

GHANI CHEMICAL INDUSTRIES LIMITED  
AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF GHANI CHEMICAL INDUSTRIES LIMITED**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the annexed consolidated financial statements of **GHANI CHEMICAL INDUSTRIES LIMITED** and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2022, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

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

**Information Other than the Consolidated Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

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

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

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

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

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

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### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Nafees ud din.

LAHORE; OCTOBER 07, 2022  
UDIN: AR2022101953XpO9qTfn

*ShineWingHameedChaudhri & Co.*  
SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS

## GHANI CHEMICAL INDUSTRIES LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

ASSETS	Note	2022 Rupees in thousand	2021
<b>Non-current assets</b>			
Property, plant and equipment	5	5,763,849	4,098,659
Right of use assets	6	391,504	26,502
Intangible assets	7	2,714	5,676
Investments	8	0	0
Long term deposits	9	67,193	67,193
		<u>6,225,260</u>	<u>4,198,030</u>
<b>Current assets</b>			
Stores, spares and loose tools	10	246,754	228,468
Stock-in-trade	11	51,552	101,481
Trade debts	12	1,038,599	687,353
Loans and advances	13	484,852	135,555
Deposits, prepayments and other receivables	14	417,698	141,107
Tax refunds due from the Government		0	7,112
Advance income tax	15	407,485	427,550
Cash and bank balances	16	499,938	63,493
		<u>3,146,878</u>	<u>1,792,119</u>
Non-current assets held for sale	17	253,687	0
<b>Total assets</b>		<u><u>9,625,825</u></u>	<u><u>5,990,149</u></u>
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
Share capital	18	3,597,550	1,535,250
Share premium	19	300,000	913,951
Revaluation surplus on freehold and leasehold land	20	298,727	0
Unappropriated profit		1,257,972	463,210
<b>Total equity</b>		<u>5,454,249</u>	<u>2,912,411</u>
<b>Non-current liabilities</b>			
Long term finances	21	756,211	574,540
Redeemable capital - Sukuk	22	162,500	379,167
Long term security deposits	23	44,266	52,022
Lease liabilities	24	5,739	5,261
Deferred liabilities	25	456,314	333,100
		<u>1,425,030</u>	<u>1,344,090</u>
<b>Current liabilities</b>			
Trade and other payables	26	689,878	302,178
Accrued profit	27	83,198	37,174
Short term borrowings	28	1,364,564	837,017
Current portion of non-current liabilities	29	380,125	393,018
Taxation		228,781	164,261
		<u>2,746,546</u>	<u>1,733,648</u>
<b>Total liabilities</b>		<u>4,171,576</u>	<u>3,077,738</u>
<b>Contingencies and commitments</b>	30		
<b>Total equity and liabilities</b>		<u><u>9,625,825</u></u>	<u><u>5,990,149</u></u>

The annexed notes form an integral part of these financial statements.

SHC

HQA

Hafiz Farooq Ahmad  
(Chief Executive Officer)

CFO

Aasim Mahmud  
(Chief Financial Officer)

AAK

Atique Ahmad Khan  
(Director)

GHANI CHEMICAL INDUSTRIES LIMITED  
 COSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees in thousand	2021
Sales	31	4,781,791	4,350,558
Less: sales tax	31	(591,065)	(512,732)
Sales - net		<u>4,190,726</u>	<u>3,837,826</u>
Cost of sales	32	(2,444,054)	(2,180,711)
Gross profit		<u>1,746,672</u>	<u>1,657,115</u>
Distribution cost	33	(303,967)	(302,109)
Administrative expenses	34	(163,298)	(145,612)
Other expenses	35	(100,626)	(89,507)
Other income	36	211,830	55,092
		<u>(356,061)</u>	<u>(482,136)</u>
Profit from operations		<u>1,390,611</u>	<u>1,174,979</u>
Finance cost	37	(229,626)	(208,265)
		<u>1,160,985</u>	<u>966,714</u>
Share of profit of an Associated Company	8	2,844	0
Profit before taxation		<u>1,163,829</u>	<u>966,714</u>
Taxation	38	(351,486)	(275,597)
Profit after taxation		<u>812,343</u>	<u>691,117</u>
Other comprehensive income			
Surplus arisen upon revaluation of freehold land	5.2	955,997	0
Surplus arisen upon revaluation of leasehold land	6.1	373,498	0
		<u>1,329,495</u>	<u>0</u>
Total comprehensive income for the year		<u><u>2,141,838</u></u>	<u><u>691,117</u></u>
		----- Rupees -----	Restated
Earnings per share	39	<u>2.33</u>	<u>2.28</u>

The annexed notes form an integral part of these financial statements.



