

1ST QUARTERLY REPORT

September 30, 2017



ITTEHAD CHEMICALS LIMITED

ITTEHAD CHEMICALS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2017 (UN-AUDITED)

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Corporate Information

BOARD OF DIRECTORS	<p>Mr. Muhammad Siddique Khatri Mr. Abdul Sattar Khatri Mr. Abdul Ghafoor Khatri Ms. Farhana Abdul Sattar Khatri Mr. Waqas Siddiq Khatri Mr. Abdullah Mustafa Mr. Pervaiz Ahmad Khan</p>	<p>Chairman Director/CEO Director Director Director Director Director</p>	<p>Non-Executive Director Executive Director Non-Executive Director Non-Executive Director Executive Director Non-Executive Director Independent Director</p>
AUDIT COMMITTEE	<p>Mr. Abdullah Mustafa Mr. Abdul Ghafoor Khatri Mr. Pervaiz Ahmad Khan</p>	<p>Chairman Member Member</p>	
HR & REMUNERATION COMMITTEE	<p>Mr. Abdul Ghafoor Khatri Mr. Abdullah Mustafa Mr. Waqas Siddiq Khatri</p>	<p>Chairman Member Member</p>	
CHIEF FINANCIAL OFFICER	Mr. Javed Iqbal		
COMPANY SECRETARY	Mr. Abdul Mansoor Khan		
REGISTERED OFFICE/HEAD OFFICE	<p>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</p>		
PLANT	<p>G.T. Road, Kala Shah Kaku, District Sheikhupura. Ph: 042 - 37950222 - 25, Fax: 042 - 37950206</p>		
SHARES REGISTRAR	<p>M/s. Corplink (Pvt.) Limited Corporate and Financial Consultants Wings Arcade, 1-K Commercial, Model Town, Lahore. Ph : 042 - 35839182, Fax : 042 - 35869037</p>		
BANKERS	<p><u>Banks - Conventional Side</u> Askari Bank Limited Allied Bank Limited Faysal Bank Limited Habib Metro Bank Limited MCB Bank Limited National Bank of Pakistan Pak Libya Holding Co. (Pvt.) Ltd. Pakistan Kuwait Inv. Co. (Pvt.) Ltd. Pak Brunei Inv. Company Ltd. The Bank of Punjab United Bank Limited</p>	<p><u>Banks - Islamic Window Operations</u> Al-Baraka Bank (Pakistan) Limited Dubai Islamic Bank (Pak) Limited Bank Alfalah Limited Islamic-Banking</p>	
AUDITORS	<p>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</p>		
LEGAL ADVISOR	<p>Cornelius, Lane & Mufti Advocates & Solicitors Nawa-e-Waqt House 4 - Shahrah-e-Fatima Jinnah Lahore-54000</p>		

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the un-audited condensed interim financial statements of the Company for the first quarter ended September 30, 2017.

During the quarter under review, the Company maintained healthy trend of sales which increased by 23% from corresponding period of last financial year and rose to Rupees 1,265 Million (2016: Rupees 1,031 Million). The cost of sales stood at Rupees 1,077 Million (2016: Rupees 853 Million) bringing gross profit to Rupees 189 Million (2016: Rupees 178 Million). The gross profit margin declined to 15% from 17% of sales compared to the corresponding period of last financial year mainly owing to stiff competition. The bottom line showed a net profit after tax of Rupees 23 million (2016: Rupees 62 Million) which yielded earnings per share of Rupees 0.30 (2016: Rupees 0.81 per share). The Company issued Twelve (12) Million Right shares at a premium of Rs. 15 per share on June 06, 2017; hence EPS for the corresponding period of last financial year has been restated accordingly.

