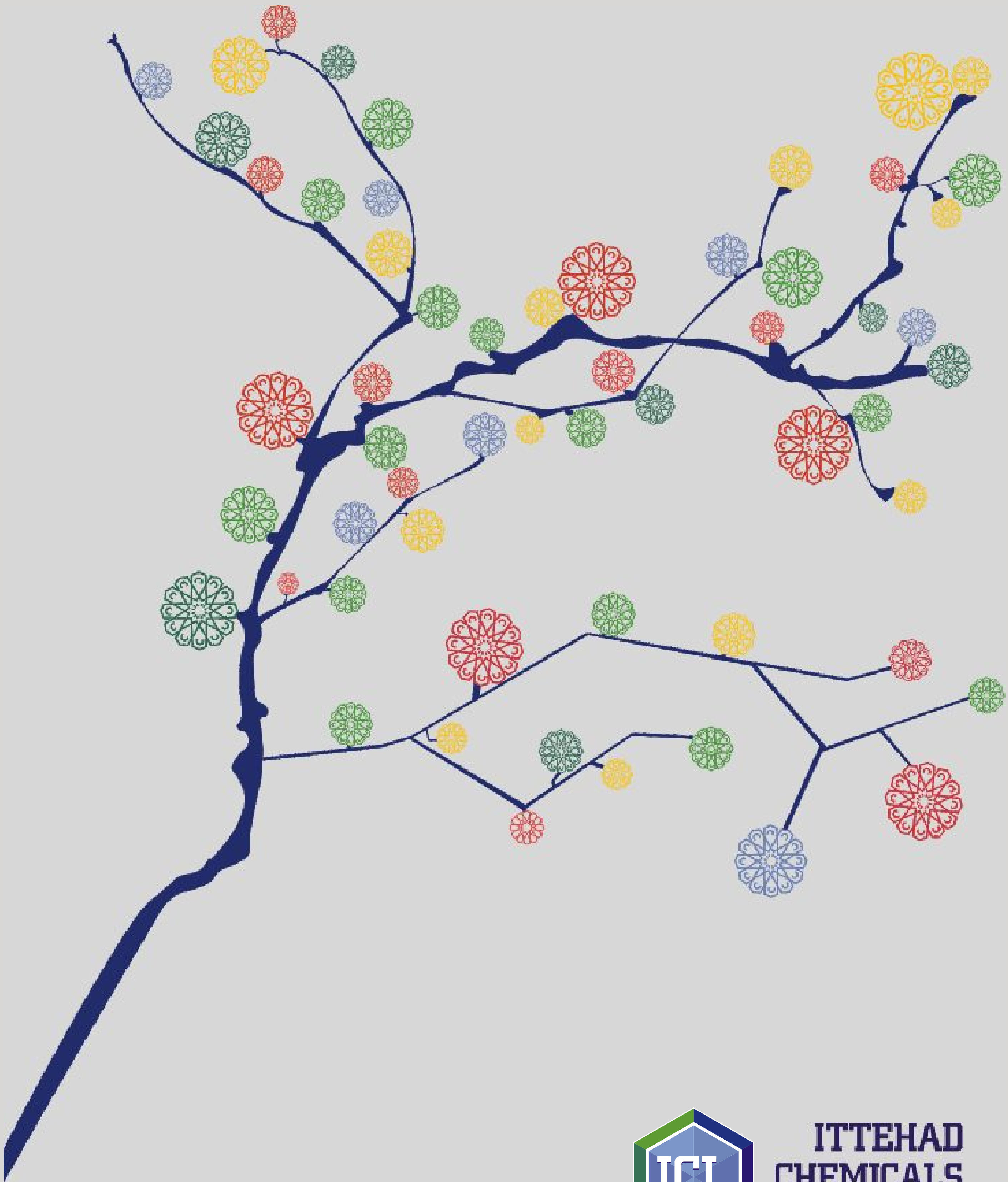
Annual Report 2017



ITTEHAD
CHEMICALS
LIMITED

ITTEHAD CHEMICALS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2017


CONTENT

Corporate Information

BOARD OF DIRECTORS

Mr. Muhammad Siddique Khatri	Chairman	Non-Executive Director
Mr. Abdul Sattar Khatri	Director/CEO	Executive Director
Mr. Abdul Ghafoor Khatri	Director	Non-Executive Director
Ms. Farhana Abdul Sattar Khatri	Director	Non-Executive Director
Mr. Waqas Siddiq Khatri	Director	Executive Director
Mr. Abdullah Mustafa	Director	Non-Executive Director
Mr. Pervaiz Ahmad Khan	Director	Independent Director

AUDIT COMMITTEE

Mr. Abdullah Mustafa	Chairman
Mr. Abdul Ghafoor Khatri	Member
Mr. Pervaiz Ahmad Khan	Member

HR & REMUNERATION COMMITEE

Mr. Abdul Ghafoor Khatri	Chairman
Mr. Abdullah Mustafa	Member
Mr. Waqas Siddiq Khatri	Member

CHIEF FINANCIAL OFFICER

Mr. Javed Iqbal

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

PLANT

G.T. Road, Kala Shah Kaku, District Sheikhupura.
Ph: 042 - 37950222 - 25, Fax: 042 - 37950206

SHARES REGISTRAR

M/s. Corplink (Pvt.) Limited
Corporate and Financial Consultants
Wings Arcade, 1-K Commercial, Model Town, Lahore.
Ph : 042 - 35839182, Fax : 042 - 35869037

BANKERS

Banks - Conventional Side

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

Banks - Islamic Window Operations

Al-Baraka Bank (Pakistan) Limited
Dubai Islamic Bank (Pak) Limited
Bank Alfalah Limited Islamic-Banking

AUDITORS

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

LEGAL ADVISOR

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

ICL VISION

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

ICL MISSION

Key ingredients of ICL Mission are:

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

ICL VALUES

- **Integrity**

  Integrity is regarded as the honesty and truthfulness or accuracy of one's actions.

- **Respect**

  Respect is a positive feeling of esteem or deference for a person and also specific actions and conduct representative of that esteem.

- **Teamwork**

  Teamwork is work done by several associates with each doing a part but all subordinating personal prominence to the efficiency of the whole.

- **Accountability**

  The principles of ethical accountability aim to improve both the internal standard of individual and group conduct as well as external factors, such as sustainable economic and ecologic strategies.

Notice of Annual General Meeting

NOTICE is hereby given that the 26th Annual General Meeting of the shareholders of **Ittehad Chemicals Limited** will be held on Thursday, October 26, 2017, at 11:00 a.m. at the Registered Office at 39 - Empress Road, Lahore to transact the following business:

Ordinary Business

1. To confirm the Minutes of Extraordinary General Meeting held on March 28, 2017.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended June 30, 2017 together with the Directors' and Auditors' Reports thereon.

3. To approve Final Cash Dividend of Rs. 1.30 per share i.e. 13% as recommended by the Board of Directors.

4. To appoint Auditors for the year 2017-18 and to fix their remuneration.

   M/s BDO Ebrahim & Co., Chartered Accountants retire and being eligible, have offered themselves for re-appointment.

5. Any other business with the permission of the chair.

By Order of the Board

Abdul Mansoor Khan
Company Secretary

Lahore
September 19, 2017

Notes:-

i. The Share Transfer Books of the Company will remain closed from October 19, 2017 to October 26, 2017 (both days inclusive). Transfers received in order by our Share Registrars, M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore by the close of business on October 18, 2017 will be considered in time for the purpose of payment of cash dividend to the transferees.

ii. A member of the Company entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The proxy, in order to be effective, must be received at the registered office of the Company duly signed and stamped not less than 48 hours before the time of meeting.

iii. The CDC Account holders/sub-account holders are requested to bring with them their original CNICs or Passports along with the Participant(s) ID Number and CDC account numbers at the time of attending the Annual General Meeting for identification purpose.

Iv. In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting. The nominee shall produce his original CNIC at the time of attending the meeting for identification purpose.

v. Members are requested to notify the change of address immediately, if any, to our Shares Registrar.

vi. Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 7871(I) / 2014 has facilitated the Companies to circulate Audited Financial Statements through e-mail after obtaining prior written consent of its members. The members who intend to receive the Audited Accounts through email are therefore, requested to kindly send their written consent along with e-mail addresses in a standard request form.

vii. Under the provisions of section 242 of the Companies Act 2017, any dividend payable in cash shall only be paid through electronic mode directly into the Bank Account designated by the entitled shareholders. The SECP, vide its Circular No. 18, 2017 has relaxed the aforesaid electronics dividend payment till October 31, 2017. The shareholders are hereby advised to provide a dividend mandate in favour of e-dividend by providing dividend mandate form (specimen available on Company's website). In case of CDC shareholders, please update the record with your CDC Participant.

viii. The Government of Pakistan has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are (a) 15% for filers of income tax returns and (b) 20% for non-filers of income tax returns.

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all Members whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 20% instead of 15%. Withholding of tax exemption on dividend income shall be allowed if copy of valid exemption certificate is made available at office of our Share Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore by the close of business on Close of Business day as on October 18, 2017.

ix. In pursuant to the clarification of FBR, in case of joint account each joint holder is to be treated individually as either a filer or non filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the members (CDC & Physical), in writing duly signed by each joint holder along with copies of CNICs as follows to the Shares Registrar of the Company. If the response to the notification is not received within stipulated time, each joint holder shall be assumed to have equal number of shares.

Folio/CDC A/c No :		**Name of Company:**		
Total Shares Held	Principal Share Holder (Name & CNIC)	Shares Held	Joint Share Holder (Name & CNIC)	Shares Held

x. As already communicated, SECP has directed vide its S.R.O. 831(I) / 2012 that the dividend warrants should bear the CNICs of the registered members or the authorized person except in the case of minor(s) and corporate members. CNIC numbers are, hence, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld. Therefore, the members who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) to our Share Registrar.

xi. The Annual Report is being transmitted to shareholders through CD or DVD or USB instead of sending in Book form / hard copy in terms of SRO No. 470(I)/2016 dated May 31, 2016 and its subsequent approval in the Annual General Meeting held on October 31, 2016.

xii. Pursuant to section 244 of the Companies Act 2017 (the "Act"). SECP has directed all Companies to submit a statement to the Commission through eServices portal stating therein the number of shares or amounts, as the case may be, which remain unclaimed or unpaid for a period of three years from the date it is due and payable as of 30th May, 2017 in respect of shares of a Company / dividend and any other instrument or amount which remain unclaimed or unpaid, as may be specified. Through this notice, the shareholders are intimated to contact with the Company for any unclaimed dividend / shares.

xiii. Members can also avail video conference facility in (name of the cities where facility can be provided keeping in view the geographical dispersal of members). In this regard fill the application as per following format and submit to the registered address of the company 10 days before the date of Annual General Meeting. The video conference facility will be provided only If the company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, The company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access such facility.

I / We ____ of ____ being member of Ittehad Chemicals Limited, holder of ______ Ordinary shares as per Register Folio # / CDC Account # / Participant Id # hereby opt for Video conference facility at __________________.

____

Signature of shareholder

xiv. The Annual Report for the Financial Year ended June 30, 2017 will be placed on Company's website www.ittehadchemicals.com in due course of time.

Directors' Report to Shareholders

The Directors of the Company take pleasure to present the Annual Report along with Audited Financial Statements for the Financial Year ended June 30, 2017 and Auditors' Report thereon.

ECONOMY OVERVIEW

The sharp rise in the current-account deficit throughout 2017 is the test for the economy. Risks to political stability will increase as parties gear up for parliamentary elections in mid-2018. However, Pakistan has immense economic potential as widely acknowledged though its Economic growth has historically remained volatile. The economy is presently expected to benefit from the China Pakistan Economic Corridor (CPEC) program and deeper integration with China. The economy is forecast to expand 5.0% in FY 2018, and 5.1% in FY 2019.

FINANCIAL PERFORMANCE

During the year under review, the Company posted net sales revenue of Rupees 4,990 Million with an increase of 10% (2016: Rupees 4,557 Million).The cost of sales stood at Rupees 4,170 Million (2016: Rupees 3,767 Million) bringing gross profit to Rupees 820 Million (2016: Rupees 791 Million). On the one hand, the capacity utilization of the Plants improved on account of better availability of Regasified Liquified Natural Gas (the "RLNG") but on the other hand the production efficiencies were adversely affected by charging of RLNG tariff by Sui Northern Gas Pipelines Limited instead of System Gas tariff which coupled with depressed prices of Calcium Chloride in international Market squeezed the gross profit margin during the year under review. As a result, gross profit margin declined to 16% from 17% vis-à-vis corresponding period.

The bottom line showed a net profit of Rupees 233 Million (2016: Rupees 167 Million) which yielded earning(s) per share of Rupees 3.37 per share (2016: Rupees 2.64 per share). During the year under review, the Company issued Twelve (12) Million Right shares at a premium of Rs. 15 per share; hence EPS for last year has been restated accordingly.

FINANCIAL HIGHLIGHTS

The comparative financial results for the year ended June 30, 2017 are as under:

	Financial Year ended June 30	
	2017	**2016**
	Rupees in "000"	
Net Sales	4,990,137	4,557,440
Gross Profit	819,710	790,926
Operating Profit	384,103	371,944
Profit/(Loss) before Tax	220,151	224,095
Profit after Tax	233,347	167,373
Earnings Per Share (Rupees)	3.37	2.64

During the year under review, the Company issued twelve (12) Million Right shares (at premium of Rs. 15 per share); hence EPS for last year has been restated accordingly.