HFA

Hafiz Farooq Ahmad  
 (Chief Executive Officer)

CFO

Asim Mahmud  
 (Chief Financial Officer)

AAK

Atique Ahmad Khan  
 (Director)

GHANI CHEMICAL INDUSTRIES LIMITED  
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED JUNE 30, 2022

Share capital	Capital reserves		Loans from directors	Revenue reserve - (accumulated loss)/ unappropriated profit	Total
	Share premium	Revaluation surplus on freehold and leasehold land			

----- Rupees in thousand -----

Balance as at June 30, 2020	1,150,000	913,951	0	262,480	(227,907)	2,098,524
Transactions with owners:						
- Changes in directors' loans - net	0	0	0	(262,480)	0	(262,480)
- Proceeds from right shares issued	385,250	0	0	0	0	385,250
Total comprehensive income for the year ended June 30, 2021	0	0	0	0	691,117	691,117
Balance as at June 30, 2021	1,535,250	913,951	0	0	463,210	2,912,411
Transactions with owners:						
- Proceeds from right shares issued during the year	100,000	300,000	0	0	0	400,000
- Bonus shares issued during the year	1,962,300	(913,951)	(1,030,768)	0	(17,581)	0
Total comprehensive income for the year ended June 30, 2022	0	0	1,329,495	0	812,343	2,141,838
Balance as at June 30, 2022	3,597,550	300,000	298,727	0	1,257,972	5,454,249

The annexed notes form an integral part of these financial statements.

SHC

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*Hafiz Farooq Ahmad*

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(Chief Executive Officer)

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*Atique Ahmad Khan*

Atique Ahmad Khan  
(Director)

	2022	2021
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year - before taxation	1,163,829	966,714
<b>Adjustments for non-cash charges and other items:</b>		
Finance cost	229,626	208,265
Depreciation	137,698	131,620
Amortisation of intangible assets	2,961	2,961
Amortisation of right-of-use assets	8,779	665
Gain on disposal of operating fixed assets	(149,409)	(24,369)
Exchange fluctuation gain	0	497
Gas Infrastructure Development Cess - amortised	0	(3,540)
Credit balances written back	(14,295)	0
Advance against leasehold land at Hattar	(15,000)	0
Share of profit of an Associated Company	(2,844)	0
Allowance for expected credit loss	6,381	7,912
Return on advance received	(1,988)	(749)
Amortisation of deferred income	0	(2,990)
Return on advance to an Associated Company	11,044	(5,160)
<b>Profit before working capital changes</b>	<b>1,365,738</b>	<b>1,281,826</b>
<b>Effect on cash flows due to working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores, spares and loose tools	(18,286)	(95,507)
Stock-in-trade	49,929	(46,825)
Trade debts	(351,246)	(204,902)
Loans and advances	(349,297)	(42,717)
Deposits, prepayments and other receivables	(276,591)	(76,839)
Tax refunds due from Government	7,112	41,809
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	415,284	(63,937)
	<b>(523,095)</b>	<b>(488,918)</b>
<b>Cash generated from operations</b>	<b>842,643</b>	<b>792,908</b>
Income tax paid	(140,206)	(82,221)
<b>Net cash generated from operating activities</b>	<b>702,437</b>	<b>710,687</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(1,127,532)	(304,145)
Proceeds from sale of operating fixed assets	377,799	36,527
Investments - made	(401,637)	0
- sold	200,200	0
Long term deposits	0	(3,274)
<b>Net cash used in investing activities</b>	<b>(951,170)</b>	<b>(270,892)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of right shares	400,000	385,250
Loans from directors - net	0	(262,480)
Long term finances	165,656	145,566
Redeemable capital - Sukuk (redeemed)	(216,667)	(54,166)
Long term security deposits - net	(7,756)	9,450
Short term borrowings	527,547	(455,083)
Finance cost paid	(183,602)	(230,545)
<b>Net cash generated from / (used in) financing activities</b>	<b>685,178</b>	<b>(462,008)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>436,445</b>	<b>(22,213)</b>
Cash and cash equivalents at beginning of the year	63,493	85,706
<b>Cash and cash equivalents at end of the year</b>	<b>499,938</b>	<b>63,493</b>

The annexed notes form an integral part of these financial statements.

