rs. 352.920 million which is subjudice and that will be remain as provision until the matter is settled.

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

| | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|
| | (Rupees in thousand) | |
| **17 SHORT TERM BORROWINGS** | | |
| Secured | | |
| From banking companies and financial institutions | 2,753,118 | 2,194,448 |
| Un-secured | | |
| Related Party | | |
| Ittehad Developers | 230,000 | 100,000 |
| | 2,983,118 | 2,294,448 |

| | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|
| | (Rupees in thousand) | |

## 18 CURRENT PORTION OF LONG TERM LIABILITIES

| | | |
|---|---|---|
| Current portion of diminishing musharika | 51,531 | 190,561 |
| Current portion of deferred grant | 32,004 | 40,846 |
| Current portion of long term financing | 443,707 | 431,977 |
| | 527,242 | 663,384 |

## 19 CONTINGENCIES AND COMMITMENTS

### 19.1 Contingent liabilities

a) Letters of guarantee outstanding as at December 31, 2024 were Rs. 471.522 million (June 2024: Rs. 471.522 million).

b) The deputy commissioner Inland Revenue, while adjudicating disallowed the claim of input tax againt purchase of mild steel products that were utilized in fabrication and repair of machinery. The Company contested the claim before commissioner Inland Revenue (Appeals) who has also decided the case in favour of department. Being aggreived, the Company has filed a reference before Honourable High Court Lahore which is still pending for adjudication.

c) Other contingencies are not materially different from those as disclosed in preceding annual financial statements for the year ended June 30, 2024.

### 19.2 Commitments

Commitments as on December 31, 2024 were as follows:

a) Against letters of credit amounting to Rs. 1,312.720 million (June 2024: Rs. 1,479.252 million).

b) Against purchase of land amounting to Rs. 1.639 million (June 2024: Rs. 79.139 million).

## 20 REVENUE FROM CONTRACTS WITH CUSTOMERS

| | Half year ended December 31, 2024 | Half year ended December 31, 2023 | Quarter ended December 31, 2024 | Quarter ended December 31, 2023 |
|---|---|---|---|---|
| | ---------------- (Unaudited) ---------------- | | | |
| | ---------------- (Rupees in thousand) ---------------- | | | |
| **Major products and services** | | | | |
| Manufacturing | 15,174,232 | 14,044,733 | 7,441,035 | 6,379,458 |
| Trading | 343,540 | - | 286,092 | - |
| Toll Manufacturing | 4,329 | 141,286 | - | 86,865 |
| | 15,522,101 | 14,186,019 | 7,727,127 | 6,466,323 |
| Less: Sales tax | 2,222,461 | 1,895,726 | 1,094,280 | 860,923 |
| Less: Commission | 156,382 | 116,541 | 83,043 | 61,581 |
| | 2,378,843 | 2,012,267 | 1,177,323 | 922,504 |
| | 13,143,258 | 12,173,752 | 6,549,804 | 5,543,819 |

| | | | | | |
|---|---|---|---|---|---|
| 20.1 | Local sales | 12,131,901 | 11,382,250 | 5,969,055 | 5,190,256 |
| | Export sales | 1,011,357 | 791,502 | 580,749 | 353,563 |
| | | 13,143,258 | 12,173,752 | 6,549,804 | 5,543,819 |

## 21 COST OF SALES

| | (Unaudited) | | | |
|---|---|---|---|---|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2024 | 2023 | 2024 | 2023 |
| | (Rupees in thousand) | | | |
| Raw materials consumed | 5,420,198 | 5,285,026 | 2,566,399 | 1,983,203 |
| Other overheads: | | | | |
| Salaries wages and benefit | 518,385 | 453,984 | 261,203 | 231,745 |
| Stores, spares and consumed | 241,694 | 206,658 | 132,295 | 114,850 |
| Packing materials consumed | 123,900 | 133,295 | 72,180 | 49,522 |
| Fuel and power | 3,977,011 | 3,979,041 | 2,107,593 | 1,988,233 |
| Repair and maintenance | 34,239 | 36,495 | 16,531 | 16,210 |
| Rent, rates and taxes | 8,916 | 3,150 | 4,976 | 2,682 |
| Insurance | 10,584 | 8,811 | 5,596 | 4,515 |
| Vehicle running expenses | 14,993 | 15,114 | 7,031 | 7,811 |
| Telephone, telex and postage | 628 | 580 | 371 | 323 |
| Printing and stationery | 46 | 43 | 24 | 27 |
| Depreciation | 359,778 | 303,791 | 183,393 | 159,550 |
| Provision for slow moving stores and spares | - | 9,000 | (4,500) | 4,500 |
| Other expenses | 4,075 | 3,903 | 2,438 | 1,457 |
| | 5,294,249 | 5,153,865 | 2,789,131 | 2,581,425 |
| Opening work in process | 82,822 | 75,529 | 80,342 | 73,906 |
| Closing work in process | (89,118) | (71,602) | (89,118) | (71,602) |
| | (6,296) | 3,926 | (8,776) | 2,304 |
| Cost of goods manufactured | 10,708,151 | 10,442,817 | 5,346,754 | 4,566,932 |
| Cost of stores traded | 254,206 | - | 217,326 | - |
| Opening stock of finished goods | 1,208,684 | 1,073,329 | 1,206,092 | 1,765,626 |
| Closing stock of finished goods | (1,511,071) | (1,773,106) | (1,511,071) | (1,773,106) |
| | (302,387) | (699,777) | (304,979) | (7,480) |
| | 10,659,970 | 9,743,040 | 5,259,101 | 4,559,452 |