PROFIT AND APPROPRIATIONS

	Financial Year ended June 30	
	2017	**2016**
	Rupees in "000"	
Total comprehensive income for the year	234,384	156,381
Add: - Un-appropriated profit brought forward	1,184,570	1,078,189
Profit available for appropriation	1,418,954	1,234,570
Appropriations:		
Final cash dividend paid @ 15% for the financial year 2015-2016 (2014-2015: 10%)	(97,500)	(50,000)
Profit available for appropriation	1,321,454	1,184,570

CASH DIVIDEND

The Board of Directors is pleased to recommend a final cash dividend of Rs. 1.30 per share i.e. 13% for the financial year ended June 30, 2017. The final dividend is subject to the approval of shareholders in Annual General Meeting scheduled to be held on October 26, 2017.

BALANCING, MODERNIZATION AND REPLACEMENT (BMR)

The Management remained focus on implementing production related operational efficiencies. As described in earlier reports, the company is replacing its IEM Plant 1 with state of the art power efficient Plant Ion Exchange Membrane (IEM Plant 3). The construction of cost efficient IEM Plant-3 project having capacity of 37,500 M.T. per annum is underway as announced. The delivery of Plant & machinery is anticipated in October 2017 and the plant is likely to be commissioned during quarter of FY 2017-18. Going forward the initiative is expected to further improve operational efficiencies.

RIGHT ISSUE

During the period under review, the Company issued twelve (12) million Right shares (at a premium of Rs. 15 per share) to entitled shareholders. The funds so realized are being utilized for setting up IEM Plant-3.

JCR-VIS Credit Rating

During the year, credit rating of the Company was reassessed by JCR-VIS Credit Rating Co. Ltd., and it has reaffirmed the medium to long-term entity rating of Ittehad Chemicals Limited (ICL) at 'A-' (Single A Minus) and short-term entity rating at 'A-2' (A-Two). Outlook on the assigned rating is 'Stable' as announced on January 02, 2017. These ratings depict low expectation of credit risk and good certainty of timely payment of financial commitments.

BOARD AND ITS COMMITTEES' MEETINGS AND ATTENDANCE

During the year, seven (07) Board meetings, four (04) Audit Committee meetings and two (02) HR & Remuneration Committee Meetings were held. The attendance of Board and its Committees' members is hereunder:

Name of Director	Number of Meetings attended		
	Board of Directors	Audit Committee	HR & R Committee
Mr. Muhammad Siddique Khatri	7	N/A	N/A
Mr. Abdul Sattar Khatri	7	N/A	N/A
Mr. Abdul Ghafoor Khatri	6	3	2
Mr. Yousaf Khatri	1	1	0
Mr. Waqas Siddiq Khatri	7	N/A	2
Mr. Abdullah Mustafa	6	3	2
Ms. Farhana Abdul Sattar Khatri	7	N/A	N/A
Mr. Pervaiz Ahmad Khan	7	4	N/A

Leave of absence granted to the Directors who could not attend the Board Meetings.

CHANGES IN THE BOARD OF DIRECTORS

In the Extra Ordinary General Meeting held on March 28, 2017 the re-election of Directors took place:

The following Directors were elected.

i. Mr. Muhammad Siddique Khatri
ii. Mr. Abdul Sattar Khatri
iii. Mr. Yousuf Khatri
iv. Ms. Farhana Abdul Sattar Khatri
v. Mr. Waqas Siddiq Khatri
vi. Mr. Abdullah Mustafa
vii. Mr. Pervaiz Ahmad Khan

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

Mr. Abdul Sattar Khatri has been appointed as CEO for a term of 3 years commencing from March 28, 2017 on a monthly remuneration of Rs. 500,000 as recommended by HR & R Committee. He would also be entitled to all other allowances, benefits, perquisites and terminal benefits as are admissible to Senior Executives of the Company according to the rules of the Company.

Mr. Waqas Siddiq Khatri has been reappointed as an Executive Director of the Company w.e.f. March 28, 2017 on a monthly remuneration of Rs. 400,000. He would also be entitled to all other allowances, benefits, perquisites and terminal benefits as are admissible to Senior Executives of the Company according to the rules of the Company.

Mr. Abdul Ghafoor Khatri was appointed as director on April 17, 2017 in place of Mr. Yousuf Khatri who resigned due to his personal commitments.

AUDIT COMMITTEE

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

1.	Mr. Abdullah Mustafa	Chairman	Non-Executive Director
2.	Mr. Abdul Ghafoor Khatri	Member	Non-Executive Director
3.	Mr. Pervaiz Ahmad Khan	Member	Independent Director

HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

1.	Mr. Abdul Ghafoor Khatri	Chairman	Non-Executive Director
2.	Mr. Abdullah Mustafa	Member	Non-Executive Director
3.	Mr. Waqas Siddiq Khatri	Member	Executive Director

DIRECTORS' TRAINING PROGRAMS

The Directors are aware of their fiduciary responsibilities. Presently, six (06) Board Members out of seven (07) have attained certification offered by SECP approved Institutes for Directors' Training Program.

CODE OF CONDUCT

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The compliance with the best practices of Code of Corporate Governance is always ensured by the Board. A statement to this effect is annexed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Following are the statements on Corporate and Financial Reporting Framework:

i. The financial statements together with notes thereon have been drawn up by the management in conformity with the repealed Companies Ordinance, 1984 (as relaxed by SECP vide its Circular # 17 of 2017). These statements present the Company's state of affairs fairly, the results of its operations, cash flow and changes in equity.

ii. Proper books of accounts of the Company have been maintained.

iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

iv. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.

v. The system of internal control is sound in design and has been effectively implemented and monitored.

vi. There are no significant doubts upon the Company's ability to continue as a going concern.

vii. The key operating and financial data for the last six years is annexed.

viii. Information about outstanding taxes and levies is given in Notes to the Accounts.

ix. The value of investments of the Provident Fund based on its audited accounts as on June 30, 2017 is given in Note # 39 of the Financial Statements.

x. All material information, as described in the Code is disseminated to the Stock Exchange and Securities and Exchange Commission of Pakistan in a timely fashion.

xi. The Company has complied with requirements as stipulated in Code relating to related party transactions.

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

HEALTH, SAFETY AND ENVIRONMENT

We are committed to provide a safe and healthy work environment to our employees. The Company meets applicable laws and government regulations as well as Company's own standards. We actively strive for eliminating all possible causes of accidents, preventing environmental pollution, minimizing waste, energy conservation, safety awareness, training, emergency preparedness and managing environmental impact that can affect the surrounding communities and the environment at large. As stated earlier, your Company has entered into a contract for setting up a CO2 Plant in order to mitigate the growth of Greenhouse gases.

The Company has been certified for Quality Management System ISO 9001:2015, Environment Management System ISO 14001:2015 and Occupational Health Safety Management System OHSAS 18001:2007 by TUV Austria Bureau of Inspection & certification (Pvt.) Ltd.

CORPORATE SOCIAL RESPONSIBILITY

Our main CSR focuses are Health Care, Education and community development. ICL continued to provide financial support to various organizations operating in the fields of Education, Health and Social uplift. During the year under review, Company contributed Rupees 7,190,912 to various charitable organizations.

EXTERNAL AUDITORS

The present auditors M/s. BDO Ebrahim & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment for the year 2017-18. As recommended by the Audit Committee, the Board of Directors has recommended their re-appointment as Auditors of the Company for the ensuing year subject to approval of the members in the forthcoming Annual General Meeting. The external auditors have been given a satisfactory rating under the Quality Control Review by the Institute of Chartered Accountants of Pakistan.

PATTERN OF SHAREHOLDING

The pattern of shareholding under section 236(d) and information under Rule 5.19.11 (f) (x) of the Code of Corporate Governance as on June 30, 2017 are annexed.

FUTURE OUTLOOK

The Management is taking all appropriate measures to achieve operational excellence. The construction of cost efficient IEM Plant-3 project having capacity of 37,500 M.T. per annum is underway and is likely to be commissioned during quarter of FY 2017-18. This will eventually improve the operational performance

and profitability of the Company. The depressed prices of Calcium Chloride in the international market and charging of RLNG Tariff by SNGPL are the challenges for the Company. The Management is also considering to diversify and establish Linear Alkyl Benzene Sulphonic Acid LABSA) Plant.

ACKNOWLEDGEMENT

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

On behalf of the Board

Lahore	**Muhammad Siddique Khatri**	**Mr. Abdul Sattar Khatri**
September 19, 2017	Chairman	Chief Executive Officer

ڈائریکٹرز رپورٹ:

کمپنی کے ڈائریکٹرز سالانہ رپورٹ بمعہ 30 جون 2017ءکوختم ہونے والے مالی سال کے پڑتال شدہ مالی گوشوارے اوران پرآڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کررہے ہیں۔

معیشت کا جائزہ:

مالی سال 2017ء کے دوران تیزی سے بڑھتا ہوا کرنٹ اکاؤنٹ کا خسارہ ایک بڑا معاشی امتحان ہے۔ سیاسی استحکام کے خطرات بھی بڑھیں گے کیونکہ سال 2018ء میں پارلیمانی الیکشن ہیں۔ تاہم پاکستان بے پناہ معاشی صلاحیت کا حامل ملک ہے جسے تسلیم بھی کیا گیا ہے حالانکہ تاریخی طور پر معاشی ترقی غیر مستحکم رہی ہے۔ سی پیک پروگرام اور چین کے ساتھ مضبوط تعلقات کی بدولت موجودہ معاشی صورت حال میں بہتری کی توقع ہے۔ مالی سال 2018 میں معیشت میں 5 فیصد اور مالی سال 2019 میں 5.1 فیصد بہتری کا اندازہ ہے۔

مالی کارکردگی:

زیر جائزہ سال کے دوران کمپنی کی مجموعی فروخت 10 فیصد کے اضافہ کے ساتھ 4,990 ملین روپے (2016ء 4,557 ملین روپے) رہی۔ فروخت کی لاگت 4,170 ملین روپے (2016ء 3,767 ملین روپے) رہی جس سے 820 ملین روپے (2016ء میں 791 ملین روپے) خام منافع ہوا۔ ایک طرف پلانٹس کی پیداواری صلاحیت میں Regasified Liquified Natural Gas(RLNG) کی مسلسل دستیابی کی بدولت بہتری آئی ہے جبکہ دوسری طرف پیداواری استعداد میں سوئی گیس کی جانب سے سسٹم گیس ٹیرف کی بجائے RLNG ٹیرف کی وصولی اور اس کے ساتھ کیلشیم کلورائیڈ کی انٹرنیشنل مارکیٹ میں قیمتوں میں کمی کی وجہ سے زیر جائزہ سال کے دوران منافع میں کمی واقع ہوئی۔ جس کی وجہ سے زیر غور عرصے میں مجموعی منافع 17 فیصد سے کم ہو کر 16 فیصد پر آ گیا۔

نچلی سطر 233 ملین روپے (2016ء میں 167 ملین روپے) کا مجموعی منافع دکھاتی ہے جس سے 3.37 روپے فی حصص (2016ء میں 2.64 روپے) آمدنی ہوئی۔ زیر جائزہ سال کے دوران کمپنی نے 15 روپے فی حصص کے پریمیئم پر 12 ملین کے حصص جاری کئے ہیں جس کی وجہ سے گزشتہ سال کی EPS کا اعادہ ہوا۔

مالی جھلکیاں:

30 جون 2017 کوختم ہونے والے سال کے لئے تقابلی مالیاتی نتائج درج ذیل ہیں۔

30 جون 2017 کوختم ہونے والے سال	روپے "000" میں 2017	روپے "000" میں 2016
مجموعی فروخت	4,990,137	4,557,440
مجموعی منافع	819,710	790,926
آپریٹنگ منافع	384,103	371,944
ٹیکس سے پہلے منافع/(نقصان)	220,151	224,095
ٹیکس کے بعد منافع	233,347	167,373
فی حصص کمائی (روپے)	3.37	2.64

موجودہ زیر جائزہ سال کے دوران کمپنی نے 15 روپے فی شیئر کے پریمیئم پر 12 ملین کے شیئرز الاٹ کئے ہیں جس کی وجہ سے گزشتہ سال کی EPS کا اعادہ ہوا۔

منافع اور تخصیص:

30 جون 2017 کوختم ہونے والے سال	روپے "000" میں	
	2016	2017
کل آمدنی برائے سال	156,381	234,384
بشمول: آگے لایا گیا غیر تخصیص والا منافع	1,078,189	1,184,570
تخصیص کیلئے موجود منافع	1,234,570	1,418,954
تخصیص		
مالی سال 16-2015 کیلئے حتمی نقد منافع کی 15 فیصد کے حساب سے ادائیگی		
(15-2014: 10 فیصد ادائیگی)	(50,000)	(97,500)
تخصیص کیلئے موجود منافع	1,184,570	1,321,454

نقد منافع:

بورڈ آف ڈائریکٹرز 30 جون 2017ءکو ختم ہونے والے مالی سال کیلئے 1.30 روپے کی حتمی نقد منافع فی شیئر یعنی 13 فیصد کی تجویز دیتے ہوئے خوشی محسوس کررہے ہیں۔ حتمی منافع 26 اکتوبر 2017ء کو ہونے والے سالانہ اجلاس عام کے حصص داران کی منظوری سے مشروط ہے۔

توازن، جدت اور متبادل:

انتظامیہ نے پیداوار سے متعلق آپریشنل استعداد کار کو بروئے کار لانے پر توجہ دی ہے۔ جیسا کہ پہلی رپورٹس میں بیان کیا گیا ہے کمپنی اپنے IEM پلانٹ 1 کو کم ایندھن کے استعمال کا حامل پلانٹ ایکسچینج ممبرین (IEM Plant 3) سے تبدیل کر رہی ہے۔ موثر لاگت کے IEM پلانٹ 3 پروجیکٹ کی صلاحیت 37,500MT ہے، کی تنصیب جاری ہے۔ اس پلانٹ کی ترسیل اکتوبر 2017ء تک ہو جائے گی اور یہ 18-2017 کی چوتھی سہ ماہی تک کام شروع کردے گا۔ اس پلانٹ کی بدولت آپریشنل استعداد کار میں آگے جاکر بہتری آئے گی۔