The Management of your company is considering the import of Caustic Soda Flakes Plant having Capacity of 16,500 M.T per annum to enhance its Caustic Soda Flakes Production. The Margins of Caustic Soda Flakes are lucrative as compared to Caustic Soda liquid. The Management is also keenly pursuing the commissioning of IEM Plant 3 at the earliest which would be cost efficient and would further contribute to the profitability. The Plant is likely to be commissioned during fourth quarter of FY 2017-18. Future prospects of the industry would depend upon the favorable energy policies of the Government which may assist to reduce the impact of higher cost of production.

The Board is thankful to the valuable Members, 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



Abdul Sattar Khatri
Chief Executive Officer



Muhammad Siddique Khatri
Chairman

Lahore
October 25, 2017

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2017ء کو اختتام پزیر ہونے والے پہلی سہ ماہی کے غیر پڑتال شدہ بین المدتی مختصر مالی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر غور سہ ماہی کے دوران کمپنی نے بہتر فروخت کا رجحان برقرار رکھا جس کے تحت پچھلے مالی سال کے متعلقہ عرصے کی نسبت 23 فیصد کا اضافہ ہوا اور کمپنی کی فروخت سے حاصل کردہ رقم مبلغ 1,265 ملین روپے (2016: 1,031 ملین روپے) تک بڑھ گئی ہے۔ فروخت ہونے والی اشیاء کی پیداواری لاگت 1,077 ملین روپے (2016: 853 ملین روپے) رہی جس سے کمپنی کا خام منافع 189 ملین روپے (2016: 178 ملین روپے) بنتا ہے۔ سخت مقابلے کے رجحان کے باعث خام منافع کی شرح جو کہ گزشتہ سال کے متعلقہ عرصے میں 17 فیصد تھی کم ہو کر 15 فیصد تک آگئی۔ گوشوارے کی آخری سطر مبلغ 23 ملین روپے کا خالص منافع (2016: 62 ملین روپے) ظاہر کرتی ہے جس کے نتیجے میں مبلغ 0.30 روپے فی حصص (2016: 0.81 روپے فی حصص) آمدن ہوئی۔ کمپنی نے 06 جون 2017ء کو 12 ملین رائٹ حصص 15 روپے فی حصص پر بیم پر جاری کیے ہیں جس کی وجہ سے پچھلے سال کے متعلقہ عرصے کی EPS کا اعادہ ہوا۔

آپ کی کمپنی کی انتظامیہ کاسٹک سوڈا فلکیس کی پیداوار کو بڑھانے کیلئے سالانہ 16,500 میٹرک ٹن پیداواری صلاحیت کے حامل کاسٹک سوڈا فلکیس پلانٹ کی درآمد کے بارے میں سوچ رہی ہے۔ مائع کاسٹک سوڈا کے مارجن کے مقابلے میں کاسٹک سوڈا فلکیس زیادہ منافع بخش ہے۔ انتظامیہ ترجیحی بنیادوں پر آئی ای ایم پلانٹ 3 کی پیداواری شروعات کے حوالے سے بھی اقدامات کر رہی ہے جو کہ موثر لاگت کا حامل ہے اور اس سے مجموعی منافع میں بھی بہتری آئے گی۔ یہ پلانٹ 18-2017ء کی چوتھی سہ ماہی میں کام شروع کر دے گا۔ انڈسٹری کے مستقبل کے امکانات حکومت کی جانب سے توانائی کی پالیسیوں پر منحصر ہیں جن کے باعث پیداواری لاگت میں کمی آسکتی ہے۔

یہ بورڈ قابل قدر اراکین، صارفین، بینکوں اور سرکاری محکموں کے اعتماد، بھروسے مسلسل حمایت، اور سرپرستی کے باعث ان کامنوں ہے اور کمپنی کے تمام ملازمین کی بھرپور اعانت، لگن اور محنت کے باعث ان کا شکر گزار ہے۔