## 22 EARNINGS PER SHARE - BASIC AND DILUTED

| | (Unaudited) | | | |
|---|---|---|---|---|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2024 | 2023 | 2024 | 2023 |

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

| | | | | |
|---|---|---|---|---|
| Profit after taxation - (Rs. in thousand) | 614,396 | 694,303 | 352,324 | 207,747 |
| Weighted average number of ordinary shares - (in thousand) | 100,000 | 100,000 | 100,000 | 100,000 |
| Earnings per share - basic and diluted - (Rs.) | 6.14 | 6.94 | 3.52 | 2.08 |

## 23 TRANSACTIONS WITH RELATED PARTIES

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

| | | (Unaudited) | | | |
|---|---|---|---|---|---|
| | | Half year ended December 31, | | Quarter ended December 31, | |
| | | 2024 | 2023 | 2024 | 2023 |
| Transaction with: | | (Rupees in thousand) | | | |
| **Relationship with the Company** | **Nature of Transactions** | | | | |
| **Other related party** | | | | | |
| Chemi Multifabrics Limited | Marketing service charges | 61,406 | 57,565 | 26,327 | 26,327 |
| Chemitex Industries Limited | Purchase of Vehicle | - | 3,053 | - | - |
| **Subsidiary company** | | | | | |
| ICL Power (Private) Limited | Loan given | 487,000 | - | 247,000 | - |
| **Associated company** | | | | | |
| Ittehad Developers | Loan received | 130,000 | - | - | - |
| **Retirement benefit plans** | | | | | |
| Contribution to staff retirement benefit plans | | 439 | 373 | 185 | 185 |
| **Key management personnel** | | | | | |
| Remuneration and other benefits | | 50,248 | 56,785 | 28,528 | 28,528 |

**Basis of Relationship with the Company**

| Name of related party | Relationship | Basis of Association |
|---|---|---|
| Chemi Multifabrics Limited | Other related party | Shareholding |
| Chemitex Industries Limited | Other related party | Shareholding |
| ICL Power (Private) Limited | Subsidiary | Wholly owned subsidiary |
| Ittehad Developers | Associated company | Common Directorship |
| Chemi Viscofiber Limited | Other related party | Shareholding |
| Ittehad Salt Processing (Private) Limited | Subsidiary | Wholly owned subsidiary |
| Chemi Dyestuffs Industries (Private) Limited | Associated company | Common Directorship |
| Ittehad Chloro Alkali (Private) Limited | Associated company | Common Directorship |

23.1 The balances with related parties have been disclosed in the relevant notes to the unconsolidated condensed interim financial statements.

## 24 CORRESPONDING FIGURES

24.1 Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, following reclassifications have been made during the period:

| Description | From | To | Rupees |
|---|---|---|---|
| Reclassification of Loan to ICL Power (Private) Limited | Receivable from related parties | Long term investments | 8,882 |
| Reclassification of income tax expense to levy | Taxation | Levy | 7,915 |

## 25 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 14, 2025 by the Board of Directors of the Company.

## 26 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

26.1 The Board of Directors of the Company, in its meeting held on January 24, 2025, resolved to sell the Company's land located at Mouza Hassanabad, Barki Road, Lahore, measuring approximately 66 kanals classified under the head "Investment Property", as at the period end, in order to meet the financing requirement of a wholly owned subsidiary, ICL Power (Private) Limited, which is constructing a Biomass Power Plant Project. In this respect, an Extraordinary General Meeting has been called on February 19, 2025 to obtain the shareholders' approval for the same.

26.2 The Board of Directors of the Company in its meeting held on February 14, 2025 has recommended interim cash dividend at 20% i.e Rs. 2 per share. These unconsolidated condensed interim financial statements do not reflect this appropriation.

## 27 GENERAL

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

# ITTEHAD CHEMICALS LIMITED

## (CONSOLIDATED)

## CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2024

(UNAUDITED)

# DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors take pleasure in presenting their report on the consolidated un-audited condensed interim financial statements of Ittehad Chemicals Limited ("The Holding Company") and its wholly owned subsidiary companies, "Ittehad Salt Processing (Pvt.) Limited" (the "ISPPL") and "ICL Power (Pvt.) Limited" (the "IPL") for the half year ended December 31, 2024.

Ittehad Salt Processing (Pvt.) Limited was incorporated as a private limited company under the Companies Act, 2017, in Pakistan on December 3, 2019. The company's registered office is located in Lahore, Punjab. The primary objective of the wholly owned subsidiary is to explore opportunities in rock salt mining, subject to compliance with applicable legal requirements. The subsidiary has already secured an exploration license from the Punjab Mines and Minerals Department, covering an area of 1,356.07 acres near Dhok Jabba/Lafi District in Chakwal, and is actively pursuing a mining lease from the relevant government authorities.

ICL Power (Private) Limited ("IPL") was incorporated in Pakistan as a company limited by shares on January 2, 2024, under the Companies Act, 2017. As previously communicated, the Company's wholly owned subsidiary i.e. M/s ICL Power (Pvt.) Limited has entered into a definitive agreement with a seller for purchase of partial plant and equipment for Biomass Power Plant. The Project construction work has commenced during January 2025. With the construction period of around eighteen (18) months, the project is expected to be operational within a reasonable timeframe, ensuring a quick return on investment. Presently, IPL is receiving equity from its holding company on as and when required basis.