رائیٹ ایشو:

زیر جائزہ عرصہ کے دوران کمپنی نے تمام حقدار حصص داران کو 12 ملین رائیٹ شیئرز (15 روپے فی شیئر کے پریمیئم) جاری کئے۔ حاصل شدہ فنڈز IEM پلانٹ 3 کی تنصیب میں استعمال کئے جارہے ہیں۔

JCR-VIS کی کریڈٹ ریٹنگ:

سال کے دوران JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کمپنی کی کریڈٹ ریٹنگ کا دوبارہ جائزہ لیا اور اتحاد کیمیکلز لمیٹڈ کی درمیانہ درجہ سے طویل مدتی ریٹنگ 'A' (سنگل A مائنس) اور قلیل مدتی ریٹنگ 'A-2' پر کی ہے۔ تفویض کی گئی ریٹنگ 2 جنوری 2017ء کے اعلان کے مطابق مستحکم ہے۔ یہ ریٹنگ ظاہر کرتی ہے کہ مالیاتی وعدوں کی بروقت ادائیگی اور کریڈٹ رسک کا بہت کم امکان ہے۔

بورڈ اور اس کی کمیٹیاں، اجلاس اور حاضری:

سال کے دوران بورڈ کے 7 اجلاس، آڈٹ کمیٹی کے 4 اجلاس، اور HR & Remuneration Committee کے 2 اجلاس منعقد ہوئے۔ بورڈ اوراس کی کمیٹیوں کی حاضری درج ذیل ہے۔

ڈائریکٹر کا نام	شرکت کرنے والے اجلاسوں کی تعداد		
	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر اینڈ آر کمیٹی
جناب محمد صدیق کھتری	7	N/A	N/A
جناب عبدالستار کھتری	7	N/A	N/A
جناب عبدالغفور کھتری	6	3	2
جناب یوسف کھتری	1	1	0
جناب وقاص صدیق کھتری	7	N/A	2
جناب عبداللہ مصطفیٰ	6	3	2
محترمہ فرحانہ عبدالستار کھتری	7	N/A	N/A
جناب پرویز احمد خان	7	4	N/A

بورڈ آف ڈائریکٹرز میں تبدیلی:

28 مارچ 2017ء کو منعقد ہونے والے غیر معمولی اجلاس عام میں ڈائریکٹرز کا دوبارہ انتخاب ہوا۔

درج ذیل ڈائریکٹرز کا انتخاب کیا گیا۔

جناب محمد صدیق کھتری — جناب عبدالستار کھتری

جناب یوسف کھتری — محترمہ فرحانہ عبدالستار کھتری

جناب وقاص صدیق کھتری — جناب عبداللہ مصطفیٰ

جناب پرویز احمد خان

☆ جناب محمد صدیق کھتری کو چیئرمین بورڈ آف ڈائیریکٹرز منتخب کیا گیا۔

☆ جناب عبدالستار کھتری کو تین سال کیلئے سی ای او منتخب کیا گیا جس کا آغاز 28 مارچ 2017ء سے ہوا، ایچ آر اینڈ کمیٹی کی جانب سے ماہانہ 5 لاکھ روپے معاوضہ مقرر کیا گیا۔ اس کے علاوہ انھیں تمام الاؤنسز، مراعات، آمدن اور ٹرمینل فوائد جو کہ کمپنی کے قواعد وضوابط کے مطابق کمپنی کے سینئر ایگزیکٹو کیلئے لاگو ہوتے ہیں، ادا کئے جائیں گے۔

☆ جناب وقاص کھتری کو کمپنی کے ایگزیکٹو ڈائریکٹر کے طور پر منتخب کیا گیا ہے جس کی میعاد 28 مارچ 2017ء سے شروع ہو چکی ہے اور ماہانہ معاوضہ 4 لاکھ روپے ہے۔ اس کے علاوہ انھیں تمام الاؤنسز، مراعات، آمدن اور ٹرمینل فوائد جو کہ کمپنی کے قواعد وضوابط کے مطابق کمپنی کے سینئر ایگزیکٹو کیلئے لاگو ہوتے ہیں، ادا کئے جائیں گے۔

☆ جناب عبدالغفور کھتری کو 17 اپریل 2017ء کو محمد یوسف کھتری کی جگہ ڈائریکٹر منتخب کیا گیا جنھوں نے ذاتی وجوہات کی بنا پر استعفیٰ دے دیا تھا۔

آڈٹ کمیٹی:

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

☆ جناب عبداللہ مصطفیٰ	چیئرمین	نان ایگزیکٹو ڈائریکٹر
☆ جناب عبدالغفور کھتری	ممبر	نان ایگزیکٹو ڈائریکٹر
☆ جناب پرویز احمد خان	ممبر	آزاد ڈائریکٹر

ہیومن ریسورس اور معاوضہ کمیٹی:

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

☆ جناب عبدالغفور کھتری	چیئرمین	نان ایگزیکٹو ڈائریکٹر
☆ جناب عبداللہ مصطفیٰ	ممبر	نان ایگزیکٹو ڈائریکٹر
☆ جناب وقاص صدیق کھتری	ممبر	ایگزیکٹو ڈائریکٹر

ڈائریکٹرز کے لیے ٹریننگ پروگرام:

ڈائریکٹرز اپنے عہدے کی ذمہ داریوں سے مکمل آگاہ ہیں۔اس وقت 7 میں سے 6 ڈائریکٹرز نے SECP کے منظور شدہ انسٹیٹیوٹ فار ڈائریکٹرز ٹریننگ پروگرام سے سرٹیفکیشن حاصل کر رکھی ہے۔

ضابطہ اخلاق:

کمپنی کے تمام ملازمین سے بہترین اخلاقی وقانونی معاملات کے عکاس رویہ کی توقع کی جاتی ہے چاہے وہ کسی بھی جگہ یا عہدے کے ملازمین ہوں۔تاہم کمپنی نے مخصوص معیار اور ذمہ داریوں کا تعین کیا ہے۔ضابطہ اخلاق کمپنی کے تمام ملازمین میں تقسیم کیا گیا ہے اور کمپنی کی ویب سائیٹ پر بھی ڈال دیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کے ضابطہ کی تعمیل:

بورڈ نے کارپوریٹ گورننس کے بہترین طریقوں پر ہمیشہ عمل درآمد کو ہمیشہ یقینی بنایا ہے۔اس حوالے سے ایک بیان بھی منسلک کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی سٹیٹمنٹس درج ذیل ہیں۔

☆ مالیاتی گوشوارے اور کے نتیجے میں بننے والے نوٹس انتظامیہ نے منسوخ شدہ کمپنیز آرڈیننس 1984 کے مطابق لئے ہیں (باجازت SECP کے Circular # 17 of 2017)۔یہ گوشوارے کمپنی کے بہترین معاملات کی حالت،اس کے آپریشنز کے نتائج،کیش فلو اور سرمایہ میں تبدیلیوں کو ظاہر کرتی ہیں۔

☆ کمپنی کے اکاؤنٹس کی باقاعدہ کتب بنائی گئی ہیں۔

☆ مالی گوشوارے کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مدِنظر رکھا گیا ہے اور اکاؤنٹنگ کے اندازے مناسب اور دانشمندانہ فیصلوں پر کئے گئے ہیں۔

☆ مالی گوشوارے کی تیاری میں انٹرنیشنل مالیاتی رپورٹنگ معیار جو کہ پاکستان میں بھی لاگو ہے،کی پیروی کی جاتی ہے اور وہاں سے کسی بھی قسم کی کمی بیشی کی صورت میں مناسب طور پر وضاحت کی گئی ہے۔

☆ انٹرنل کنٹرول کا بہترین سسٹم ہے اور موثر انداز میں لاگو اور مانیٹر کیا جاتا ہے۔

☆ کمپنی کی صلاحیت کو جاری رکھنے کے حوالے سے کسی بھی قسم کے شکوک وشبہات نہیں ہیں۔

☆ گزشتہ 6 سال کا آپریٹنگ اور مالیاتی مواد منسلک کیا گیا ہے۔

☆ ٹیکس اور لیویز کے بقایاجات کے متعلق معلومات نوٹس میں اکاؤنٹس کو دی گئی ہیں۔

☆ آڈٹ شدہ اکاؤنٹس کی بنیاد پر پراویڈنٹ فنڈ کی انوسٹمنٹ کی ویلیو 30 جون 2017 کے مطابق فنانشل سٹیٹمنٹ کے نوٹ نمبر 39 میں دی گئی ہے۔

☆ ضابطے میں بیان شدہ تمام معلومات سٹاک ایکسچینج اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو بروقت فراہم کی گئی ہیں۔

☆ متعلقہ پارٹی ٹرانسیکشن کے حوالے سے تمام ضروریات کے مطابق کمپنی نے عمل درآمد کیا ہے۔

☆ ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی بیگمات اور بچوں کی جانب سے کمپنی کے شیئرز میں سال کے دوران کی گئی ٹریڈنگ اور شیئرز کی تعداد کے متعلق کسی بھی قسم کی معلومات منسلک ہیں۔

صحت، تحفظ اور ماحول:

ہم اپنے ملازمین کو کام کیلئے محفوظ اور صحتمند ماحول فراہم کرنے کیلئے کوشاں ہیں۔ کمپنی تمام قابل اطلاق قوانین اور حکومتی ضوابط پر عمل کرنے کے علاوہ کمپنی نے اپنا معیار بھی متعین کر رکھا ہے۔ ہم فعال طور پر حادثات کو باعث بننے والے عوامل کو ختم کرنے، ماحولیاتی آلودگی کو کم کرنے، فضلے میں کمی، توانائی کی بچت، حفاظتی آگاہی، ٹریننگ، ایمرجنسی کے حوالے سے تیاری، اور ماحولیاتی اثرات جو کہ اردگرد کی آبادیوں پر اثر انداز ہو سکتے ہیں، کو کم کرنے کیلئے ہر وقت کوشاں ہیں۔ جیسا کہ پہلے بیان کیا گیا ہے آپ کی کمپنی گرین ہاؤس گیسز کی بڑھوتری کو کم کرنے کیلئے کاربن ڈائی آکسائیڈ پلانٹ لگانے جا رہی ہے۔

کمپنی کو کوالٹی مینجمنٹ سسٹم آئی ایس او 9001:2015، انوائرنمنٹ مینجمنٹ سسٹم آئی ایس او 14001:2015، اور TUV آسٹریا۔ بیورو آف انسپیکشن اینڈ سرٹیفکیشن (پرائیویٹ) لمیٹڈ کی Occupational Health Safety مینجمنٹ سسٹم OHSAS سے بھی نوازا گیا ہے۔

کاروباری سماجی ذمہ داری:

صحت، تعلیم اور معاشرے کی بہتری ہمارے بنیادی کارپوریٹ سماجی ذمہ داری پروگرام ہیں۔ اس سلسلے میں اتحاد کیمیکلز لمیٹڈ صحت، تعلیم اور سماجی بہتری کیلئے کام کرنے والی مختلف تنظیموں کی مالی امداد بھی کر رہی ہے۔ زیر جائزہ سال کے دوران کمپنی نے مختلف رفاہی تنظیموں کو 7,190,912 روپے دیئے ہیں۔

بیرونی آڈیٹرز:

موجودہ آڈیٹرز میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ اور اہلیت کے حامل ہونے کی بنا پر 2017-18 کیلئے دوبارہ تعیناتی کی پیشکش کی ہے۔ آڈٹ کمیٹی کی سفارشات پر بورڈ آف ڈائریکٹرز نے میسرز بی ڈی او ابراہیم اینڈ کمپنی کی دوبارہ تعیناتی کیلئے آنے والے سالانہ اجلاس عام میں ممبرز کی اجازت کے بعد بقیہ سال کیلئے منظوری دی ہے۔ بیرونی آڈیٹرز کے حوالے سے میسرز بی ڈی او ابراہیم اینڈ کمپنی کے متعلق انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹ آف پاکستان نے کوالٹی کنٹرول ریویو کے تحت اطمینان بخش ریٹنگ جاری کی ہے۔

شیئر ہولڈنگ کی فہرست:

سیکشن 236(d) کے تحت شیئر ہولڈنگ کے پیٹرن اور کوڈ آف کارپوریٹ گورننس کے رول (x) (f) 5.19.11 کے تحت معلومات منسلک ہیں۔

مستقبل کا نقطہ نظر:

اعلیٰ آپریشنل مہارت کے حصول کیلئے منیجمنٹ تمام ضروری اقدامات کر رہی ہے۔ کم ایندھن کے استعمال کا حامل پلانٹ IEM پلانٹ 3 پروجیکٹ کی صلاحیت 37,500MT سالانہ ہے، کی تنصیب جاری ہے۔ اس پلانٹ کی ترسیل اکتوبر 2017ء تک ہو جائے گی اور 2017-18 کی چوتھی سہ ماہی تک کام شروع کر دے گا۔ اس پلانٹ کی بدولت آپریشنل استعداد کار اور کمپنی کے منافع میں بہتری آئے گی۔ کیلشیم کلورائیڈ کی انٹرنیشنل مارکیٹ میں قیمتوں میں کمی اور سوئی گیس پائپ لائن کی جانب سے RLNG ٹیرف کی وصولی کمپنی کیلئے چیلنجز ہیں۔

انتظامیہ بعض دوسرے کاروباری امور اور (LABSA) Linear Alkyl Benzene Sulphonic Acid. پلانٹ لگانے پر بھی غور کر رہی ہے۔

اظہارِ تشکر:

بورڈ اپنے تمام معزز حصص داران، کسٹمرز، بینکوں اور حکومتی محکموں کی جانب سے ہم پر اعتماد، مسلسل تعاون، سرپرستی کیلئے مشکور ہے اور سخت محنت، لگن سے کام کرنے پر کمپنی کے تمام ملازمین کا شکریہ ادا کرتا ہے۔