منجانب بورڈ
محمد صدیق کھتری
چیئر مین

عبدالستار کھتری
چیف ایگزیکٹو آفیسر

25 اکتوبر 2017ء

لاہور

Condensed Interim Balance Sheet as at September 30, 2017

		(Un-audited) September 30, 2017	(Audited) June 30, 2017
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	4,033,858	4,127,596
Operating fixed assets		323,970	238,094
Capital work in progress	7	4,357,828	4,365,690
Intangible assets		6,445	6,445
Investment properties		117,600	117,600
Long term deposits		52,219	41,690
		4,534,092	4,531,425
CURRENT ASSETS			
Stores, spares and loose tools		458,548	477,341
Stock in trade		482,556	391,744
Trade debts		471,594	551,326
Loans and advances		194,969	197,664
Trade deposits and short term prepayments		11,260	11,060
Tax refunds due from Government		175,742	181,375
Taxation - net		172,902	146,268
Cash and bank balances		138,825	108,012
		2,106,396	2,064,790
TOTAL ASSETS		6,640,488	6,596,215
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	8.1	1,250,000	1,250,000
Issued, subscribed and paid up capital	8.2	770,000	770,000
Share premium		330,000	330,000
Unappropriated profit		1,344,817	1,321,454
		2,444,817	2,421,454
SURPLUS ON REVALUATION OF FIXED ASSETS		794,848	794,848
NON CURRENT LIABILITIES			
Long term financing	9	407,983	514,065
Long term diminishing musharaka	10	148,556	168,557
Deferred liabilities		275,709	261,770
		832,248	944,392
CURRENT LIABILITIES			
Trade and other payables		1,086,818	1,006,391
Mark-up accrued		23,465	32,694
Short term borrowings		952,355	890,499
Current portion of long term liabilities		505,937	505,937
		2,568,575	2,435,521
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL EQUITY AND LIABILITIES		6,640,488	6,596,215

The annexed notes from 1 to 17 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

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1st Quarter, September 30, 2017

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ITTEHAD CHEMICALS LIMITED

**Condensed Interim Profit And Loss Account (Un-audited)
for the quarter ended September 30, 2017**

		Quarter ended September 30,	
		2017	2016
	Note	(Rupees in thousand)	
Sales - net		1,265,477	1,031,162
Cost of sales	12	1,076,742	(853,066)
Gross profit		188,735	178,096
Selling and distribution expenses		(67,257)	(60,166)
General and administrative expenses		(41,238)	(40,931)
Other operating expenses		(10,517)	(2,343)
Other operating income		4,902	2,948
		(114,110)	(100,492)
Operating profit		74,625	77,604
Financial charges		(40,877)	(40,971)
Profit before taxation		33,748	36,633
Taxation		(10,385)	25,430
Profit after taxation		23,363	62,063
			Restated
Earnings per share - basic and diluted (Rupee)	13	0.30	0.81

The annexed notes from 1 to 17 form an integral part of these financial statements.

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1st Quarter September 30, 2017



ITTEHAD CHEMICALS LIMITED


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the quarter ended September 30, 2017**

	Quarter ended September 30, 2017	2016
	—— (Rupees in thousand) ——	
Profit for the period	23,363	62,063
Other comprehensive income	-	-
Total comprehensive income for the period	<u>23,363</u>	<u>62,063</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

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1st Quarter, September 30, 2017



ITTEHAD CHEMICALS LIMITED


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Condensed Interim Cash Flow Statement (Un-audited) for the quarter ended September 30, 2017