The Consolidated Financial Statements showed Earnings per share Rs. 6.14 (2023: Rs. 6.94 per share) for the Half Year ended December 31, 2024. Adequate internal financial controls are in place and Management ensures complete and satisfactory implementation of the same. The Management is optimistic about future growth and healthy returns.

On behalf of the Board

| | | |
|---|---|---|
| Lahore | Muhammad Siddique Khatri | Abdul Sattar Khatri |
| February 14, 2025 | Chairman | Chief Executive Officer |

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

| | Note | December 31, 2024 (Un-audited) | June 30, 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **ASSETS** | | | |
| **NON CURRENT ASSETS** | | | |
| Property, plant and equipment | | | |
| Operating fixed assets | 6 | 8,480,258 | 8,504,920 |
| Capital work in progress | 7 | 824,807 | 251,750 |
| | | 9,305,065 | 8,756,670 |
| Intangible assets | | 414 | 578 |
| Investment property | | 675,000 | 675,000 |
| Long term investments | 8 | - | - |
| Long term deposits | | 66,436 | 64,644 |
| | | 10,046,915 | 9,496,892 |
| **CURRENT ASSETS** | | | |
| Stores, spares and loose tools | 9 | 664,107 | 661,237 |
| Stock in trade | 10 | 2,867,866 | 2,274,309 |
| Trade debts | 11 | 2,617,162 | 3,015,773 |
| Loans, advances and other receivables | 12 | 153,959 | 256,358 |
| Trade deposits and short term prepayments | | 196,028 | 204,211 |
| Tax refunds due from the Government | | 1,096,124 | 723,993 |
| Taxation - net | | 166,872 | 333,136 |
| Short term investments | | 12,200 | 12,200 |
| Cash and bank balances | | 513,350 | 289,057 |
| | | 8,287,668 | 7,770,274 |
| **TOTAL ASSETS** | | 18,334,583 | 17,267,166 |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorized share capital | 13.1 | 2,000,000 | 2,000,000 |
| Issued, subscribed and paid up share capital | 13.2 | 1,000,000 | 1,000,000 |
| Reserves | | | |
| Capital reserves - Share premium | | 177,000 | 177,000 |
| Revenue reserves - Unappropriated profit | | 5,708,186 | 5,243,885 |
| Surplus on revaluation of land | | 2,872,504 | 2,872,504 |
| Merger reserve | | (6,445) | (6,445) |
| | | 9,751,245 | 9,286,944 |
| **NON CURRENT LIABILITIES** | | | |
| Long term financing | 14 | 528,333 | 582,415 |
| Long term diminishing musharaka | | - | - |
| Deferred liabilities | | 856,442 | 799,378 |
| Deferred grant | 15 | 12,730 | 27,526 |
| | | 1,397,505 | 1,409,319 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 16 | 3,223,539 | 3,247,275 |
| Contract liabilities | | 323,652 | 250,984 |
| Short term loan | | 1,010 | 1,010 |
| Unclaimed dividend | | 9,080 | 5,932 |
| Mark-up accrued | | 118,192 | 107,870 |
| Short term borrowings | 17 | 2,983,118 | 2,294,448 |
| Current portion of long term liabilities | 18 | 527,242 | 663,384 |
| | | 7,185,833 | 6,570,903 |
| **TOTAL EQUITY AND LIABILITIES** | | 18,334,583 | 17,267,166 |
| **CONTINGENCIES AND COMMITMENTS** | 19 | | |

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
## FOR THE HALF YEAR ENDED DECEMBER 31, 2024

| | | Half year ended | | Quarter ended | |
|---|---|---|---|---|---|
| | | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31 2023 |
| | Note | ---------------- (Rupees in thousand) ---------------- | | | |
| Revenue from contracts with customers | 20 | 13,143,258 | 12,173,752 | 6,549,804 | 5,543,819 |
| Cost of sales | 21 | (10,659,970) | (9,743,040) | (5,259,101) | (4,559,452) |
| Gross profit | | 2,483,288 | 2,430,712 | 1,290,703 | 984,367 |
| Selling and distribution expenses | | (822,254) | (597,022) | (398,851) | (326,595) |
| General and administrative expenses | | (190,287) | (170,275) | (97,965) | (88,247) |
| Other operating income | | 49,488 | 103,797 | 33,691 | 79,713 |
| Other operating expense | | (82,849) | (96,970) | (43,717) | (30,236) |
| | | (1,045,902) | (760,470) | (506,842) | (365,365) |
| Operating profit | | 1,437,386 | 1,670,242 | 783,861 | 619,002 |
| Financial charges | | (352,179) | (393,928) | (197,595) | (224,541) |
| Profit before income tax and levy | | 1,085,207 | 1,276,314 | 586,266 | 394,461 |
| Levy | | (6,094) | (7,915) | (5,738) | (5,807) |
| Profit before income tax | | 1,079,113 | 1,268,399 | 580,528 | 388,654 |
| Taxation | | (464,812) | (574,100) | (228,248) | (180,911) |
| Profit after taxation | | 614,301 | 694,299 | 352,280 | 207,743 |
| Earnings per share - basic and diluted (Rupees) | 22 | 6.14 | 6.94 | 3.52 | 2.08 |