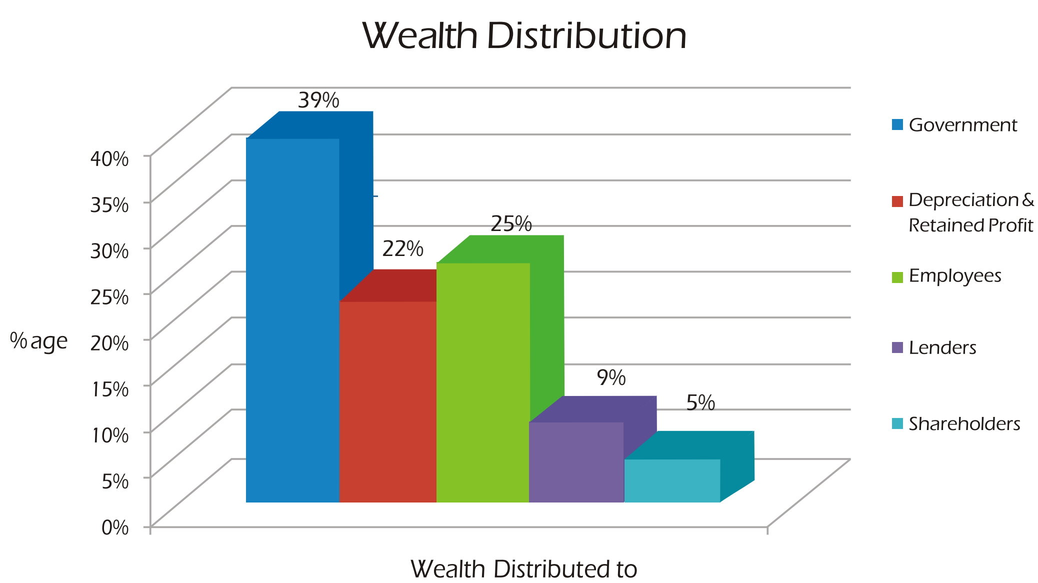
لاہور	محمد صدیق کھتری	عبدالستار کھتری
19 ستمبر 2017	چیئرمین	چیف ایگزیکٹو

Operating and Financial Highlights

	Unit	2017	2016	2015	2014	2013	2012
PROFIT AND LOSS							
Sales	Rs. in mln	4,990	4,557	4,046	4,104	4,278	4,004
Gross Profit	Rs. in mln	820	791	423	813	865	802
Operating Profit	Rs. in mln	384	372	31	405	453	430
Profit / (loss) before tax	Rs. in mln	220	224	(74)	281	333	228
Profit after tax	Rs. in mln	233	167	84	200	295	160
EBITDA	Rs. in mln	718	685	225	592	637	626
Earning per share - Basic and Diluted	Rs.	3.37	2.64	1.54	4.01	5.89	3.20
BALANCE SHEET							
Operating Fixed assets (NBV)	Rs. in mln	4,128	3,638	3,756	2,485	2,496	2,515
Current Assets	Rs. in mln	2,065	2,014	1,437	1,704	1,619	1,346
Current Liabilities	Rs. in mln	2,436	2,126	2,045	1,491	1,722	1,459
Long Term Liabilities	Rs. in mln	944	1,344	933	909	411	646
Share capital	Rs. in mln	770	650	500	500	360	360
Shareholders' Equity	Rs. in mln	2,421	1,985	1,578	1,541	1,376	1,154
INVESTOR INFORMATION							
Gross Profit Margin	%	16.43	17.35	10.45	19.81	20.23	20.03
Net Profit Margin	%	4.68	3.67	2.09	4.88	6.89	4.00
Return on Equity	%	10.59	9.40	5.42	13.74	23.29	14.78
Price Earning Ratio Restated		9.28	9.89	30.38	8.06	7.38	7.32
Net Asset Per Share	Rs.	31.45	30.53	31.56	30.81	38.23	32.06
Long -Term Debt to Equity Ratio		0.49	0.71	0.69	0.43	0.21	0.56
Current Ratio		0.85	0.95	0.70	1.14	0.94	0.92
Quick Ratio		0.49	0.48	0.39	0.60	0.52	0.54
Interest Coverage Ratio		2.17	2.25	0.28	3.04	3.71	2.09
Debtor Turnover	No. of Times	10.67	10.76	10.21	7.85	8.09	8.50
Inventory Turnover	No. of Times	4.80	3.78	5.66	4.06	4.74	5.69
Dividend Payout	%	38.58	56.82	64.94	24.94	18.33	33.78
Bonus Shares	%	-	-	-	-	38.8889	-
Dividend Per Share		1.30	1.50	1.00	1.00	1.50	1.50

Statement of Value Added

	Year ended June 30, 2017	2016
	(Rs. in Million)	
Wealth Generated:		
Total revenue net of discount and allownces	5,934	5,409
Bought-in-material and services	3,879	3,466
	2,054	1,943
Wealth Distributed:		
To Employees		
Salries, benefits and other costs	522	501
To Government		
Income tax, sales tax, special excise duty & WWF	801	814
To Providers of capital		
To shareholders (Dividend & Bonus Shares)	100	98
To Financial Institutes (Mark up/interest on borrowed funds)	177	165
Retained for Reinvestment and Growth		
Depreciation and retained profits	454	366
	2,054	1,943



Statement of Compliance With the code of Corporate Governance for the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	**Names**
Independent	Mr. Pervaiz Ahmad Khan
Executive Directors	Mr. Abdul Sattar Khatri Mr. Waqas Siddiq Khatri
Non-Executive Directors	Mr. Muhammad Siddique Khatri Mr. Abdul Ghafoor Khatri Ms. Farhana Abdul Sattar Khatri Mr. Abdullah Mustafa

   The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies were occurred during the year on the Board and were filled up on the same day by the board.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has arranged training programs for its Directors' and presently, six (06) Board Members out of seven (07) have attained certification offered by SECP approved Institutes for Directors' Training Program.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. However there was no new appointment on the aforesaid positions during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises three (03) members, of whom one is independent and two are non-executive directors. The chairman of the committee is a non-executive Director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three (03) members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set up an effective internal audit function. The staff is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP).

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the PSX Rule Book and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis of inclusion or exclusion of name of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

Lahore	**Muhammad Siddique Khatri**	**Mr. Abdul Sattar Khatri**
September 19, 2017	Chairman	Chief Executive Officer

Review Report to the Members on the Statement of Compliance with the code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of ITTEHAD CHEMICALS LIMITED ("the Company") for the year ended June 30, 2017 to comply with the requirements of Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

BDO Ebrahim & Co
Chartered Accountants
Engagement Partner: Muhammad Imran

Lahore
Dated: September 19, 2017

Financial Statements

For the year ended June 30, 2017

Auditors' Report to the Members

We have audited the annexed balance sheet of ITTEHAD CHEMICALS LIMITED ("the Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of Internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat fund established under Section 7 of that Ordinance.

BDO Ebrahim & Co.

BDO Ebrahim & Co
Chartered Accountants
Engagement Partner: Muhammad Imran

Lahore
Dated: September 19, 2017

Balance Sheet
as at June 30, 2017

	Note	2017	2016
		Rupees in thousand	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	4,127,596	3,637,902
Capital work in progress	6	238,094	452,146
		4,365,690	4,090,048
Intangible assets	7	6,445	6,445
Investment property	8	117,600	104,400
Long term investments	9	-	-
Long term deposits	10	41,690	34,182
		4,531,425	4,235,075
CURRENT ASSETS			
Stores, spares and loose tools	11	477,341	519,748
Stock in trade	12	391,744	476,639
Trade debts	13	551,326	500,801
Loans and advances	14	197,664	143,579
Trade deposits and short term prepayments	15	11,060	12,142
Tax refunds due from the Government	16	181,375	80,438
Taxation - net	17	146,268	154,109
Cash and bank balances	18	108,012	126,405
		2,064,790	2,013,861
TOTAL ASSETS		6,596,215	6,248,936
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	19.1	1,250,000	1,000,000
Issued, subscribed and paid up capital	19.2	770,000	650,000
Share premium	19.2.2	330,000	150,000
Unappropriated profit		1,321,454	1,184,570
		2,421,454	1,984,570
SURPLUS ON REVALUATION OF FIXED ASSETS	20	794,848	794,848
NON CURRENT LIABILITIES			
Long term financing	21	514,065	757,791
Long term diminishing musharaka	22	168,557	323,233
Liabilities against assets subject to finance lease	23	-	-
Deferred liabilities	24	261,770	262,755
		944,392	1,343,779
CURRENT LIABILITIES			
Trade and other payables	25	1,006,391	821,005
Mark-up accrued	26	32,694	27,667
Short term borrowings	27	890,499	948,986
Current portion of long term liabilities	28	505,937	328,081
		2,435,521	2,125,739
CONTINGENCIES AND COMMITMENTS	29	-	-
TOTAL EQUITY AND LIABILITIES		6,596,215	6,248,936

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Profit and Loss Account
For the year ended June 30, 2017

	Note	2017	2016
		Rupees in thousand	
Sales	30	4,990,137	4,557,440
Cost of sales	31	(4,170,427)	(3,766,514)
Gross profit		819,710	790,926
Selling and distribution expenses	32	(260,530)	(256,003)
General and administrative expenses	33	(157,338)	(172,910)
Other operating expenses	34	(67,409)	(11,915)
Other income	35	49,670	21,846
		(435,607)	(418,982)
Operating profit		384,103	371,944
Financial charges	36	(177,152)	(165,249)
Fair value gain on investment property	8	13,200	17,400
Profit before taxation		220,151	224,095
Taxation	37	13,196	(56,722)
Profit after taxation		233,347	167,373
			Restated
Earning per share - Basic and diluted (Rupees)	40	3.37	2.64

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

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

For the year ended June 30, 2017

	Note	2017	2016
		Rupees in thousand	
Profit after taxation for the year		233,347	167,373
Other comprehensive income			
Items that will not be reclassified to profit and loss account			
Remeasurement of defined benefit liability	24.2	1,442	(15,391)
Related tax effect		(405)	4,399
		1,037	(10,992)
Total comprehensive income for the year		234,384	156,381

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

Cash Flow Statement
For the year ended June 30, 2017

	Note	2017	2016
		Rupees in thousand	
Cash flows from operating activities			
Profit before tax		220,151	224,095
Adjustments for items not involving movement of funds:			
Depreciation	5.2	334,120	306,839
Amortization of intangible assets	33	-	6,343
Provision for staff retirement gratuity	24.2	18,943	16,113
Loss / (gain) on sale of fixed assets	34 & 35	51,897	(3,855)
Gain on revaluation of investment property	8	(13,200)	(17,400)
Foreign exchange gain	35	(437)	(2,235)
Provision for doubtful debts	13	-	15,482
Bad debts written off	33	-	202
Financial charges	36	177,152	165,249
Net cash flow before working capital changes		788,626	710,833
(Decrease) / increase in current assets			
Stores, spares and loose tools		42,407	(51,372)
Stock in trade		84,895	(305,199)
Trade debts		(50,088)	(52,661)
Loans and advances		(54,085)	(89,124)
Trade deposits and short term prepayments		1,082	(4,376)
Tax refunds due from the Government		(2,672)	27,061
		21,539	(475,671)
Increase in current liabilities			
Trade and other payables		185,047	19,454
Cash generated from operations		995,212	254,616
Taxes paid		(90,422)	(128,409)
Gratuity paid		(5,696)	(8,157)
Financial charges paid		(179,830)	(186,534)
Net cash generated from / (used in) operating activities		719,264	(68,484)
Cash flows from investing activities			
Additions to operating fixed assets		(157,330)	(40,540)
Additions to capital work in progress		(501,804)	(553,222)
Proceeds from sale of operating fixed assets		5,179	5,571
Long term deposits		(7,508)	2,375
Net cash used in investing activities		(661,463)	(585,816)
Cash flows from financing activities			
Proceeds from long term financing		96,788	467,220
Repayments of long term financing		(188,614)	(121,878)
Proceeds from long term diminishing musharaka		17,370	101,561
Repayments of long term diminishing musharaka		(146,090)	(121,533)
Repayment of finance lease liabilities		-	(339)
Dividend paid		(97,161)	(49,960)
Proceeds from issue of right shares		300,000	300,000
Short term borrowings		(58,487)	86,244
Net cash (used in) / generated from financing activities		(76,194)	661,315
Net (decrease) / increase in cash and cash equivalents		(18,393)	7,015
Cash and cash equivalents at the beginning of the year		126,405	119,390
Cash and cash equivalents at the end of the year	18	108,012	126,405

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

Statement of Changes in Equity

For the year ended June 30, 2017

	Issued, subscribed and paid-up capital	Share premium	Unappropriated profits	Total
	Rupees in thousand			
Balance as at July 01, 2015	500,000	-	1,078,189	1,578,189
Transaction with owners:				
Final cash dividend 2015: Re. 1 per share	-	-	(50,000)	(50,000)
Right shares issued during the year	150,000	150,000	-	300,000
	150,000	150,000	(50,000)	250,000
Total comprehensive income for the year				
Profit for the year	-	-	167,373	167,373
Remeasurement of defined benefit liability - net	-	-	(10,992)	(10,992)
	-	-	156,381	156,381
Balance as at June 30, 2016	650,000	150,000	1,184,570	1,984,570
Transaction with owners:				
Final cash dividend 2016: Re. 1.5 per share	-	-	(97,500)	(97,500)
Right shares issued during the year	120,000	180,000	-	300,000
	120,000	180,000	(97,500)	202,500
Total comprehensive income for the year				
Profit for the year	-	-	233,347	233,347
Remeasurement of defined benefit liability - net	-	-	1,037	1,037
	-	-	234,384	234,384
Balance as at June 30, 2017	770,000	330,000	1,321,454	2,421,454

The annexed notes from 1 to 52 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Notes to the Financial Statements
For the year ended June 30, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These 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 Standards Board as are notified under the Companies Ordinance, 1984 and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The financial statements of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide Circular No. 17 dated July 20, 2017.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except as modified for fair value adjustment in freehold land, investment property, investments and exchange differences as referred to in notes 4.1, 4.4, 4.5, 4.6 and 4.21 respectively.