	Quarter ended September 30, 2017 2016 — (Rupees in thousand) —	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	33,748	36,633
Adjustments for items not involving movement of funds:		
Depreciation	82,243	74,202
Provision for gratuity	5,068	4,695
Loss / (gain) on sale of fixed assets	6,716	(1,288)
Gain on foreign exchange	(439)	(29)
Provision for bad debts	2,500	2,500
Financial charges	40,877	40,971
Net cash flow before working capital changes	170,713	157,684
Decrease / (increase) in current assets		
Stores, spares and loose tools	18,793	12,416
Stock in trade	(90,812)	(12,351)
Trade debts	77,671	(18,379)
Loans and advances	2,695	29,913
Trade deposits and short term prepayments	(200)	3,382
Tax refunds due from the Government	5,633	(13,623)
	13,780	1,358
Increase / (decrease) in current liabilities		
Trade and other payables	80,427	42,368
Cash generated from operations	264,920	201,410
Income taxes paid	(26,634)	(52,330)
Gratuity paid	(1,514)	(3,585)
Financial charges paid	(50,106)	(42,488)
Net cash inflow from operating activities	186,666	103,007
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to operating fixed assets-net	4,469	(4,795)
Additions to capital work in progress	(85,876)	(259,605)
Proceeds from sale of operating fixed assets	310	1,555
Long term deposits	(10,529)	(15)
Net cash (outflow) from investing activities	(91,626)	(262,860)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	-	96,788
Repayment of long term financing	(106,082)	(68,582)
Proceeds from long term diminishing musharaka	-	17,370
Repayment of long term diminishing musharaka	(20,000)	-
Short term borrowings	61,855	99,055
Net cash inflow / (outflow) from financing activities	(64,227)	144,631
Net increase in cash and cash equivalents	30,813	(15,222)
Cash and cash equivalents at the beginning of the period	108,012	126,405
Cash and cash equivalents at the end of the period	138,825	111,183

The annexed notes from 1 to 17 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity (Un-audited) for the quarter ended September 30, 2017

	Share capital	Share premium	Unappropriated profit	Total
	(Rupees in thousand)			
Balance as at July 01, 2016	650,000	150,000	1,184,570	1,984,570
Total Comprehensive income for the period	-	-	62,063	62,063
Balance as at September 30, 2016	650,000	150,000	1,246,633	2,046,633
Transaction with owners:				
Final cash dividend 2016: Re. 1.5 per share	-	-	(97,500)	(97,500)
Right shares issued during the period	120,000	180,000	-	300,000
	120,000	180,000	(97,500)	202,500
Total Comprehensive income for the period				
Profit for the period	-	-	171,284	171,284
Remeasurement of defined benefit liability - net	-	-	1,037	1,037
	-	-	172,321	172,321
Balance as at June 30, 2017	770,000	330,000	1,321,454	2,421,454
Total Comprehensive income for the period	-	-	23,363	23,363
Balance as at September 30, 2017	<u>770,000</u>	<u>330,000</u>	<u>1,344,817</u>	<u>2,444,817</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

Notes to the Condensed Interim Financial Information (Un-audited) for the quarter ended September 30, 2017

1 LEGAL STATUS AND OPERATIONS

Ittehad Chemicals Limited (the Company) was incorporated on September 28, 1991 to takeover the assets of Ittehad Chemicals and Ittehad Pesticides under a Scheme of Arrangement dated June 18, 1992 as a result of which the Company became a wholly owned subsidiary of Federal Chemical and Ceramics Corporation (Private) Limited. The Company was privatized on July 03, 1995 when 90% of the shares were transferred to the buyer.

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

The registered office of the Company is situated at 39, Empress Road, Lahore. The Company is engaged in business of manufacturing and selling caustic soda and other allied chemicals.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017.

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

The disclosures made in these condensed interim financial statements have, however, been limited in accordance with the requirements of the International Financial Reporting Standards (IFRS) IAS - 34, Interim Financial Reporting. They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2017.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value.

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are the same as those of the preceding published annual financial statements for the year ended June 30, 2017

4 TAXATION

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

5 ESTIMATES

The preparation of 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. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2017.