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2024

| | Half year ended | | Quarter ended | |
|---|---|---|---|---|
| | December 31, 2024 | December 31, 2023 | December 31, 2024 | December 31, 2023 |
| | ---------------- (Rupees in thousand) ---------------- | | | |
| Profit after taxation for the period | 614,301 | 694,299 | 352,280 | 207,743 |
| Other comprehensive income | | | | |
| Items that will not be reclassified subsequently to statetment of profit or loss | | | | |
| Revaluation surplus on free hold land | - | 1,523,560 | - | 1,523,560 |
| Items that may be reclassified subsequently to statement of profit or loss | - | - | - | - |
| Total comprehensive income for the period | 614,301 | 2,217,859 | 352,280 | 1,731,303 |

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)
## FOR THE HALF YEAR ENDED DECEMBER 31, 2024

| | Note | Half year ended December 31, 2024 | December 31, 2023 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit before income tax and levy | | 1,085,207 | 1,276,314 |
| Adjustments for items not involving movement of funds: | | | |
| Depreciation | 6.1 | 370,525 | 317,116 |
| Provision for gratuity | | 29,524 | 20,968 |
| Amortisation of intangible assets | | 163 | 279 |
| Gain on sale of fixed assets | | (10,074) | (3,529) |
| Gain on foreign exchange | | (592) | (37,498) |
| Deferred grant amortization | | (23,638) | (31,238) |
| Provision for obsolete stores and spares | 9.2 | - | 9,000 |
| Financial charges | | 352,179 | 393,928 |
| Net cash flow before working capital changes | | 1,803,294 | 1,945,340 |
| **Decrease / (increase) in current assets** | | | |
| Stores and spares | | (2,870) | (84,596) |
| Stock in trade | | (593,557) | (562,707) |
| Trade debts | | 399,203 | (582,002) |
| Loans and advances | | 102,399 | 297 |
| Trade deposits and short term prepayments | | 8,183 | 16,571 |
| Tax refunds due from the Government | | (14,022) | (233,719) |
| | | (100,664) | (1,446,156) |
| **Increase / (decrease) in current liabilities** | | | |
| Trade and other payables | | 48,932 | (126,088) |
| Cash generated from operations | | 1,751,562 | 373,096 |
| Income taxes paid | | (629,814) | (668,518) |
| Gratuity paid | | (5,392) | (444) |
| Financial charges paid | | (341,857) | (307,133) |
| Net cash generated from / (used in) operating activities | | 774,499 | (602,999) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Additions to operating fixed assets - net | | (24,121) | (35,757) |
| Additions to capital work in progress | | (896,580) | (557,828) |
| Proceeds from sale of operating fixed assets | | 11,851 | 90,076 |
| Long term invesmtents | | - | - |
| Short term investment - net | | - | 289,907 |
| Long term deposits | | (1,792) | (181,227) |
| Net cash used in investing activities | | (910,642) | (394,829) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Proceeds from long term financing | | 150,000 | 41,500 |
| Repayment of long term financing | | (192,352) | (176,563) |
| Repayment of long term diminishing musharaka | | (139,030) | (193,503) |
| Dividend paid | | (146,852) | (125,628) |
| Payment againt lease liabilities | | - | (3,296) |
| Short term borrowings - net | | 688,670 | 976,737 |
| Net cash generated from financing activities | | 360,436 | 519,247 |
| Net increase / (decrease) in cash and cash equivalents | | 224,293 | (478,581) |
| Cash and cash equivalents at the beginning of the period | | 289,057 | 925,198 |
| Cash and cash equivalents at the end of the period | | 513,350 | 446,617 |

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2024

| | Issued, subscribed and paid-up share capital | Surplus on revaluation of fixed assets | Reserves | | | Total |
|---|---|---|---|---|---|---|
| | | | Capital | | Revenue | |
| | | | Balance arising upon merger | Share premium | Unappropriated profit | |
| | (Rupees in thousand) | | | | | |
| **Balance as at July 01, 2023 (audited)** | 1,000,000 | 1,392,042 | (6,445) | 177,000 | 4,140,827 | 6,703,424 |
| **Transaction with owners:** | | | | | | |
| Final cash dividend on ordinary shares @ Rs. 1.25 per share | - | - | - | - | (125,000) | (125,000) |
| Profit for the period (unaudited) | - | - | - | - | 694,299 | 694,299 |
| Revaluation surplus for the period | - | 1,523,560 | - | - | - | 1,523,560 |
| **Total comprehensive income for the period** | - | 1,523,560 | - | - | 694,299 | 2,217,859 |
| Revaluation surplus transferred to revenue reserves | - | (43,098) | - | - | 43,098 | - |
| **Balance as at December 31, 2023 (unaudited)** | 1,000,000 | 2,872,504 | (6,445) | 177,000 | 4,753,224 | 8,796,283 |
| **Balance as at July 01, 2024 (audited)** | 1,000,000 | 2,872,504 | (6,445) | 177,000 | 5,243,885 | 9,286,944 |
| **Transaction with owners:** | | | | | | |
| Final cash dividend on ordinary shares @ Rs. 1.5 per share | - | - | - | - | (150,000) | (150,000) |
| Profit for the period (unaudited) | - | - | - | - | 614,301 | 614,301 |
| Other comprehensive income for the period | - | - | - | - | - | - |
| **Total comprehensive income for the period** | - | - | - | - | 614,301 | 614,301 |
| **Balance as at December 31, 2024 (unaudited)** | 1,000,000 | 2,872,504 | (6,445) | 177,000 | 5,708,186 | 9,751,245 |