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

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are disclosed in note 38.

2.3 Functional and presentation currency

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

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

3.1 Standards or interpretations that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods Beginning on or after)
IFRS 10	Consolidated Financial Statements - Amendments regarding application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 27	Separate Financial Statements (as amended in 2011) - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	January 01, 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception	January 01, 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation	January 01, 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16	January 01, 2016

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

Annual Improvements to IFRSs (2012 – 2014) Cycle:

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 34	Interim Financial Reporting

3.2 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred Indefinitely

		Effective date (annual periods Beginning on or after)
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred Indefinitely
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

'The Annual Improvements to IFRSs that are effective for annual periods beginning on or after January 01, 2017 are as follows:

Annual Improvements to IFRSs (2014 – 2016) Cycle:

IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018

3.3 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

a) Owned assets

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

Depreciation is charged on all fixed assets by applying the reducing balance method at the rates specified in note 5. The rates are determined to allocate the cost of an asset less estimated residual value, if not insignificant, over its useful life.

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

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

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

b) Leased assets

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets acquired on lease. Outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Finance costs under lease agreements are allocated to the period during the lease term so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Assets acquired under a finance lease are depreciated over the useful life of the asset on reducing balance method at the rates given in note 5. Depreciation on leased assets is charged to the profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which asset is disposed off.

c) Capital work in progress

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

4.2 Intangible assets

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

4.3 Goodwill

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

4.4 Investment property

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

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

Rental income from investment property is accounted for as described in note 4.23.

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

For a transfer from inventories to investment property that will be carried at fair value any difference between the fair value of the property at that date and its previous carrying amount shall be recognized in the income statement.

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

4.5 Investment in associates

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

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

4.6 Investments in subsidiary

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

4.7 Stores, spares and loose tools

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

4.8 Stock-in-trade

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

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

Adequate provision is made for slow moving and obsolete items.

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

4.9 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount being the fair value of amount to be received, less an estimate made for doubtful receivables based on review of outstanding amounts at the year end, if any. An estimate is made for doubtful receivables when collection of the amount is no longer probable. Debts considered irrecoverable are written off.

4.10 Taxation

a) Current

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

b) Deferred

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

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

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

4.11 Borrowings

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

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

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

4.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

4.13 Provisions

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

4.14 Leases

Finance lease

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset is classified as finance lease. Assets on finance lease are capitalised at the commencement of the lease term at the lower of the fair value of leased assets and the present value of minimum lease payments. Finance costs under lease arrangements are allocated to the periods during the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

Operating lease / Ijarah

Operating lease / ijarah in which a significant portion of the risks and rewards of ownership are retained by the lessor / Muj'ir (lessor) are classified as operating leases/Ijarah. Payments made during the period are charged to profit and loss on a straight-line basis over the period of the lease / Ijarah.

The SECP has issued directive (vide SRO 431(I)/2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS-2) shall be followed in preparation of the financial statements by companies while accounting for Ijarah (Lease) transactions as defined by said Standard. The Company has adopted the above said standard.

4.15 Cash and bank balances

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

4.16 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks net of borrowings not considered as being in the nature of financing activities.

4.17 Dividend and appropriation to reserve

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

4.18 Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds recoverable amount, assets are written down to the recoverable amount.

4.19 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to profit and loss account currently.

4.19.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company are carried as loans and receivables.

These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Investments at fair value through profit or loss

A non-derivative financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit and loss when incurred.

Investments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit and loss account.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

Subsequent to initial recognition, the financial assets classified as loans and receivables are carried at amortised cost using the effective interest method.

Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold to maturity.

Subsequent to initial recognition, these financial assets are carried at amortised cost. Amortisation of premium / discount, if any, on the acquisition of investments is carried out using the effective yield method.

Available for sale

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the investment matures or management intends to dispose of the financial assets within twelve months of the balance sheet date.

Subsequent to initial recognition, these financial assets are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in equity through other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

Impairment

At the end of each reporting period the Company assesses whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly or by adjusting provision account.

4.19.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently carried at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respect of carrying amounts is recognised in the profit and loss account.

4.20 Offsetting of financial assets and financial liabilities

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

4.21 Foreign currency transactions and translation

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

4.22 Employee benefits

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

4.22.1 Staff retirement benefits

a) Defined benefit plan (Gratuity Fund)

The Company operates an un-funded gratuity scheme for all its permanent employees who have attained retirement age, died or resigned during service period and have served for the minimum qualification period. Provision is based on the actuarial valuation of the scheme carried out as at June 30, 2017 using the Projected Unit Credit Method in accordance with IAS-19 "Employee Benefits" and resulting vested portion of past service cost has been charged to income in the current year. The remeasurement gains / losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the profit and loss account.

b) Defined contribution plan (Provident Fund)

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

4.22.2 Compensated absences

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

4.23 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax and sales discounts, if any.

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

- Sale of goods are recorded when the risks and rewards are transferred, that is, on dispatch of goods to customers.

- Rental income is recognized on accrual basis.
- Return on deposit is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.
- Dividend on equity investments is recognized as income when the right to receive payment is established.

4.24 Related party transactions

Transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length. The prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.

4.25 Borrowing costs

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

4.26 Segment reporting

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

4.27 Contingencies

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

4.28 Share capital

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

4.29 Earnings per share

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

4.30 Share premium

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

5 OPERATING FIXED ASSETS

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

Description	Freehold land	Buildings on freehold land	Railway sidings	Plant and machinery	Other equipments	Furniture and fixtures	Office and other equipments	Vehicles	Total	Leased Vehicle	Grand total
	(Rupees in thousand)										
Net carrying value basis year ended June 30, 2017											
Opening net book value (NBV)	851,566	147,849	2,199	2,557,645	32,286	4,099	15,414	26,844	3,637,902	-	3,637,902
Additions (at cost)	94,415	10,046	-	731,044	16,107	319	2,445	26,514	880,890	-	880,890
Disposals (NBV)	-	(1,734)	-	(53,734)	-	-	(162)	(1,446)	(57,076)	-	(57,076)
Depreciation charge	-	(15,139)	(220)	(300,652)	(6,347)	(436)	(3,425)	(7,901)	(334,120)	-	(334,120)
Closing net book value	945,981	141,022	1,979	2,934,303	42,046	3,982	14,272	44,011	4,127,596	-	4,127,596
Gross carrying value basis year ended June 30, 2017											
Cost	945,981	276,654	7,273	5,320,701	117,776	9,765	56,340	82,266	6,816,756	-	6,816,756
Accumulated depreciation	-	(135,632)	(5,294)	(2,386,398)	(75,730)	(5,783)	(42,068)	(38,255)	(2,689,160)	-	(2,689,160)
Net book value	945,981	141,022	1,979	2,934,303	42,046	3,982	14,272	44,011	4,127,596	-	4,127,596
Net carrying value basis year ended June 30, 2016											
Opening net book value (NBV)	851,566	164,254	2,443	2,661,802	25,830	3,843	16,276	29,812	3,755,826	353	3,756,179
Additions (at cost)	-	21	-	170,847	11,316	680	2,688	4,726	190,278	-	190,278
Disposals / transfers (NBV)	-	-	-	(102)	-	-	-	(1,272)	(1,374)	(342)	(1,716)
Depreciation charge	-	(16,426)	(244)	(274,902)	(4,860)	(424)	(3,550)	(6,422)	(306,828)	(11)	(306,839)
Closing net book value	851,566	147,849	2,199	2,557,645	32,286	4,099	15,414	26,844	3,637,902	-	3,637,902
Gross carrying value basis year ended June 30, 2016											
Cost	851,566	273,294	7,273	4,721,252	101,669	9,446	54,501	60,572	6,079,573	-	6,079,573
Accumulated depreciation	-	(125,445)	(5,074)	(2,163,607)	(69,383)	(5,347)	(39,087)	(33,728)	(2,441,671)	-	(2,441,671)
Net book value	851,566	147,849	2,199	2,557,645	32,286	4,099	15,414	26,844	3,637,902	-	3,637,902
Depreciation rate % per annum	-	10	10	10	15	10	15 to 30	20		20	

5.1 Free hold land was revalued by independent valuers M/s. Harvestor Services (Private) Limited as at May 25, 2006, M/s. Dimen Associates (Private) Limited as at June 30, 2009, M/s. Engineering Pakistan Int'l (Private) Limited as at June 30, 2012 and M/s. Unicorn International Surveyors as at June 30, 2015 on the basis of market value. The revaluation resulted in surplus aggregating to Rs. 794.848 million (2016: Rs. 794.848 million). Had there been no revaluation on that date, the book value of operating fixed assets would have been lower by Rs. 794.848 million (2016: Rs. 794.848 million). Had there been no revaluation, the net book value of the free hold land would have been Rs. 151.133 million (2016: Rs. 56.718 million).

	Note	2017	2016
		Rupees in thousand	

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

	Note	2017	2016
Cost of sales	31	326,198	300,213
Selling and distribution expenses	32	1,317	1,321
General and administrative expenses	33	6,605	5,305
		334,120	306,839

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

Description	Cost	Accumu-lated depreciation	Net Book value	Sale proceeds	Mode of disposal	Particulars of buyers
	(Rupees in thousand)					
Toyota Pickup LHO-6238 (LEI-14A-1383)	211	211	-	575	Negotiation	Mr. Anayat
Suzuki APV CS-7774	1,390	1,122	268	980	Negotiation	Asadullah
Suzuki Bolan LEC-10-9022	645	487	158	370	Negotiation	Munawwar Islam
Suzuki Alto LEF-08-1089	589	493	96	425	Insurance Claim	EFU
Honda City AYQ-810	1,276	449	827	1,265	Negotiation	Mr. Azhar Hassan Khan
Suzuki Cultus LEC-08-7604	709	612	97	500	Negotiation	Mr. Muhammad Ramzan
Diesel Generator	74	67	7	600	Negotiation	Zahid Nadeem
Rotary Dryer # 1	2,239	1,516	723	464	Negotiation	Neelum Chemicals
DSA (P&M)	136,575	81,675	54,900	-	Scrapped	
Total - 2017	143,708	86,632	57,076	5,179		
Total - 2016	7,304	5,588	1,716	5,571		

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

5.4.1 Fair value measurement of free hold land is based on the valuations carried out by an independent valuer M/s. Unicorn International Surveyors as at June 30, 2015 on the basis of market value.

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

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

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

	2017	2016
	Rupees in thousand	

6 CAPITAL WORK IN PROGRESS

	2017	2016
This comprises of:		
Building	1,200	-
Plant and machinery	185,100	425,966
Advances	51,794	26,180
	238,094	452,146

6.1 Movement of carrying amount

	Note	Advances	Building	Plant and Machinery	Total
		(Rupees in thousands)			
Year ended June 30, 2017					
Opening balance		26,180	-	425,966	452,146
Additions (at cost)	6.2	25,614	6,338	477,556	509,508
Transferred to operating fixed assets		-	(5,138)	(718,422)	(723,560)
Closing balance		51,794	1,200	185,100	238,094
Year ended June 30, 2016					
Opening balance		1,639	-	21,606	23,245
Additions (at cost)	6.2	24,541	-	554,098	578,639
Transferred to operating fixed assets		-	-	(149,738)	(149,738)
Closing balance		26,180	-	425,966	452,146

6.2 Borrowing cost capitalised during the year amounted to Rs. 7.705 million (2016: Rs. 0.876) at an average rate of 7.59% (2016: 7.59%) per annum.

7 INTANGIBLE ASSETS

	Note	2017	2016
		Rupees in thousand	
Computer software and licences	7.1	-	-
Goodwill	7.2	6,445	6,445
		6,445	6,445

7.1 Computer software and licences

	Note	2017	2016
Net carrying value as at 1 July			
Opening balance as on July 01,		-	6,343
Amortization charge	33	-	(6,343)
Net book value as at June 30,		-	-
Gross carrying value as at 30 June			
Cost		22,542	22,542
Accumulated amortization		(22,542)	(22,542)
Net book value		-	-
Amortization % per annum		33.33%	33.33%
The amortization charge for the year has been allocated as follows:			
Administrative expenses	33	-	6,343

7.2 Goodwill

This represents excess of the amount paid over fair value of net assets of subsidiary company (now merged with and into the Company) on its acquisition. The recoverable amount of goodwill was tested for impairment by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with IAS-36. The value in use calculations are based on cash flow projections. These are then extrapolated for a period of 5 years using a steady long term expected demand growth of 5 % p.a. and terminal value determined based on long term earning multiples. The cash flows are discounted using applicable discount rate. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

	Note	2017	2016
		Rupees in thousand	
8 INVESTMENT PROPERTY			
Free hold land	8.1	117,600	104,400
8.1 The movement in this account is as follows:			
Opening balance		104,400	87,000
Fair value gain on revaluation shown in "income statement"		13,200	17,400
	8.2	117,600	104,400

8.2 Fair value measurement (Investment property)

This comprises commercial property that is freehold land held for capital appreciation. The carrying value of investment property is the fair value of the property as at June 30, 2017 as determined by approved independent valuer M/s Unicorn International Surveyors. Fair value is determined having regard to recent market transactions for similar properties in the same location and condition.