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(Chief Executive Officer)

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(Director)

**GHANI CHEMICAL INDUSTRIES LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1. THE GROUP AND ITS OPERATIONS**

**1.1. Ghani Chemical Industries Ltd. (GCIL)**

- (a) Ghani Chemical Industries Ltd. (the Company) was incorporated in Pakistan as a private limited company on November 23, 2015 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and was converted into a public limited company on April 20, 2017. The Company is principally engaged in manufacturing, sale and trading of medical & industrial gases and chemicals. The registered office and head office of the Company are situated at 10-N, Model Town Extension, Lahore whereas production facilities are situated at Phool Nagar, District Kasur and Industrial Zone, Port Qasim, Karachi. The Company's liaison office is situated in Sangjani, District Rawalpindi.

The Company is a Subsidiary of Ghani Global Holdings Ltd., which holds 251,459,985 (2021:114,300,000) ordinary shares of the Company representing 69.90% ( 2021: 74.45%) of its paid-up capital as at June 30, 2022.

As per the Scheme of Compromises, Arrangement and Reconstruction (the Scheme), as sanctioned by the Lahore High Court, Lahore on February 06, 2019, the Holding Company had transferred its manufacturing undertaking to the Company on July 08, 2019 after the effective date.

- (b) The Board of Directors (the Board) of G3 Technologies Ltd. (GTECH) in their meeting held on April 14, 2022 has decided to merge GTECH with and into Ghani Chemical Industries Ltd. (an Associated Company). The Board has also decided to file a petition before the Lahore High Court, Lahore for sanctioning the Scheme of Merger after completion of all related formalities. The Board has also decided to hold Extraordinary General Meeting of GTECH on May 07, 2022 for approval of disinvestment of 22,000,000 ordinary shares of Ghani Chemical Industries Ltd.

**1.2. Subsidiary Companies of GCIL**

**(a) A One Batteries (Pvt.) Ltd. {AOBL}**

AOBL was incorporated in Pakistan under the Companies Act, 2017 as a private limited Company on May 29, 2020. The principal activity of AOBL is to carry on the business as manufacturer, assemblers, processors, producers, fabricators, suppliers, dealers, traders, importers and exporters of all types of batteries.

The registered office and head office of AOBL are situated at 10-N, Model Town Extension, Lahore. AOBL has not commenced its commercial operations till the reporting date.

**(b) Awal Engineering (Pvt.) Ltd. {AEL}**

AEL was incorporated in Pakistan under the Companies Act, 2017 as a private limited company on May 18, 2020. The registered office of AEL is situated at 10-N, Model Town Extension, Lahore. The principal business of AEL is to manufacture and repair turbines, compressors and rotors parts. AEL has not commenced its commercial operations till the reporting date.

**(c) A One Prefabs (Pvt.) Ltd. {AOPL}**

AOPL was incorporated in Pakistan under the Companies Act, 2017 as a private limited Company on May 18, 2020. The principal activity of AOPL is to carry on the business of manufacture, fabricate, import, export and trading of all kinds of building materials.

The registered office and head office of AOPL are situated at 10-N, Model Town Extension, Lahore. AOPL has not commenced its commercial operations till the reporting date.



## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except where otherwise specifically stated.

### 2.3 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All financial information has been rounded-off to the nearest thousand of Rupees unless otherwise stated.

### 2.4 Critical accounting estimates, assumptions and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Useful lives, residual values and depreciation method of property, plant and equipment.
- Provision for impairment of inventories.
- Allowance for expected credit loss.
- Impairment loss of non-financial assets other than inventories.
- Estimation of provisions.
- Estimation of contingent liabilities.
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses).

The revisions to accounting estimates, if any, are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

### 2.5 PRINCIPLES OF CONSOLIDATION

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in respective accounting policies notes.

These consolidated financial statements include the financial statements of GCIL and unaudited financial statements of AOBL, AEL and AOPL as at and for the year ended June 30, 2022. GCIL's direct interest, as at June 30, 2022, in AOBL, AEL and AOPL was 100% (2021: 100%).

Subsidiary is an entity over which the Holding Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Holding Company controls another entity. The Holding Company also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Holding Company's voting rights relative to the size and dispersion of holdings of other shareholders give the Holding Company the power to govern the financial and operating policies, etc.

Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

#### 3.1. Standards, amendments to published standards and interpretations that are effective during the current year

There are certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 01, 2021 but do not have any significant impact on the Group's financial reporting and therefore, have not been disclosed in these consolidated financial statements.

#### 3.2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are standards and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Group for the financial year beginning on July 01, 2021. The standards and amendments are not expected to have any material impact on the Group's financial reporting and, therefore, have not been disclosed in these financial statements.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended June 30, 2021.

#### 4.1 Property, plant and equipment

##### a) Owned

##### Measurement

Items of property, plant and equipment other than freehold and leasehold land are measured at cost less accumulated depreciation and impairment loss, if any. Freehold and leasehold land are stated at revalued amounts.

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting policies, changes in accounting estimates and errors.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to GCIL and the cost of the item can be measured reliably. Normal repairs and maintenance costs are charged to statement of profit or loss as and when incurred.

### **Revaluation**

Increases in the carrying amounts arising on revaluation of freehold and leasehold land are recognised, in statement of other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in statement of other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to statement of profit or loss.

### **Depreciation**

Depreciation is charged to statement of profit or loss using the reducing balance method. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed-off.

### **De-recognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset is represented by the difference between the sale proceeds and the carrying amount of the asset and is recognised as an income or expense.

### **Judgment and estimates**

The useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each year-end. The effect of any change in estimates is accounted for on a prospective basis.

## **b) Right of use assets and related liabilities**

At the inception of a contract, GCIL assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when GCIL is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by GCIL.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, GCIL's incremental borrowing rate. Generally, GCIL uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities have been discounted using the GCIL's incremental borrowing rate of 8.50% (2021: 8.85%). Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any.

**c) Capital work-in-progress**

Capital work-in-progress represents expenditure on item of property, plant and equipment, which are in the course of construction, erection or installation.

Capital work-in-progress and stores held for capital expenditure are stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Transfers are made to respective property, plant and equipment category as and when assets are available for use.

**4.2 Intangible assets - Software**

Software is stated at cost less accumulated amortisation and any identified impairment loss. An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Software is amortised using straight line method at the rate given in note 7 to these consolidated financial statements. Amortisation is charged to statement of profit or loss from the month in which the asset is available for use. Amortisation on additions is charged on pro-rata basis from the month in which asset is put to use, while for disposals, amortisation is charged upto the month of disposal.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All expenditure are charged to income as and when incurred. Gain or loss arising on disposal and retirement of intangible asset is determined as a difference between the net disposal proceeds and the carrying amount of the asset and is recognised as income or expense in statement of profit or loss immediately.

**4.3 Investments**

**Associated Companies**

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise GCIL's share of profit or loss of the Associated Companies after the date of acquisition. GCIL's share of profit or loss of the Associated Companies is recognised in the GCIL's profit or loss. Distributions received from Associated Companies reduce the carrying amount of investments. Adjustments to the carrying amounts are also made for changes in GCIL's proportionate interest in the Associated Companies arising from changes in the Associated Companies' equity that have not been recognised in the Associated Companies' profit or loss. GCIL's share of those changes is recognised directly in equity of GCIL.

The carrying amount of investments is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit or loss.

**4.4 Stores, spares and loose tools**

These are stated at lower of cost or net realisable value. Cost is determined by using the weighted average method. Items in transit are valued at cost comprising invoice value, plus other charges paid thereon. Provision is also made for slow moving and obsolete items.

#### 4.5 Stock-in-trade

These are stated at the lower of cost and net realisable value. The cost is determined as follows:

- |                             |                                                                   |
|-----------------------------|-------------------------------------------------------------------|
| - Raw and packing materials | At weighted average cost.                                         |
| - Work-in-process           | At weighted average manufacturing cost.                           |
| - Finished goods            | At weighted average manufacturing cost.                           |
| - Items in transit          | Cost comprise invoice values plus other charges incurred thereon. |

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and selling expenses.

#### 4.6 Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost. Allowance is made on the basis of lifetime expected credit losses that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written-off when considered irrecoverable.

#### 4.7 Loans, advances, prepayments and trade deposits

These are initially recognised at cost, which is the fair value of consideration given. GCIL assesses at each reporting date whether there is any indication that assets excluding inventory 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 and the difference is charged to statement of profit or loss.