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial statements.

| CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER |
|---|---|---|

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2024

## 1 LEGAL STATUS AND NATURE OF BUSINESS

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

### 1.1 Status of the Parent Company

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

The Holding Company holds 100% shares of Ittehad Salt Processing (Private) Limited (subsidiary company), which is a private limited company and incorporated in Pakistan under the Companies Act, 2017 on December 03, 2019, as company limited by shares. The subsidiary company is engaged in the business of exploring, operating, and working on mines and quarries. The Chief Executive of subsidiary company is Ahmed Mustafa.

The Holding Company holds 100% shares of ICL Power (Private) Limited (subsidiary company), which is a private limited company and incorporated in Pakistan under the Companies Act, 2017 on January 2, 2024, as company limited by shares. The subsidiary company is engaged in the business of generating and providing of electricity. The Chief Executive of subsidiary company is Waqas Siddiq Khatri.

### 1.2 Basis of consolidation

These Consolidated financial statements comprise the financial statements of the Holding Company and its Subsidiary Companies as at December 31, 2024, (together referred to as "the Group").

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

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

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

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

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

## 2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

### 2.1 Holding company

The registered office of ICL is situated at 39, Empress Road, Lahore. The manufacturing facility of the Group is located at G.T Road Kala Shah Kaku District 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 companies

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

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

## 3 BASIS OF PREPARATION

### 3.1 Statement of compliance

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

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

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

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

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

These consolidated condensed interim financial statements are unaudited is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

These consolidated condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2024 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these consolidated condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended June 30, 2024, whereas the comparative consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity are extracted from the unaudited consolidated condensed interim financial statements for the half year ended December 31, 2023.

## 3.2 Basis of measurement

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

## 3.3 Functional and presentation currency

These consolidated condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## 4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited financial statements for the year ended June 30, 2024.

Provision in respect of Workers' Welfare Fund, Workers' Profit Participation Fund and taxation in these consolidated condensed interim financial statements are estimated based on management judgment and prevailing laws; these are subject to final adjustments in the annual audited financial statements.

## 5 MATERIAL ACOUNTING POLICY INFORMATION

5.1 The accounting policies adopted and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2024.

## 5.2 Changes in accounting standards, interpretations and amendments to published accounting and reporting standards

### 5.2.1 Amendments to published accounting and reporting standards which became effective during the period:

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

### 5.2.2 Amendments to published accounting and reporting standards that are not yet effective:

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2025. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

| | | Note | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **6** | **OPERATING FIXED ASSETS** | | | |
| | Fixed assets | 6.1 | 8,480,258 | 8,504,920 |
| **6.1** | **Fixed assets** | | | |
| | Opening net book value (NBV) | | 8,504,920 | 6,321,437 |
| | Additions/ revaluation / transfer (at cost) | 6.1.1 & 6.1.2 | 347,644 | 3,010,763 |
| | | | 8,852,564 | 9,332,200 |
| | Disposals (at NBV) during the period / year | 6.1.3 | (1,781) | (140,433) |
| | Depreciation charged during the period / year | | (370,525) | (686,847) |
| | | | (372,306) | (827,280) |
| | Closing net book value (NBV) at the end of the period / year | | 8,480,258 | 8,504,920 |

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

| | December 31, 2024 | June 30, 2024 |
|---|---|---|
| Freehold land | - | 1,523,560 |
| Building | 5,713 | 27,141 |
| Plant and machinery | 318,231 | 1,397,366 |
| Other equipment | 400 | 35,785 |
| Furniture and fixtures | 154 | 344 |
| Office and other equipment | 2,426 | 2,014 |
| Vehicles | 20,720 | 24,553 |
| | 347,644 | 3,010,763 |

6.1.2 Freehold land was latest revalued by M/s Harvestor Services (Private) Limited as at Novemeber 03, 2023 on the basis of market value. The revaluation resulted in surplus aggregating to Rs. 2,872.504 million. Had there been no revaluation, the book value of operating fixed assets would have been lower by Rs. 2,872.504 million (2024: Rs. 2,872.504 million). Had there been no revaluation, the net book value of the freehold land would have been Rs. 158.476 million (2024: Rs. 158.476 million).

| | Note | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |
| 6.1.3 Details of disposals (at NBV) during the period / year are as follows: | | | |
| Freehold land | | - | (85,475) |
| Building | | - | (3) |
| Plant and machinery | | - | (49,662) |
| Other equipments | | - | (2,040) |
| Furniture and fixtures | | - | (322) |
| Office and other equipments | | - | (1,541) |
| Vehicles | | (1,781) | (1,390) |
| | | (1,781) | (140,433) |

6.1.4 Freehold 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 and at Khanpur Canal Sheikhupura with an area of 135 Kanal - 6 Marla. These include lands which have been held for establishment of factory.