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

Valuation techniques used to derive level 2 fair values - Land

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

9 LONG TERM INVESTMENTS

	Note	2017	2016
Investment in related party - unquoted			
Chemi Visco Fiber Limited			
5,625,000 (2016: 5,625,000) fully paid ordinary shares		56,250	56,250
Less: Provision for diminution in value of investment	9.1	(56,250)	(56,250)
Relevant information:			
Percentage of investment in equity held 7.91% (2016: 7.91%) (Chief Executive : Mr. Usman Ghani)		-	-

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

	Note	2017	2016
		Rupees in thousand	
10 LONG TERM DEPOSITS			
Long term deposit	10.1	41,690	34,182

10.1 These deposits do not carry any interest or markup and are not recoverable within one year.

	Note	2017	2016
11 STORES, SPARES AND LOOSE TOOLS			
Stores:			
in hand	11.1	92,186	148,801
in transit		-	354
		92,186	149,155
Spares:			
in hand	11.1	385,005	363,892
in transit		6,162	15,475
		391,167	379,367
		483,353	528,522
Less: Provision for obsolete stores and spares	11.2	6,012	8,774
		477,341	519,748

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

11.2 Movement of provision for obsolete stores and spares

	2017	2016
Opening balance	8,774	8,774
Addition during the year	-	-
Reversal during the year	-	-
Written off during the year	(2,762)	-
	6,012	8,774

	Note	2017	2016
12 STOCK IN TRADE			
Raw materials:			
in hand	31	49,300	102,976
in transit		-	13,357
		49,300	116,333
Packing materials		12,878	15,787
Work in process	31	28,133	21,107
Finished goods	12.1 & 31	301,433	323,412
		391,744	476,639

12.1 These include provision for write down of finished goods inventory to net realisable value amounting to Rs. 42.000 million (2016: Rs. 22.891 million).

	Note	2017	2016
		Rupees in thousand	

13 TRADE DEBTS

	Note	2017	2016
Secured			
Considered good		78,762	31,673
Unsecured			
Considered good		472,564	469,128
Considered doubtful		35,440	53,197
		508,004	522,325
		586,766	553,998
Less: Provision for doubtful debts	13.1	35,440	53,197
		551,326	500,801

13.1 Movement of provision for doubtful debts is as follows:

	2017	2016
Opening balance	53,197	44,323
Adjustment on account of:		
Doubtful debts written off	(17,757)	(4,950)
Recovery of doubtful debts	-	(1,658)
Provision made for doubtful debts	-	15,482
Net adjustment	(17,757)	8,874
Closing balance	35,440	53,197

14 LOANS AND ADVANCES

	Note	2017	2016
Advances - (considered good)			
To employees		14,985	16,273
For supplies and services		182,342	127,131
Against import		337	175
	14.1	197,664	143,579

14.1 These advances do not carry any mark-up or interest.

15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2017	2016
Trade deposits - (Considered good)	15.1	6,115	6,472
Prepayments		4,945	5,670
		11,060	12,142

15.1 These deposits do not carry any mark-up or interest.

16 TAX REFUNDS DUE FROM GOVERNMENT

	2017	2016
(Considered good)		
Income tax	175,742	77,477
Sales tax	5,633	2,961
	181,375	80,438

17 TAXATION - NET

	Note	2017	2016
Advance income tax		146,268	154,109
Less: Provision for taxation	37	-	-
		146,268	154,109

	Note	2017	2016
		Rupees in thousand	

18 CASH AND BANK BALANCES

	Note	2017	2016
Cash in hand		590	455
Cheques in hand		91,856	115,475
Cash at banks			
Current accounts	18.1	15,566	10,475
		108,012	126,405

18.1 Cash with bank in current accounts do not carry any interest or markup.

19 SHARE CAPITAL

19.1 Authorized share capital

2017	2016		2017	2016
Number of ordinary shares of Rs. 10/- each				
100,000,000	75,000,000	Ordinary shares of Rs. 10/- each	1,000,000	750,000
25,000,000	25,000,000	Preference shares of Rs. 10/- each	250,000	250,000
125,000,000	100,000,000		1,250,000	1,000,000

19.2 Issued, subscribed and paid up capital

2017	2016		Note	2017	2016
Number of ordinary shares of Rs. 10/- each					
27,100,000	15,100,000	Fully paid in cash	19.2.2	271,000	151,000
24,900,000	24,900,000	Issued for consideration other than cash		249,000	249,000
25,000,000	25,000,000	Fully paid bonus shares		250,000	250,000
77,000,000	65,000,000			770,000	650,000

19.2.1 Movement of share capital is as follows:

	Number of shares	Rupees (thousand)
Opening balance	65,000,000	650,000
Right shares issued during the year	12,000,000	120,000
Closing balance	77,000,000	770,000

19.2.2 During the year the Board of Directors of the Company has issued 12,000,000 ordinary right shares at Rs. 25/- (including premium of Rs. 15/- per share) to existing shareholders i.e. in proportion of 18.462 right shares for every 100 ordinary shares held.

20 SURPLUS ON REVALUATION OF FIXED ASSETS

	Note	2017	2016
		Rupees in thousand	
Opening balance		794,848	794,848
Revaluation surplus arising during the year		-	-
	20.1	794,848	794,848

20.1 This amount represents surplus arising on the revaluation of freehold land carried out on June 30, 2015 by an independent valuer M/s. Unicorn International Surveyors on the basis of market value.

21 LONG TERM FINANCING

	Note	2017	2016
		Rupees in thousand	
Secured:			
Banking Companies			
The Bank of Punjab	21.1	192,250	269,150
MCB Bank Limited (Formerly NIB Bank Limited)	21.2	450,000	353,212
		642,250	622,362
Other Financial Institutions			
Pak Kuwait Investment Company (Private) Limited	21.3	39,000	65,000
Pak Libya Holding Company (Private) Limited	21.4	114,286	171,429
Pak Brunei Investment Company Limited	21.5	57,143	85,714
		210,429	322,143
		852,679	944,505
Less: Current portion shown under current liabilities	28	338,614	186,714
		514,065	757,791

21.1 This finance is secured against first pari passu charge over fixed assets of the Company and carries mark up at six months average KIBOR plus 1.75% to be recovered on quarterly basis. The loan was disbursed in different tranches starting from October 2014 and is repayable in sixteen quarterly equal instalments after one year grace period starting from the first drawdown.

21.2 This finance is secured against first pari passu charge over fixed assets of the Company and carries mark up at three months average KIBOR plus 1.50% to be recovered on quarterly basis. The loan was disbursed in different tranches starting from June 2016 and is repayable in twelve quarterly equal instalments after one year grace period starting from the first drawdown.

21.3 This finance is secured against first pari passu charge on all present and future fixed assets of the Company with 25% margin and carries mark up at six months KIBOR plus 2.5% per annum. This loan was disbursed in October 2013 and is repayable in eighteen quarterly equal instalments commencing from January 2014 with a principal grace period of six months.

21.4 This finance is secured against first pari passu charge by way of hypothecation on all present and future moveable and immovable fixed assets (other than land & building) of the Company with 25% margin and carries mark up at six months average KIBOR plus 2.5% per annum. This loan was disbursed in March 2014 and November 2014. The loan is repayable in seven semi annual equal instalments commencing from 24th month from the date of first disbursement with a principal grace period of one and half year.

21.5 This finance is secured against hypothecation / mortgage charge over all present and future fixed assets of the Company with 25% margin and carries mark up at six months average KIBOR plus 1.50%. The loan was disbursed in January 2015 and is repayable in seven equal semi-annual instalments commencing from January 2016.

	Note	2017	2016
		Rupees in thousand	

22 LONG TERM DIMINISHING MUSHARAKA

	Note	2017	2016
Secured			
Banking Companies			
Al-Baraka Bank (Pakistan) Limited	22.1	109,636	155,210
Al-Baraka Bank (Pakistan) Limited (Formerly Burj Bank Limited)	22.1	146,244	209,390
Dubai Islamic Bank (Pakistan) Limited	22.2	80,000	100,000
		335,880	464,600
Less: Current portion shown under current liabilities	28	167,323	141,367
		168,557	323,233

22.1 These finances have been obtained from Islamic financial institutions and are secured against first exclusive charge over imported Plant and Machinery and first pari passu charge over present and future fixed assets of the Company under an arrangement permissible under Shariah and carries mark up at six months average KIBOR plus 2.50% per annum. These finances were disbursed from June, 2014 to February, 2015 in different trunches and are repayable in eight semi annual equal instalments commencing from 18th months from the first draw down date inclusive of initial one year grace period for principal payment.

22.2 This finance has been obtained from an Islamic financial institution and is secured against first pari passu charge on all present and future fixed assets of the Company under an arrangement permissible under Shariah with 25% margin and carries mark up at six months average KIBOR plus 1.5% per annum. This loan was disbursed in February 2016 and is repayable in five semi annual equal instalments commencing from February 2017.

23 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

		2017	2016
Secured			
Balance as on July 01		-	339
Addition during the year		-	-
		-	339
Payments / adjustments during the year		-	(339)
Current portion shown under current liabilities		-	-
		-	(339)
		-	-

24 DEFERRED LIABILITIES

	Note	2017	2016
Deferred taxation	24.1	176,678	189,468
Provision for gratuity	24.2	85,092	73,287
		261,770	262,755

	2017	2016
	Rupees in thousand	

24.1 Deferred taxation

	2017	2016
Deferred tax liability comprises as follows:		
Taxable temporary differences		
Tax depreciation allowances	421,323	401,951
Deductible temporary differences		
Provision for gratuity	(23,865)	(20,946)
Provision for doubtful debts	(9,098)	(15,959)
Provision for WPPF	(3,373)	-
Tax losses	-	(34,175)
Tax credits	(208,309)	(141,403)
	176,678	189,468

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

	2017	2016
Balance as at July 1,	189,468	131,922
Charge to profit and loss account	(13,195)	61,945
Charge recognised in other comprehensive income	405	(4,399)
	176,678	189,468

24.2 Provision for gratuity

a. General description

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

Annual charge is based on actuarial valuation carried out by an independent approved valuer M/S Nauman Associates as at June 30, 2017 using the Projected Unit Credit method.

The Company faces the following risks on account of gratuity:

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

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

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

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

	2017 Percentage Per annum	2016 Percentage
b) Significant actuarial assumptions		
Following are significant actuarial assumptions used in the valuation:		
Discount rate	9.25	9
Expected rate of increase in salary	8.25	8

	2017	2016
	Rupees in thousand	
c) Reconciliation of payable to defined benefit plan		
Present value of obligation	85,092	73,287
Liability recognized in balance sheet	85,092	73,287
d) Movement of the liability recognized in the balance sheet		
Opening net liability	73,287	49,861
Charge for the year	18,943	16,192
Remeasurement chargeable to other comprehensive income	(1,442)	15,391
Contribution paid to outgoing employees	(5,696)	(8,157)
Closing net liability	85,092	73,287
e) Movement in present value of defined benefit obligations		
Present value of obligation at the start of the year	73,287	49,861
Current service cost	12,604	11,728
Interest cost	6,339	4,464
Experience adjustment and actuarial loss / (gain) on obligation	(1,442)	15,391
Contribution paid to outgoing employees	(5,696)	(8,157)
Closing present value of defined benefit obligations	85,092	73,287
f) Charge for the year		
Current service cost	12,604	11,728
Interest cost	6,339	4,464
Charge for the year	18,943	16,192

g) As per actuarial estimates, the charge in respect of defined benefit plan for the year ending June 30, 2018 would be Rs. 20.272 million.

h) Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in assumption	Decrease in assumption
Discount rate	77,428	93,970
Salary increase	94,070	77,206

i) The average duration of the defined benefit obligation is 10 years.

j) Remeasurement chargeable to other comprehensive income		
Experience adjustment and actuarial loss / (gain) on obligation	(1,442)	15,391
Tax impact at 30% (2016: 30%) - net of export %age	405	(4,399)
	(1,037)	10,992

	Note	2017	2016
		Rupees in thousand	

25 TRADE AND OTHER PAYABLES

	Note	2017	2016
Trade creditors		84,327	89,298
Accrued liabilities	25.1 & 25.2	851,822	668,755
Advances from customers		55,004	46,491
Retention money		2,411	3,983
Income tax deducted at source		1	7
Workers' Profit Participation Fund	25.3	12,029	11,739
Workers Welfare Fund		117	-
Other liabilities		680	732
		1,006,391	821,005

25.1 These include a balance due to Chemi Multifabrics Limited, other related party, amounting to Rs. 7.275 million (2016: Rs. 0.038 million).

25.2 The Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated on May 22, 2015 whereby cess rate of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumption, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

Further, the Hon'ble Sindh High Court has granted the Company ad-interim stay order against the GIDC Act, 2015. This stay order has restrained Sui Northern Gas Pipelines Limited (SNGPL) from charging and / or recovering the cess under the GIDC Act, 2015 till the final decision on the writ petition. However, on prudence basis, the Company has recognized a provision of Rs. 497.568 million (2016: Rs. 346.031 million) relating to industrial as well as captive power consumption. Adequate provision has been made in these financial statements to cover the liability.

25.3 Workers' profit participation fund

	Note	2017	2016
Balance as at July 01,		11,739	866
Interest at prescribed rate		268	-
Less: Amount paid to fund		10,876	6
		1,131	860
Current year's allocation at 5%	34	10,898	10,879
		12,029	11,739

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

	Note	2016	2015
		Rupees in thousand	
26 MARK UP ACCRUED			
Secured			
Long term financing		18,764	14,300
Long term diminishing musharaka		3,870	5,213
Short term borrowings		10,060	8,154
		32,694	27,667
27 SHORT TERM BORROWINGS			
Secured			
Banking companies			
Running finances			
MCB Bank Limited	27.1	26,992	38,390
Askari Bank Limited	27.1	16,422	25,543
The Bank of Punjab	27.1	77,399	130,776
MCB Bank Limited (Formerly NIB Bank Limited)	27.1	195,401	239,118
		316,214	433,827
Term finance			
Askari Bank Limited	27.2	150,000	150,000
Al-Baraka Bank (Pakistan) Limited	27.2	-	1,667
Dubai Islamic Bank (Pakistan) Limited	27.2	13,285	-
Bank Al-Falah Limited	27.2	175,000	249,992
Pak Brunei Investment Company Limited	27.2	200,000	100,000
Al-Baraka Bank (Pakistan) Limited	27.2	36,000	13,500
		574,285	515,159
		890,499	948,986

27.1 Short term running finance facilities from various banks aggregated to Rs. 640 million (2016: Rs. 790 million) and carries mark-up ranging from three months KIBOR plus 1.25% to 1.9% per annum (2016: three months KIBOR plus 1.25% to 1.9% per annum) on utilized limits. These facilities are secured against first pari passu charge over present and future current assets of the Company and hypothecation charge over stores, spares and stocks of chemicals.