	Note	(Un-audited) September 30, 2017	(Audited) June 30, 2017
(Rupees in thousand)			
6 OPERATING FIXED ASSETS			
Opening book value (NBV)		4,127,596	3,637,902
Additions / (adjustment) at cost during the period / year	6.1	(4,469)	880,890
		4,123,127	4,518,792
Disposals at NBV during the period / year	6.2	(7,026)	(57,076)
Depreciation charged during the period / year		(82,243)	(334,120)
		(89,269)	(391,196)
Closing net book value (NBV)		4,033,858	4,127,596

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

Land	(6,000)	94,415
Building	-	10,046
Plant and machinery	-	731,044
Other equipment	225	16,107
Furniture and fixtures	-	319
Office and other equipment	360	2,445
Vehicles	946	26,514
	(4,469)	880,890



	(Un-audited) September 30, 2017	(Audited) June 30, 2017
	— (Rupees in thousand) —	
6.2 Details of disposals (at NBV) during the period / year are as follows:		
Building	-	(1,734)
Plant and machinery	(6,985)	(53,734)
Office and other equipment	-	(162)
Vehicles	(41)	(1,446)
	<u>(7,026)</u>	<u>(57,076)</u>
7 CAPITAL WORK IN PROGRESS		
Building	15,535	1,200
Plant and machinery	249,141	185,100
Advances	59,294	51,794
	<u>323,970</u>	<u>238,094</u>
8 SHARE CAPITAL		
8.1 Authorized share capital		
100,000,000 (June 30, 2017: 100,000,000) ordinary shares of Rs. 10/- each	1,000,000	1,000,000
25,000,000 (June 30, 2017: 25,000,000) preference shares of Rs. 10/- each	250,000	250,000
	<u>1,250,000</u>	<u>1,250,000</u>
8.2 Issued, subscribed and paid up share capital		
27,100,000 (June 30, 2017: 27,100,000) ordinary shares fully paid in cash	271,000	271,000
24,900,000 (June 30, 2017: 24,900,000) issued for consideration other than cash	249,000	249,000
25,000,000 (June 30, 2017: 25,000,000) fully paid bonus shares	250,000	250,000
	<u>770,000</u>	<u>770,000</u>

	(Un-audited) September 30, 2017	(Audited) June 30, 2017
	—— (Rupees in thousand) ——	
9 LONG TERM FINANCING		
From banking companies and financial institutions- secured		
Balance as at July 01	852,679	944,505
Obtained during the period / year	-	96,788
Repayments made during the period / year	(106,082)	(188,614)
	<u>746,597</u>	<u>852,679</u>
Current portion shown under current liabilities	(338,614)	(338,614)
	<u>407,983</u>	<u>514,065</u>
10 LONG TERM DIMINISHING MUSHARAKA		
From banking companies and financial institutions- secured		
Balance as at July 01	335,880	464,600
Obtained during the period / year	-	17,370
Repayments made during the period / year	(20,000)	(146,090)
	<u>315,880</u>	<u>335,880</u>
Current portion shown under current liabilities	(167,324)	(167,323)
	<u>148,556</u>	<u>168,557</u>
11 CONTINGENCIES AND COMMITMENTS		
11.1 Contingent liabilities		
a) The Company has received an order under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2004 creating demand of Rs. 12.069 million. The Company challenged it before Commissioner of Inland Revenue (Appeals) Zone-1 who decided the case in favour of the Company. The department had filed an appeal before Appellate Tribunal Inland Revenue. The Honourable ATIR (Appellate Tribunal Inland Revenue) remanded the case back to the Commissioner (Appeals) Zone-1 to pass a speaking order. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.069 million.		
b) The taxation authorities have amended the deemed assessment for the Tax Year 2010 by passing an order u/s 122(5A) of the Income Tax Ordinance, 2001 creating, thereby, income tax demand of Rs. 54.510 million. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) who partially set aside and remanded back and also partially decided in favour of the Company. The Company as well as tax department filed an appeal against the said order before Appellate Tribunal Inland Revenue which is still pending adjudication. The Company expects a favorable 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.		
c) The taxation authorities have amended the deemed assessment for Tax Year 2006 by passing an order u/s 122(5A) of the Income Tax Ordinance, 2001. The Company challenged the same before Commissioner Inland Revenue (Appeals) who partially set aside and partially decided against the Company. The Company has filed an appeal before Appellate Tribunal Inland Revenue against the said order. The ATIR remanded the case back to the Additional Commissioner Inland Revenue (ADCIR). In remand back proceeding ADCIR decided the case partially in favour of the Company. The Company		



has filed an appeal before Commissioner Inland Revenue (Appeals) CIR (A) against the remaining portion. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 4.080 million.