## 7 CAPITAL WORK IN PROGRESS

| | | | |
|---|---|---|---|
| Advance | | 597,493 | 113,800 |
| Building | | 56,813 | 12,707 |
| Plant and machinery | | 170,501 | 125,243 |
| | | 824,807 | 251,750 |

## 8 LONG TERM INVESMTENTS

| | | | |
|---|---|---|---|
| Investment in related parties - unquoted | | | |
| Ittehad Salt Processing (Private) Limited- at cost | | - | - |
| ICL Power (Private) Limited | 8.1 | - | - |
| | | - | - |

### 8.1 ICL Power (Private) Limited

| | | | |
|---|---|---|---|
| Investment at cost | | - | - |
| Advance against issuance of | | - | - |
| | | - | - |

| | Note | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **9 STORES, SPARES AND LOOSE TOOLS** | | | |
| Stores: | | | |
| in hand | | 93,005 | 75,791 |
| Spares: | | | |
| in hand | | 566,709 | 501,965 |
| in transit | | 22,393 | 101,481 |
| | | 589,102 | 603,446 |
| | | 682,107 | 679,237 |
| Less: Provision for obsolete stores and spares | 9.2 | (18,000) | (18,000) |
| | | 664,107 | 661,237 |

9.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase.

9.2 Movement of provision for obsolete stores and spares

| | | |
|---|---|---|
| Opening balance | 18,000 | - |
| Provision during the period / year | - | 18,000 |
| | 18,000 | 18,000 |

## 10 STOCK IN TRADE

| | Note | December 31, 2024 | June 30, 2024 |
|---|---|---|---|
| Raw materials: | | | |
| in hand | 21 | 1,126,318 | 784,056 |
| in transit | | 95,340 | 151,529 |
| | | 1,221,658 | 935,585 |
| Packing materials - in hand | | 46,019 | 47,217 |
| Work in process | 21 | 89,118 | 82,822 |
| Finished goods | 10.1 | 1,511,071 | 1,208,685 |
| | | 2,867,866 | 2,274,309 |

10.1 Stock-in-trade up to a maximum amount of Rs. 2,867.866 million (2024: 2,274.309 million) are under hypothecation of commercial banks as security for short term borrowings.

| | Note | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **11 TRADE DEBTS** | | | |
| Unsecured | | | |
| Considered good - foreign | | 75,243 | 324,191 |
| Secured - Local | | | |
| Considered doubtful | | 2,234 | 2,234 |
| Less: Allowance for expected credit loss | | (2,234) | (2,234) |
| | | 75,243 | 324,191 |
| Unsecured | | | |
| Considered good | | 2,541,919 | 2,691,582 |
| Considered doubtful | | 68,317 | 68,317 |
| | | 2,610,236 | 2,759,899 |
| | | 2,685,479 | 3,084,090 |
| Less: Allowance for expected credit loss | 11.1 | (68,317) | (68,317) |
| | | 2,617,162 | 3,015,773 |

11.1 During the period, impact of expected credit loss is insignificant.

| | | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| **12 LOANS ADVANCES AND OTHER RECEIVABLES** | | | |
| Advances - (Unsecured - considered good) | | | |
| To employees | | 20,444 | 21,864 |
| Advance to supplies and services (Unsecured) | | | |
| Considered good | | 130,378 | 231,814 |
| Considered doubtful | | 1,374 | 1,374 |
| | | 131,752 | 233,188 |
| Against import | | 1,281 | 1,576 |
| | | 153,477 | 256,628 |
| Accrued interest receivable | | 1,856 | 1,104 |
| Less: Expected credit loss against advances | | (1,374) | (1,374) |
| | | 153,959 | 256,358 |

## 13 SHARE CAPITAL

### 13.1 Authorized share capital

| | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|
| 175,000,000 (June 30, 2024: 175,000,000) ordinary shares of Rs. 10/- each | 1,750,000 | 1,750,000 |
| 25,000,000 (June 30, 2024: 25,000,000) preference shares of Rs. 10/- each | 250,000 | 250,000 |
| | 2,000,000 | 2,000,000 |

| | | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|
| | | (Rupees in thousand) | |

## 13.2 Issued, subscribed and paid up share capital

| | | | |
|---|---|---|---|
| 27,100,000 (June 30, 2024: 27,100,000) ordinary shares of Rs. 10/- each fully paid in cash | | 271,000 | 271,000 |
| 24,900,000 (June 30, 2024: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash | | 249,000 | 249,000 |
| 48,000,000 (June 30, 2024: 32,700,000) fully paid bonus shares of Rs. 10/- each | | 480,000 | 480,000 |
| | | 1,000,000 | 1,000,000 |

## 14 LONG TERM FINANCING

From banking companies and financial institutions - secured

| | | | |
|---|---|---|---|
| Balance as at December 31, | | 972,040 | 1,014,392 |
| Current portion presented under current liabilities | | (443,707) | (431,977) |
| | | 528,333 | 582,415 |

## 15 DEFERRED GRANT

| | | | |
|---|---|---|---|
| Deferred grant | | 44,734 | 68,372 |
| Current portion shown under current liability | 15.1 | (32,004) | (40,846) |
| | | 12,730 | 27,526 |

15.1 This represents deferred grant recognised in respect of the benefit of below-market interest rate on long term finance facility. The benefit has been measured as the difference between the fair value of the loan and the proceeds received.

| | | | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| **16** | **TRADE AND OTHER PAYABLES** | | | |
| | Trade creditors | | 720,069 | 665,282 |
| | Accrued liabilities | 16.1 | 1,167,335 | 1,238,878 |
| | Cost of supply | 16.2 | 561,919 | 496,979 |
| | GIDC payable | 16.3 | 620,458 | 620,458 |
| | Security deposits | | 38,650 | 38,650 |
| | Retention money | | 7,301 | 6,824 |
| | Income tax deducted at source | | 22,812 | 3,618 |
| | Workers' Profit Participation Fund | | 61,655 | 124,029 |
| | Workers Welfare Fund | | 23,340 | 50,870 |
| | Levy payable | | - | 1,687 |
| | | | 3,223,539 | 3,247,275 |

16.1 These include a balance due to Chemi Multifabrics Limited, other related party, amounting to Rs. 26.622 million (June 30, 2024: Rs. 25.814 million).

16.2 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. 561.919 million on prudence basis since February, 2018.

16.3 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, 2024: 620.458 million). The provision was recognized earlier based on estimation basis for the respective periods. However, the Company has filed a writ petition in the Honorable Sindh High Court to suspend the recovery of arrears of Cess calculated at enhanced captive rates. The Honorable Sindh High Court has granted a stay for recovery of arrears and matter is pending for adjudication. There is an aggregate differential of Rs. 352.920 million which is subjudice and that will be remain as provision until the matter is settled.

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

| | December 31, 2024 (Unaudited) | June 30, 2024 (Audited) |
|---|---|---|
| | (Rupees in thousand) | |

## 17 SHORT TERM BORROWINGS

| | | |
|---|---|---|
| Secured | | |
| From banking companies and financial institutions. | 2,753,118 | 2,194,448 |
| Un-secured | | |
| Related Party | | |
| Ittehad Developers | 230,000 | 100,000 |
| | 2,983,118 | 2,294,448 |

## 18 CURRENT PORTION OF LONG TERM LIABILITIES

| | | |
|---|---|---|
| Current portion of diminishing musharika | 51,531 | 190,561 |
| Current portion of deferred grant | 32,004 | 40,846 |
| Current portion of long term financing | 443,707 | 431,977 |
| | 527,242 | 663,384 |

## 19 CONTINGENCIES AND COMMITMENTS

### 19.1 Contingent liabilities

a) Letters of guarantee outstanding as at December 31, 2024 were Rs. 471.522 million (June 2024: Rs. 471.522 million).

b) The deputy commissioner Inland Revenue, while adjudicating disallowed the claim of input tax againt purchase of mild steel products that were utilized in fabrication and repair of machinery. The Company contested the claim before commissioner Inland Revenue (Appeals) who has also decided the case in favour of department. Being aggreived, the Company has filed a reference before Honourable High Court Lahore which is still pending for adjudication.

c) Other contingencies are not materially different from those as disclosed in preceding annual financial statements for the year ended June 30, 2024.

### 19.2 Commitments

Commitments as on December 31, 2024 were as follows:

a) Against letters of credit amounting to Rs.1,312.720 million (June 2024: Rs. 1,479.252 million).

b) Against purchase of land amounting to Rs. 1.639 million (June 2024: Rs. 79.139 million).

## 20 REVENUE FROM CONTRACTS WITH CUSTOMERS

| | (Unaudited) | | | |
|---|---|---|---|---|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2024 | 2023 | 2024 | 2023 |
| | (Rupees in thousand) | | | |
| **Major products and services** | | | | |
| Manufacturing | 15,174,232 | 14,044,733 | 7,441,035 | 6,379,458 |
| Trading | 343,540 | - | 286,092 | - |
| Toll Manufacturing | 4,329 | 141,286 | - | 86,865 |
| | 15,522,101 | 14,186,019 | 7,727,127 | 6,466,323 |
| Less: Sales tax | 2,222,461 | 1,895,726 | 1,094,280 | 860,923 |
| Less: Commission | 156,382 | 116,541 | 83,043 | 61,581 |
| | 2,378,843 | 2,012,267 | 1,177,323 | 922,504 |
| | 13,143,258 | 12,173,752 | 6,549,804 | 5,543,819 |

| | | | | | |
|---|---|---|---|---|---|
| 20.1 | Local sales | 12,131,901 | 11,382,250 | 5,969,055 | 5,190,256 |
| | Export sales | 1,011,357 | 791,502 | 580,749 | 353,563 |
| | | 13,143,258 | 12,173,752 | 6,549,804 | 5,543,819 |

| | (Unaudited) | | | |
|---|---|---|---|---|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2024 | 2023 | 2024 | 2023 |
| | (Rupees in thousand) | | | |