#### 4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand and cash at banks, which are subject to an insignificant risk of change in value.

#### 4.9 Trade and other payables

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to GCIL.

#### 4.10 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

#### 4.11 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. All the financial assets are derecognised at the time when the Group loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the consolidated statement of profit or loss.

**a) Financial assets****Classification**

The Group classifies its financial assets in the following measurement categories:

- i) amortised cost where the effective interest rate method is applied;
- ii) fair value through profit or loss; and
- iii) fair value through other comprehensive income.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in consolidated statement of profit or loss or other comprehensive income (OCI).

**Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Further, financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

**Definition of default**

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicate that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

**Impairment of financial assets**

The Group assesses on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its trade debts. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Trade debts
- Bank balances

**Simplified approach for trade debts**

The Group recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

**Recognition of loss allowance**

The Group recognises an impairment gain or loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

**Write-off**

The Group writes-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written-off result in impairment gains.

**b) Financial Liabilities****Classification, initial recognition and subsequent measurement**

Financial liabilities are classified in the following categories:

- i) fair value through profit or loss; and
- ii) other financial liabilities.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

**i) Fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held-for trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Group has not designated any financial liability upon recognition as being at fair value through profit or loss.

**ii) Other financial liabilities**

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in statement of profit or loss for the year, when the liabilities are derecognised as well as through effective interest rate amortisation process.

**Derecognition of financial liabilities**

The Group derecognises financial liabilities when and only when the Group's obligations are discharged, cancelled or expired.

**Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**4.12 Impairment of non-financial assets other than inventories**

The assets that are subject to depreciation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the consolidated statement of profit or loss.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. The Group recognises the reversal immediately in the statement of profit or loss.

#### 4.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

- Revenue from sale of goods or rendering of services is recognised when performance obligations are satisfied by transferring control (i.e. at the time when deliveries are made or services are rendered) of a promised good or service to a customer, and control either transfers over time or at a point in time. Revenue from sale of goods and rendering of services is measured net of sales tax, returns and trade discounts.
- Dividend income is recognised when the Group's right to receive dividend is established, i.e. on the date of books closure of the investee company declaring the dividend.
- Gains and losses arising on disposal of investments are included in income in the year in which these are disposed-off.
- Return on bank deposits is recognised on time proportion using the effective rate of return.

#### Contract assets

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

#### Contract liabilities

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

#### 4.14 Foreign currency transactions

Foreign currency transactions are recorded in Pak Rupees using the exchange rates prevailing at the date of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are taken to consolidated statement of profit or loss.

#### 4.15 Taxation

Taxation comprises of current tax and deferred tax.

Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any, in which case the tax amounts are recognised directly in other comprehensive income or equity.

##### (a) Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any. The charge for current year also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.



**(b) Deferred**

Deferred tax is recognised using the statement of financial position liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax is charged or credited to the consolidated statement of profit or loss.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

**4.16 Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

**4.17 Related party transactions**

Transactions and contracts with related parties are based on the policy that all transactions between the Group and related parties are carried-out at an arm's length.

**4.18 Provisions**

Provisions are recognised when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, prices and conditions, and can take place many years in future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustment to the amount of previously recognised provision is recognised in the consolidated statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

**4.19 Contingent liabilities**

A contingent liability is disclosed when the Group

- has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or
- 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 obligation cannot be measured with sufficient reliability.

**4.20 Employees' benefits****Defined contribution plan**

GCIL operates a funded employees' provident fund scheme for its permanent eligible employees. Equal monthly contributions at the rate of 8.33% of gross pay are made both by GCIL and employees to the fund.

**Compensated absences**

Compensated absences are accounted for employees of GCIL on un-availed balance of leave in the year in which the absences are earned.

**4.21 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of GCIL that makes strategic decisions.

Segment assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant & equipment, stores, spares & loose tools and stock-in-trade. Segment liabilities comprise of long term finances, lease liabilities, short term borrowings and trade & other payables.

On the basis of its internal reporting structure, GCIL has two reportable segments i.e. Industrial & Medical Gases and Industrial Chemicals.

**4.22 Deferred income - government grant**

Government grant is initially measured at fair value; after initial recognition, it is measured at amortised cost using the effective interest rate method.

**4.23 Dividend and appropriation to reserves**

Dividend distribution to the shareholders and appropriation to reserves are recognised in the period in which these are approved.