27.2 Term finance facilities from various banks aggregated to Rs. 900 million (2016: Rs. 775 million) and carry mark-up ranging from Matching KIBOR plus 1.00% to 1.25% per annum (2016: Matching KIBOR plus 1.00 % to 1.25 % per annum) on utilized limits. These facilities are secured against first pari passu charge over present and future current assets of the Company.

	Note	2017	2016
		Rupees in thousand	
28 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing	21	338,614	186,714
Long term diminishing musharaka	22	167,323	141,367
		505,937	328,081

29 CONTINGENCIES AND COMMITMENTS

29.1 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 (June 30, 2016: 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 (2016: Rs. 18.737 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 (2016: Rs. 12.570 million.

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 (2016: Rs. 3.489 million) against these claims.

h) Letters of guarantee outstanding as at June 30, 2017 were Rs. 233.439 million (2016: Rs. 237.198 million).

29.2 Commitments

Commitments as on June 30, 2017 were as follows:

a) Against letters of credit amounting to Rs. 642.924 million (2016: Rs. 234.455 million).

b) Against purchase of land and shops amounting to Rs. 9.338 million (2016: Rs. 1.838 million).

30 SALES

	Note	2017	2016
		Rupees in thousand	
Sales			
Manufacturing	30.1	5,805,759	5,324,567
Trading		78,090	62,679
		5,883,849	5,387,246
Less: Sales tax		813,903	757,158
Commission to selling agents		79,809	72,648
		893,712	829,806
		4,990,137	4,557,440

30.1 This amount includes export sales amounting to Rs. 338.857 million (2016: Rs. 231.181 million).

31 COST OF SALES

	Note	2017	2016
		Rupees in thousand	
Raw materials consumed			
Opening stock		102,976	59,842
Purchases		541,055	641,635
		644,031	701,477
Closing stock	12	(49,300)	(102,976)
		594,731	598,501
Stores, spares and consumables		316,273	204,107
Packing materials consumed		38,660	41,572
Salaries, wages and other benefits	31.1	396,894	379,855
Fuel and power		2,372,195	2,358,662
Repair and maintenance		41,066	34,388
Rent, rates and taxes	31.2	906	15,214
Insurance		15,246	16,478
Depreciation	5.2	326,198	300,213
Vehicle running expenses		14,167	17,504
Telephone, telex and postage		650	688
Printing and stationery		89	186
Other expenses		3,657	3,434
		3,526,001	3,372,301
Work in process			
Opening		21,107	25,666
Closing	12	(28,133)	(21,107)
		(7,026)	4,559
Cost of goods manufactured		4,113,706	3,975,361
Cost of stores traded		34,742	43,148
Finished goods			
Opening		323,412	71,417
Closing	12	(301,433)	(323,412)
		21,979	(251,995)
		4,170,427	3,766,514

31.1 This amount includes Rs. 15.142 million (2016: Rs. 15.727 million) in respect of employees' retirement benefits.

31.2 This amount includes Rs. NIL (2016: Rs. 14.398 million) in respect of operating lease rentals.

	Note	2017	2016
		Rupees in thousand	
32 SELLING AND DISTRIBUTION EXPENSES			
Salaries and other benefits	32.1	30,994	30,223
Travelling and conveyance		1,029	1,081
Vehicle running expenses		2,192	2,507
Advertisement		172	264
Telephone, telex and postage		1,153	1,294
Marketing service charges		23,541	21,920
Freight		191,901	190,142
Rent, rates and taxes		3,354	2,986
Printing and stationery		431	363
Fee and subscription		227	746
Fuel and power		1,742	2,005
Repair and maintenance		1,569	406
Insurance		908	745
Depreciation	5.2	1,317	1,321
		260,530	256,003

32.1 This amount includes Rs. 2.905 million (2016: Rs. 1.950 million) in respect of employees' retirement benefits.

	Note	2017	2016
33 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other benefits	33.1	93,972	90,856
Traveling and conveyance		13,357	12,127
Vehicle running expenses		5,737	5,950
Telephone, telex and postage		2,421	2,157
Rent, rates and taxes		7,696	7,003
Printing and stationery		840	558
Fee and subscription		5,541	2,188
Legal and professional charges		4,633	4,241
Fuel and power		3,141	3,519
Provision for doubtful debts		-	15,482
Repair and maintenance		3,060	4,068
Depreciation	5.2	6,605	5,305
Amortization of intangible assets	7.1	-	6,343
Bad debts written off		-	202
Donations	33.2	7,191	9,491
Other expenses		3,144	3,420
		157,338	172,910

33.1 This amount includes Rs. 3.599 million (2016: Rs. 3.228 million) in respect of employees' retirement benefits.

33.2 Donations

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

Donation amounting to Rs. 1.800 million (2016: Rs. 1.800 million) paid to Kiran Ibtadai School. Ms. Sabina Khatri w/o Mr. Muhammad Siddique Khatri, Chairman of the Company is the patron of the school and Mr. Waqas Siddiq Khatri, an executive director of the company, is also the member of the Board of Trustees.

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

34 OTHER OPERATING EXPENSES

	Note	2017	2016
		Rupees in thousand	
Auditors' remuneration			
Audit fee		750	750
Half yearly review fee		189	175
Tax and certification charges		164	42
Out of pocket expenses		133	69
		1,236	1,036
Loss on sale of fixed assets		259	-
Loss on scrape of fixed asset	34.1	54,899	-
Workers' profit participation fund	25.3	10,898	10,879
Workers welfare fund		117	-
		67,409	11,915

34.1 This represents an amount of Rs. 54.899 million (2016: Nil) on account of scrapping of DSA plant as, no future economic benefits are expected from its use.

35 OTHER INCOME

	Note	2017	2016
Income from financial assets			
Return on saving accounts		-	-
Gain on foreign exchange	35.1	437	2,235
		437	2,235
Income from non- financial assets			
Gain on sale of fixed assets		3,261	3,855
Sale of scrap		42,172	10,613
Liabilities no longer payable written back		-	3,485
Recovery of doubtful debts		-	1,658
Rental income	35.2	3,800	-
		49,233	19,611
		49,670	21,846

35.1 Exchange gain is earned from actual currency translation.

35.2 This represents a small portion of free hold land given on rent purposes to third party.

	Note	2017	2016
		Rupees in thousand	

36 FINANCIAL CHARGES

		2017	2016
Mark-up/interest on:			
Long term financing		64,952	53,232
Long term diminishing musharaka		36,220	44,228
Interest on lease finance		-	19
Short term borrowings		71,235	63,365
Worker's profit participation fund		268	-
		172,675	160,844
Bank charges and commission		4,477	4,405
		177,152	165,249

37 TAXATION

	Note	2017	2016
Current	37.2	-	-
Prior year		(2)	(5,223)
Deferred tax impact due to reversal of temporary differences		(13,194)	66,068
Deferred tax impact resulting from reduction in tax rate		-	(4,123)
		(13,196)	56,722

37.1 As the tax charge represent minimum tax under the income Tax Ordinance, 2001, numerical reconciliation between the average effective tax rate and the applicable tax rate is not prepared and presented.

37.2 As per provisions of Income Tax Ordinance, 2001, tax credit equal to 10% of the amount invested in the acquisition of plant and machinery for purposes of balancing, modernization and replacement (BMR) is admissible against the income tax payable subject to certain conditions. Accordingly, an amount of Rs. 46.284 million (2016: Rs. 44.095 million) has been adjusted against minimum tax provision during the year.

37.3 The rate of tax has been changed by taxation authorities from 32% to 31% for the Tax Year 2017 and 30% for Tax Year 2018.

37.4 Finance Act, 2015 introduced a new section 5A to the Income Tax Ordinance, 2001 on the subject of tax on undistributed reserves from Tax Year 2015, according to which, tax at the rate of ten percent of undistributed profits on every public Company other than a scheduled bank or a Modaraba (deeming it to be taxable income), that derive profits in a tax year but does not distribute cash dividends within six months of the end of the said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital, so much of its reserves as exceed hundred percent of paid up capital shall be treated as income of the Company.

An amendment was made in this section by Finance Act, 2017, according to which, tax at the rate of 7.5% of undistributed profits on every public Company other than a scheduled bank or a Modaraba (deeming it to be taxable income), that derive profits in a tax year but does not distribute at least 40% of its after tax profit within six months of the end of said tax year through cash dividend or bonus shares.

The foresaid provisions shall not apply to a Company which distributes profit equal to forty percent of its after tax profits within six months of the end of the tax year.

If the Company does not distribute the cash dividend or bonus shares within the prescribed time and period, the Company will face tax implications.

The Company intends to distribute cash dividend within the prescribed time limit.

38 ACCOUNTING ESTIMATES AND JUDGMENTS

The Company's main accounting policies affecting its result of operations and financial conditions are set out in note 4. Judgments and assumptions have been required by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions. Key sources of estimation, uncertainty and critical accounting judgments are as follows:

a) Income taxes

The Company takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes as explained in note 4.10 to these financial statements.

b) Defined benefit plan

Certain actuarial assumptions have been adopted by external professional valuer (as disclosed in note 24.2) for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

c) Property, plant and equipment

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

Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. As explained in note 20 to these financial statements, the Company has revalued its free hold land as on June 30, 2015.

d) Stores and spares

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

e) Financial Instrument

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

f) Provision for doubtful receivables

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

39 DEFINED CONTRIBUTION PLAN

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

The Trustees have intimated that the size of the Fund at year end was Rs. 5.246 million (2016: Rs. 5.457 million).

The cost / fair value of the investments was Rs. 3.892 million at that date. The category wise break up of investment as per section 277 of the Companies Ordinance, 1984 is given below:

	Rupees in thousand	Percentage
Deposit in Scheduled banks	3,892	100

40 EARNINGS PER SHARE - BASIC AND DILUTED

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

	2017	2016
	Rupees in thousand	
Profit after taxation - (Rupees in thousand)	233,347	167,373
Weighted average number of ordinary shares - (in thousand)	69,246	63,502
Earnings per share - (Rupees)	3.37	2.64

Earnings per share for corresponding year has been restated on account of issue of right shares (note 19.2.2) as required by International Accounting Standard 33 "Earnings per share".

41 TRANSACTIONS WITH RELATED PARTIES INCLUDING ASSOCIATED UNDERTAKINGS

The related parties comprise of related group companies, local 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:

Transactions with related parties

Relation with the Company	Nature of transaction	2017	2016
		Rupees in thousand	
Other related party	Marketing service charges	23,574	21,920
Other related party	Loan received	-	1,500
	Loan paid	-	(1,500)
Associated company	Loan received	143,200	-
	Loan paid	(143,200)	-
Associated company	Sale of goods	-	478
Staff retirement fund	Contribution to staff retirement	437	380
Directors and employees	Remuneration to directors and key management personnel	72,611	74,235

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

42 FINANCIAL INSTRUMENTS

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

42.1 Credit risk

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

	2017	2016
	Rupees in thousand	
Long term deposits	41,690	34,182
Trade debts - net of provision	551,326	500,801
Loans and advances - net of provision	14,985	16,273
Trade deposits	6,115	6,472
Bank balances	107,422	125,950
	721,538	683,678

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

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

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

	2017	2016
	Rupees in thousand	
Export	78,762	31,673
Domestic	472,564	469,128
	551,326	500,801

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

Dealers	139,221	127,027
End-user customers	412,105	373,774
	551,326	500,801

The aging of trade receivable at the reporting date is:

Not past due	357,833	289,056
Past due 1-30 days	111,561	110,220
Past due 30-150 days	54,851	67,249
Past due more than 150 days	27,081	34,276
	551,326	500,801

The company's most significant customers, are dealers from whom the receivable was Rs. 139.221 million (2016: Rs. 127.027 million) and foreign debtors amounting to Rs. 78.762 million (2016: Rs. 31.673 million) of the total carrying amount as at June 30, 2017.

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

On the prudence basis an amount of Rs. NIL (2016: Rs. 15.482 million) has been charged, as provision for doubtful debts, to profit and loss account.