## 21 COST OF SALES

| | | | | |
|---|---|---|---|---|
| Raw materials consumed | 5,420,198 | 5,285,026 | 2,566,399 | 1,983,203 |
| Other overheads: | | | | |
| Salaries wages and benefit | 518,385 | 453,984 | 261,203 | 231,745 |
| Stores, spares and consumed | 241,694 | 206,658 | 132,295 | 114,850 |
| Packing materials consumed | 123,900 | 133,295 | 72,180 | 49,522 |
| Fuel and power | 3,977,011 | 3,979,041 | 2,107,593 | 1,988,233 |
| Repair and maintenance | 34,239 | 36,495 | 16,531 | 16,210 |
| Rent, rates and taxes | 8,916 | 3,150 | 4,976 | 2,682 |
| Insurance | 10,584 | 8,811 | 5,596 | 4,515 |
| Vehicle running expenses | 14,993 | 15,114 | 7,031 | 7,811 |
| Telephone, telex and postage | 628 | 580 | 371 | 323 |
| Printing and stationery | 46 | 43 | 24 | 27 |
| Depreciation | 359,778 | 303,791 | 183,393 | 159,550 |
| Provision for slow moving stores and spares | - | 9,000 | (4,500) | 4,500 |
| Other expenses | 4,075 | 3,903 | 2,438 | 1,457 |
| | 5,294,249 | 5,153,865 | 2,789,131 | 2,581,425 |
| Opening work in process | 82,822 | 75,529 | 80,342 | 73,906 |
| Closing work in process | (89,118) | (71,602) | (89,118) | (71,602) |
| | (6,296) | 3,926 | (8,776) | 2,304 |
| Cost of goods manufactured | 10,708,151 | 10,442,817 | 5,346,754 | 4,566,932 |
| Cost of stores traded | 254,206 | - | 217,326 | - |
| Opening stock of finished goods | 1,208,684 | 1,073,329 | 1,206,092 | 1,765,626 |
| Closing stock of finished goods | (1,511,071) | (1,773,106) | (1,511,071) | (1,773,106) |
| | (302,387) | (699,777) | (304,979) | (7,480) |
| | 10,659,970 | 9,743,040 | 5,259,101 | 4,559,452 |

## 22 EARNINGS PER SHARE - BASIC AND DILUTED

| | (Unaudited) | | | |
|---|---|---|---|---|
| | Half year ended | | Quarter ended | |
| | December 31, | | December 31, | |
| | 2024 | 2023 | 2024 | 2023 |

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

| | | | | |
|---|---|---|---|---|
| Profit after taxation - (Rs. in thousand) | 614,396 | 694,303 | 352,324 | 207,747 |
| Weighted average number of ordinary shares - (in thousand) | 100,000 | 100,000 | 100,000 | 100,000 |
| Earnings per share - basic and diluted - (Rs.) | 6.14 | 6.94 | 3.52 | 2.08 |

## 23 TRANSACTIONS WITH RELATED PARTIES

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

| | | (Unaudited) | | | |
|---|---|---|---|---|---|
| | | Half year ended | | Quarter ended | |
| | | December 31, | | December 31, | |
| Transaction with: | | 2024 | 2023 | 2024 | 2023 |
| **Relationship with the Company** | **Nature of Transactions** | (Rupees in thousand) | | | |
| **Other related party** | | | | | |
| Chemi Multifabrics Limited | Marketing service charges | 61,406 | 57,565 | 26,327 | 26,327 |
| Chemitex Industries Limited | Purchase of Vehicle | - | 3,053 | - | - |
| **Subsidiary company** | | | | | |
| ICL Power (Private) Limited | Loan given | 487,000 | - | 247,000 | - |
| **Associated company** | | | | | |
| Ittehad Developers | Loan received | 130,000 | - | - | - |
| **Retirement benefit plans** | | | | | |
| Contribution to staff retirement benefit plans | | 439 | 373 | 185 | 185 |
| **Key management personnel** | | | | | |
| Remuneration and other benefits | | 50,248 | 56,785 | 28,528 | 28,528 |

**Basis of Relationship with the Company**

| Name of related party | Relationship | Basis of Association |
|---|---|---|
| Chemi Multifabrics Limited | Other related party | Shareholding |
| Chemitex Industries Limited | Other related party | Shareholding |
| ICL Power (Private) Limited | Subsidiary | Wholly owned subsidiary |
| Ittehad Developers | Associated company | Common Directorship |
| Chemi Viscofiber Limited | Other related party | Shareholding |
| Ittehad Salt Processing (Private) Limited | Subsidiary | Wholly owned subsidiary |
| Chemi Dyestuffs Industries (Private) Limited | Associated company | Common Directorship |
| Ittehad Chloro Alkali (Private) Limited | Associated company | Common Directorship |

23.1 The balances with related parties have been disclosed in the relevant notes to the consolidated condensed interim financial statements.

## 24 CORRESPONDING FIGURES

24.1 Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, following reclassifications have been made during the period:

| Description | From | To | Rupees |
|---|---|---|---|
| Reclassification of Loan to ICL Power (Private) Limited | Receivable from related parties | Long term investments | 8,882 |
| Reclassification of income tax expense to levy | Taxation | Levy | 7,915 |

## 25 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on February 14, 2025 by the Board of Directors of the holding Company.

## 26 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

26.1 The Board of Directors of the holding Company, in its meeting held on January 24, 2025, resolved to sell the Company's land located at Mouza Hassanabad, Barki Road, Lahore, measuring approximately 66 kanals classified under the head "Investment Property", as at the period end, in order to meet the financing requirement of a wholly owned subsidiary, ICL Power (Private) Limited, which is constructing a Biomass Power Plant Project. In this respect, an Extraordinary General Meeting has been called on February 19, 2025 to obtain the shareholders' approval for the same.

26.2 The Board of Directors of the holding Company in its meeting held on February 14, 2025 has recommended interim cash dividend at 20% i.e Rs. 2 per share. These consolidated condensed interim financial statements do not reflect this appropriation.

## 27 GENERAL

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

| CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER |
|---|---|---|

ITTEHAD

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