**5. PROPERTY, PLANT AND EQUIPMENT**

	Note	2022	2021
		Rupees in thousand	
Operating fixed assets	5.1	5,743,182	3,924,368
Capital work-in-progress	5.9	20,667	174,291
		<u>5,763,849</u>	<u>4,098,659</u>

## 5.1 Operating fixed assets - tangible

	Freehold land	Leasehold land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
-----Rupees in thousand-----									
As at June 30, 2020									
Cost	102,804	118,770	311,999	3,993,689	33,921	6,097	11,057	106,299	4,684,636
Accumulated depreciation	0	0	157,810	542,521	16,770	2,316	8,778	49,456	777,651
Book value	102,804	118,770	154,189	3,451,168	17,151	3,781	2,279	56,843	3,906,985
Year ended June 30, 2021									
Additions	500	15,000	10,873	126,153	1,723	1,005	1,266	4,639	161,159
Disposals:									
- cost	0	0	0	10,138	0	0	0	5,137	15,275
- accumulated depreciation	0	0	0	(476)	0	0	0	(2,641)	(3,117)
	0	0	0	9,662	0	0	0	2,496	12,158
Depreciation charge for the year	0	47	16,202	101,568	1,800	399	851	10,751	131,618
Book value	103,304	133,723	148,860	3,466,091	17,074	4,387	2,694	48,235	3,924,368
Year ended June 30, 2022									
Additions	0	0	141,569	1,047,721	2,098	4,765	1,550	83,452	1,281,155
Revaluation adjustments	907,857	48,140	0	0	0	0	0	0	955,997
Transfer adjustments	29,159	(29,159)	0	0	0	0	0	0	0
Leasehold land classified as held-for-sale	0	(52,250)	0	0	0	0	0	0	(52,250)
Disposals:									
- cost	0	36,750	0	196,278	0	0	0	41,244	274,272
- accumulated depreciation	0	0	0	(32,413)	0	0	0	(13,469)	(45,882)
	0	36,750	0	163,865	0	0	0	27,775	228,390
Depreciation charge for the year	0	0	16,188	105,330	1,848	532	1,060	12,740	137,698
Book value	1,040,320	63,704	274,241	4,244,617	17,324	8,620	3,184	91,172	5,743,182
As at June 30, 2021									
Cost	103,304	133,770	322,872	4,109,704	35,644	7,102	12,323	105,801	4,830,520
Accumulated depreciation	0	47	174,012	643,613	18,570	2,715	9,629	57,566	906,152
Book value	103,304	133,723	148,860	3,466,091	17,074	4,387	2,694	48,235	3,924,368
As at June 30, 2022									
Cost / revaluation	1,040,320	63,751	464,441	4,961,147	37,742	11,867	13,873	148,009	6,741,150
Accumulated depreciation	0	47	190,200	716,530	20,418	3,247	10,689	56,837	997,968
Book value	1,040,320	63,704	274,241	4,244,617	17,324	8,620	3,184	91,172	5,743,182
Depreciation rate (% - per annum)		50-100 years	10%	Machine hours	10%	10%	30%	20%	

## 5.2 GCIL, during September, 2021, has carried-out revaluations of its freehold and leasehold land situated at :

- 52 - Km, Phool Nagar, District Kasur
- Mouza Parna, Phool Nagar, Tehsil Pattoki, District Kasur
- Plot No. 09 to 12, B2 , Zone -B, Hattar
- Sarai Kharbuza, Tarnol, Islamabad

The revaluation exercises have been carried-out by independent Valuers [ Al-Hadi Financial & Legal Consultants, LG-16, Eden Towers, Main Boulevard, Gulberg III, Lahore.]. Freehold land has been revalued on the basis of present market values whereas leasehold land has been revalued on the basis of estimated prevailing lease rate. These revaluations have resulted in revaluation surplus aggregating Rs.955.997 million as worked-out below:

	Freehold land Rupees in thousand	Leasehold land Rupees in thousand
Cost as at June 30, 2021	132,463	15,610
Revalued amounts as at September 30, 2021	1,040,320	63,750
Revaluation surplus arisen upon revaluation	<u>907,857</u>	<u>48,140</u>

- (a) Had there been no revaluations, book value of freehold and leasehold land would have been Rs.132.463 million and Rs.15.610 million respectively as at June 30, 2022.
- (b) Based on the aforementioned revaluation reports, the forced sale values of the revalued freehold and leasehold land have been assessed at Rs.883.256 million.