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

	Rating Agency	Ratings Short Term	Ratings Long Term
Al-Baraka Bank (Pakistan) Limited	PACRA	A1	A
Allied Bank Limited	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
Bank Al-falah Limited	PACRA	A1+	AA+
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1	AA-
Faysal Bank Limited	PACRA	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
The Bank of Punjab	PACRA	A1+	AA
United Bank Limited	JCR-VIS	A-1+	AAA

42.2 Liquidity risk

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

	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in thousand)					
2017						
Financial liabilities						
Long term financing	852,679	948,830	201,208	194,580	356,408	196,634
Long term diminishing musharaka	335,880	372,162	97,181	94,809	180,172	-
Trade and other payables	939,240	939,240	939,240	-	-	-
Mark-up accrued	32,694	32,694	32,694	-	-	-
Short term borrowing	890,499	906,865	906,865	-	-	-
	3,050,992	3,199,791	2,177,188	289,389	536,580	196,634
2016						
Financial liabilities						
Long term financing	944,505	1,105,151	132,626	128,637	359,579	484,309
Long term diminishing musharaka	464,600	539,393	81,163	98,420	187,685	172,125
Trade and other payables	762,768	762,768	762,768	-	-	-
Mark-up accrued	27,667	27,667	27,667	-	-	-
Short term borrowing	948,986	966,743	966,743	-	-	-
	3,148,526	3,401,722	1,970,967	227,057	547,264	656,434

42.3 Market risk

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

42.4 Currency risk

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

	Note	2017	2016
		Rupees in thousand	
Trade debts		78,762	31,673
Gross balance sheet exposure		78,762	31,673
Outstanding letters of credit	29.2	(642,924)	(234,455)
Net exposure		(564,162)	(202,782)

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2017	2016	2017	2016
USD to PKR	104.85	103.20	105.00	104.70

Sensitivity analysis

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

Effect on profit or loss		
Gain	7,876	3,167

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

42.5 Interest rate risk

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

	2017	2016
	Carrying amount	
Financial liabilities	Rupees in thousand	
Variable rate instruments:		
Long term loans	852,679	944,505
Long term diminishing musharaka	335,880	464,600
Short term borrowings	890,499	948,986
	2,079,058	2,358,091

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit and loss	
	100 bp Increase	100 bp decrease
As at June 30, 2017		
Cash flow sensitivity - Variable rate financial liabilities	(20,791)	20,791
As at June 30, 2016		
Cash flow sensitivity - Variable rate financial liabilities	(23,581)	23,581

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

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

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

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

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

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

There were no financial instruments held by the Company which are measured at fair value as of June 30, 2017 and June 30, 2016.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

44 FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
	Rupees in thousand	
Financial assets		
Loans and receivables at cost or amortised cost		
Long-term deposits	41,690	34,182
Trade debts - net of provisions	551,326	500,801
Loans and advances	14,985	16,273
Trade deposits	6,115	6,472
Cash and bank balances	108,012	126,405
	722,128	684,133
Financial liabilities		
Financial liabilities at amortised cost		
Long term financing	852,679	944,505
Long term diminishing musharaka	335,880	464,600
Trade and other payables	939,240	762,768
Mark-up accrued	32,694	27,667
Short-term borrowings	890,499	948,986
	3,050,992	3,148,526

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	(Rupees in thousand)					
Managerial remuneration	4,000	4,000	3,200	3,200	72,811	60,652
House rent allowance	1,800	1,800	1,440	1,440	32,765	27,294
Medical expenses	200	200	160	160	3,641	3,033
Bonus	500	447	400	357	7,712	6,960
	6,500	6,447	5,200	5,157	116,929	97,939
Number of persons	1	1	1	1	72	65

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

45.2 The amount charged in these financial statements in respect of meeting fee for non-executive directors aggregate to Rs. 1.20 million (2016: Rs. 1.23 million).

46 CAPACITY AND PRODUCTION

	Installed capacity Tonnes		Actual production Tonnes		Reason for shortfall
	2017	2016	2017	2016	
Caustic soda liquid	120,000	150,550	82,063	74,223	
Caustic soda flakes	10,000	10,000	3,921	2,744	
Liquid Chlorine	13,200	13,200	7,874	8,168	
Hydrochloric acid	200,000	150,000	174,045	145,714	Cautious production strategy based on actual demands.
Sodium hypochlorite	49,500	49,500	19,898	18,059	
Bleaching earth	3,300	3,300	-	-	
Zinc sulphate	600	600	7	29	
Chlorinated parafin wax	3,000	3,000	-	-	
Silphuric acid	3,300	3,300	522	496	
Calcium Chloride Prills	20,000	20,000	14,389	16,872	
Humic Acid	120	120	-	63	

47 NUMBER OF EMPLOYEES

	2017	2016
Number of employees at June 30,		
Permanent	475	487
Contractual	182	191
Average number of employees during the year		
Permanent	481	473
Contractual	187	196

48 CAPITAL RISK MANAGEMENT

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

49 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, whenever necessary, for the purpose of comparison, the effect of which is not material, except advances against land/shops/other assets amounting to Rs. 26.180 million which have been reclassified to "Capital work in Progress" for better presentation.

50 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the Board of Directors of the Company in its meeting held on September 19, 2017 has recommended final cash dividend for the year ended June 30, 2017 at 13% i.e. Re. 1.3 per share (2016: 15% i.e. Re. 1.5 per share). These financial statements do not reflect this appropriation.

51 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on September 19, 2017 by the Board of Directors of the Company.

52 GENERAL

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

Pattern of Shareholding

as at June 30, 2017

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares held
128	1	100	2,040
227	101	500	101,460
271	501	1,000	244,376
491	1,001	5,000	1,336,452
128	5,001	10,000	1,008,850
52	10,001	15,000	648,905
29	15,001	20,000	510,219
24	20,001	25,000	538,286
22	25,001	30,000	626,165
6	30,001	35,000	196,359
12	35,001	40,000	459,881
5	40,001	45,000	215,107
7	45,001	50,000	340,768
6	50,001	55,000	323,248
3	55,001	60,000	174,720
4	60,001	65,000	257,783
2	65,001	70,000	135,000
1	70,001	75,000	72,500
5	75,001	80,000	388,877
1	80,001	85,000	83,500
3	85,001	90,000	267,692
2	90,001	95,000	183,768
3	95,001	100,000	296,500
2	105,001	110,000	214,441
2	110,001	115,000	226,500
3	115,001	120,000	355,383
1	120,001	125,000	122,343
1	135,001	140,000	135,484
1	165,001	170,000	166,831
1	175,001	180,000	177,500
1	185,001	190,000	187,692
1	200,001	205,000	202,000
1	235,001	240,000	236,923
1	240,001	245,000	243,938
2	245,001	250,000	493,373
2	305,001	310,000	613,619
1	320,001	325,000	320,761
2	325,001	330,000	654,822
1	375,001	380,000	377,299
1	415,001	420,000	415,615
1	450,001	455,000	454,299
1	460,001	465,000	461,229
1	520,001	525,000	524,026
1	530,001	535,000	534,721
1	555,001	560,000	558,249
3	560,001	565,000	1,689,735
2	615,001	620,000	1,238,453
1	620,001	625,000	620,733
1	630,001	635,000	631,716
2	745,001	750,000	1,493,866
1	760,001	765,000	764,076
1	770,001	775,000	772,606
1	795,001	800,000	795,446
1	810,001	815,000	813,208
1	860,001	865,000	862,437
1	910,001	915,000	911,206
1	1,005,001	1,010,000	1,006,500
1	1,055,001	1,060,000	1,056,382
1	1,145,001	1,150,000	1,146,216
2	1,185,001	1,190,000	2,372,469
1	1,195,001	1,200,000	1,196,461
1	1,205,001	1,210,000	1,206,760
1	1,240,001	1,245,000	1,240,554
1	1,810,001	1,815,000	1,810,932
1	2,875,001	2,880,000	2,878,686
1	2,925,001	2,930,000	2,927,024
1	3,685,001	3,690,000	3,686,759
1	4,230,001	4,235,000	4,231,919
1	4,525,001	4,530,000	4,527,599
1	4,620,001	4,625,000	4,622,605
1	6,235,001	6,240,000	6,235,989
1	10,170,001	10,175,000	10,170,159
1,493			**77,000,000**

Pattern of Shareholding

as at June 30, 2017

Categories of Shareholders	Shares held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	21,094,087	27.3949%
Associated Companies, undertakings and related parties.	0	0.0000%
NIT and ICP	0	0.0000%
Banks Development Financial Institutions, Non Banking Financial Institutions.	764,076	0.9923%
Insurance Companies	4,667,599	6.0618%
Modarabas and Mutual Funds	381,503	0.4955%
General Public		
a. Local	40,507,627	52.6073%
b. Foreign	3,000	0.0039%
Others (to be specified)		
1- Joint Stock Companies	9,581,108	12.4430%
2- Leasing Companies	1,000	0.0013%
	77,000,000	100%
Share holders holding 10% or more	10,357,851	13.4518%

Pattern of Shareholding

as at June 30, 2017

Additional Information

Categories of shareholders required under Code of Corporate Governance (CCG)

Shareholders' Categories		Number of Shares held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
1	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND (CDC)	327,750	0.4256%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MUHAMMAD SIDDIQUE	10,357,851	13.4518%
2	MR. ABDUL SATTAR KHATRI	4,622,605	6.0034%
3	MR. ABDUL GHAFOOR	795,446	1.0330%
4	MRS. FARHANA ABDUL SATTAR KHATRI	862,437	1.1200%
5	MR. WAQAS SIDDIQ KHATRI	564,989	0.7338%
6	MR. ABDULLAH MUSTAFA	2,878,686	3.7386%
7	MR. PERVAIZ AHMAD KHAN	769	0.0010%
8	MRS. SABINA MEHTAB W/O MUHAMMAD SIDDIQ	392,698	0.5100%
9	MRS. FAREEDA W/O ABDUL GHAFOOR	618,606	0.8034%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance		5,486,428	7.1252%
Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. MUHAMMAD SIDDIQ	10,357,851	13.4518%
2	MR. SHAHZAD YOUSUF KHARTI	6,235,989	8.0987%
3	MR. ABDUL SATTAR KHATRI	4,622,605	6.0034%
4	CHEMITEX INDUSTRIES LTD.	4,231,919	5.4960%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE	RIGHT
1	MR. MUHAMMAD SIDDIQUE	-	-	37,692
2	MR. MUHAMMAD SIDDIQ KHATRI (CDC)	-	-	1,584,959
3	MR. ABDUL SATTAR KHATRI	-	-	720,405
4	MR. ABDUL GHAFOOR	202,000	-	155,446
5	MRS. FARHANA ABDUL SATTAR KHATRI	-	-	134,405
6	MR. WAQAS SIDDIQ KHATRI	-	-	96,491
7	MR. ABDULLAH MUSTAFA	-	-	448,626
8	MR. PERVAIZ AHMAD KHAN	-	-	119
9	MRS. SABINA W/O MUHAMMAD SIDDIQ	-	-	58,799
10	MRS. SABINA MEHTAB W/O MUHAMMAD SIDDIQ	-	-	2,399
11	MRS. FAREEDA W/O ABDUL GHAFOOR	-	-	96,406

Form of Proxy

I/We____of

_________________________________ being a member of **ITTEHAD CHEMICALS LIMITED** and holder of ___________________________ Ordinary Shares as per Registered Folio / CDC Participant I.D. No. & CDC Account No. ______________________________ hereby appoint Mr./Mrs./Miss. ________________________________ of ______________ or failing him / her Mr./Mrs./Miss. __________________________ of ______________ who is also a member of the **ITTEHAD CHEMICALS LIMITED** vide Registered Folio / CDC Participant I.D. No. & CDC Account No. ____________ as my proxy to vote for me and on my behalf at the 26th Annual General Meeting of the Company to be held on Thursday, October 26, 2017 at 11.00 a.m. at the registered office and any adjournment thereof.

Signature this ________ day of _______ 2017.

WITNESSES: ____________________

1. Signature: ____________________

   Name: ____________________

   Address: ____________________

   ____

   CNIC or ____________________

   Passport # ____________________

2. Signature: ____________________

   Name: ____________________

   Address: ____________________

   ____

   CNIC or ____________________

   Passport # ____________________

Revenue stamp(s) of Rupees five

Signature
(As registered with the company)

Note:

This proxy form, duly completed and signed, must be received at the Registered Office of the company not less than 48 hours before the time of holding the Meeting.

No person shall act as Proxy unless he/she himself / herself is a Shareholder of the Company except that a company may appoint a person as its representative who is not a shareholder.

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

پراکسی فارم

میں / ہم---بحیثیت ممبر **اتحاد کیمیکلز لمیٹڈ** اور حامل--------------------عمومی حصص بمطابق رجسٹرڈ فولیو / سی ڈی سی پارٹیسپینٹ شناختی نمبر اور سی ڈی سی اکاؤنٹ نمبر ------------------------------- بذریعہ تحریر ہذا محترم / محترمہ -------------------------------- کو یا ان کی غیر حاضری کی صورت میں محترم / محترمہ--- کو جو بحوالہ رجسٹرڈ فولیو / سی ڈی سی پارٹیسپینٹ شناختی نمبر--------------------------------- **اتحاد کیمیکلز لمیٹڈ** کے / کی ممبر بھی ہیں، اپنا پراکسی مقرر کرتا / کرتی / کرتے ہیں تاکہ وہ میرے / ہمارے لئے اور میری / ہماری طرف سے کمپنی کے **26** ویں سالانہ اجلاس عام میں ووٹ ڈال سکیں جو **26** اکتوبر **2017**ء بروز جمعرات کو صبح **11:00** بجے رجسٹرڈ آفس میں یا اس کے کسی بھی التوا کی صورت میں منعقد ہوگا۔

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

دستخط

(جو کمپنی کے پاس رجسٹرڈ ہیں)

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

نوٹ:

☆ یہ پراکسی فارم، باقاعدہ پر شدہ اور دستخط شدہ حالت میں اجلاس کے انعقاد کے وقت سے کم از کم **48** گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں لازماً پہنچ جانا چاہئے۔

☆ کوئی شخص بطور پراکسی کام نہیں کرے گا اگر وہ خود کمپنی کا شیئر ہولڈر نہ ہو سوائے اس کے کہ کوئی کمپنی کسی ایسے شخص کو اپنا نمائندہ مقرر کردے جو شیئر ہولڈر نہ ہو۔

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ITTEHAD GROUP
www.ittehadchemicals.com

Registered/Head Office: 39-Empress Road, Lahore-Pakistan. Tel: +92 42 3630 6586-88, Fax: +92 42 3636 5697
Factory: G.T. Road, Kala Shah Kaku, District Sheikhupura-Pakistan. Tel: +92 42 3795 0222-25, Fax: +92 42 3795 0206

TRADE JUNCTION 0300-9482336