- d) Additional Commissioner has passed an order u/s 122(5A) of the Income Tax Ordinance, 2001 adding back tax credit u/s 65B of the Income Tax Ordinance, 2001 on Balancing, Modernization, and Replacement and tax credit on donations for Tax Year 2012. Tax amounting to Rs. 12.570 million has been assessed. The Company has challenged the case before Commissioner Inland Revenue (Appeals) who has decided it against the Company. The Company has filed appeal before Appellate Tribunal Inland Revenue. The ATIR remanded the case back to the Additional Commissioner Inland Revenue (ADCIR). In remand back proceedings the demand has been reduced to 2.922 million. The Company has preferred an appeals before Commissioner Inland Revenue (Appeals) CIR (A) against the demand. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 2.922.
- e) Proceedings u/s 161 were initiated by DCIR for the tax year 2013. The DCIR passed order u/s 161/205 and demand amounting to Rs. 1.423 million for tax year 2013 was created vide said order. The Company being aggrieved filed appeal before CIR (A), which is pending for adjudication. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 1.423 million.
- f) Demand amounting to Rs. 6.242 million has been created by DCIR vide order u/s 11 of Sales Tax Act, 2001 dated December 14, 2015 against the M/s Chemi Chloride Industries (Private) Limited, (now merged with and into the Company). The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case. The Company being aggrieved with order passed by CIR (A) filed appeal before ATIR which is still pending for adjudication. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 6.242 million.
- g) 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. 3.864 million (June 30, 2017: Rs. 3.864 million) against these claims.
- h) Letters of guarantee outstanding as at September 30, 2017 were Rs. 234.460 million (June 30, 2017: Rs. 233.439 million).

11.2 Commitments

Commitments as on September 30, 2017 were as follows:

- a) Against letters of credit amounting to Rs. 636.000 million (June 30, 2017: Rs. 642.924 million).
- b) Against purchase of land & shops amounting to Rs. 1.838 million (June 30, 2017: Rs. 9.338 million).

	(Un-audited) Quarter ended September 30, 2017 2016 — (Rupees in thousand) —	
12 COST OF SALES		
Raw materials consumed	166,684	139,943
Other overheads		
Stores, spares and consumables	78,628	78,801
Packing materials consumed	8,460	7,939
Salaries, wages and other benefits	111,579	99,230
Fuel and power	680,821	497,757
Repair and maintenance	11,770	6,909
Rent, rates and taxes	246	200
Insurance	3,014	4,303
Depreciation	79,997	72,781
Vehicle running expenses	2,366	4,046
Telephone, telex and postage	132	173
Printing and stationery	27	39
Other expenses	762	819
	<u>977,802</u>	<u>772,997</u>
Opening work in process	28,133	21,107
Closing work in process	(29,858)	(26,491)
	<u>(1,725)</u>	<u>(5,384)</u>
Cost of goods manufactured	<u>1,142,761</u>	<u>907,556</u>
Cost of stores traded	11,029	30
Opening stock of finished goods	301,434	323,412
Closing stock of finished goods	(378,482)	(377,932)
	<u>(77,048)</u>	<u>(54,520)</u>
	<u>1,076,742</u>	<u>853,066</u>

	(Un-audited) Quarter ended September 30, 2017 2016	
13 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation - (Rupees in thousand)	<u>23,363</u>	<u>62,063</u>
		Restated
Weighted average number of ordinary shares - (In thousand)	<u>77,000</u>	<u>77,000</u>
Earnings per share - basic and diluted - (Rupees)	<u>0.30</u>	<u>0.81</u>

There is no dilutive effect on the basic earnings per share of the Company. Prior period number of shares and earnings per share have been adjusted to give effect of bonus element included in the right issue.



Ms Certification
No of Certificate 236



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