5.3 GCIL, during the year, has classified its leasehold land located at Hattar, Industrial Land, Plot No. 7,8, 13 to 18, B3, as held-for-sale under IFRS - 5 (Non-current assets held-for-sale and discontinued operations). Management intends to sell this land within the next twelve months.

5.4 Particulars of operating fixed assets disposed-off during the year having book value of Rs. 500,000 or more:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Particulars of Purchaser
-----Rupees-----						Sold through negotiation to:
Leasehold land ( 6.25 Acres)	36,750	0	36,750	125,000	88,250	G3 Technologies Ltd (an Associated Co.) 10-N, Model Town, Extension, Lahore.
<b>Plant &amp; machinery</b>						
XI-65 Liquid portable cylinders	864	(71)	793	2,200	1,407	Global Health Services Ltd.
Deutz Gas Generators 2 Mw & 1.4 Mw and spare parts	111,856	(32,304)	79,552	85,000	5,448	Stameco Energy Services (Pvt.) Ltd., Officers Colony, Sheikhpura.
Oxygen Compressor and Brand New Air Separation Gaseous Oxygen Plant	82,906	0	82,906	99,488	16,582	Ghani Global Glass Ltd. (an Associated Company).
Others (having book value less than Rs. 500,000)	652	(38)	614	1,061	447	Sold to various parties.
	<u>196,278</u>	<u>(32,413)</u>	<u>163,865</u>	<u>187,749</u>	<u>23,884</u>	
<b>Vehicles</b>						
Toyota Grande	2,452	(1,685)	767	3,000	2,233	Rashid Awan Goods Transport.
Toyota Land Cruiser	14,995	(8,464)	6,531	30,000	23,469	Mr. Atique Ahmed Khan ( Director).
Honda Civic	6,505	0	6,505	7,350	845	Malik Basharat.
Toyota Camry	5,565	(3,141)	2,424	7,200	4,776	E-Finance Solution, Chak Shahzad, Islamabad.
Toyota Camry	11,727	(179)	11,548	17,500	5,952	Rashid Awan Goods Transport.
	<u>41,244</u>	<u>(13,469)</u>	<u>27,775</u>	<u>65,050</u>	<u>37,275</u>	
Total	2022	<u>274,272</u>	<u>(45,882)</u>	<u>228,390</u>	<u>377,799</u>	<u>149,409</u>
Total	2021	<u>15,275</u>	<u>(3,117)</u>	<u>12,158</u>	<u>36,527</u>	<u>24,369</u>

5.5 Particulars of immovable property in the name of the GCIL are as follows:

Location	Usage of immovable property	Total Area	Covered Area
			In sq. ft.
- 52 - Km, Phool Nagar, District Kasur	Manufacturing facility (gases)	113 Kanals 8 marlas and 90 feet	67,031
- Mouza Parna, Phool Nagar, Tehsil Pattoki, District Kasur	Industrial land	83 Kanals and 9 Marlas	.
- Plot No. 09 to 12, B2, Zone -B, Hattar	Industrial land	34 Kanals (4.25 Acres)	.
- Sarai Kharbuza, Tarnol, Islamabad	Industrial land	7 Kanals	.

- 5.6 As at June 30, 2022, plant and machinery include vacuum insulated evaporator tanks installed at various customers' sites for supply of gas products. These assets are secured against deposits as disclosed in note 23. Cost and book value of these vacuum insulated evaporator tanks were as follows:

	Note	2022 Rupees in thousand	2021
Cost		200,802	162,395
Book value		156,334	127,912
5.7 Depreciation charge on operating fixed assets has been allocated as follows:			
Cost of sales		118,313	114,232
Administrative expenses		19,385	17,387
		<u>137,698</u>	<u>131,619</u>

- 5.8 Leasehold land rights located at Hattar under KPEZDMC is still under provisional allotment; therefore, at the reporting date, this has been carried as leasehold land.

5.9 **Capital work in progress - at cost**

Civil works	5.10	0	27,687
Plant and machinery	5.11	20,667	146,604
		<u>20,667</u>	<u>174,291</u>

5.10 **Civil works**

Opening balance		27,687	27,687
Additions during the year		113,882	0
Capitalised during the year		(141,569)	0
Closing balance		<u>0</u>	<u>27,687</u>

5.11 **Plant and machinery**

Opening balance		146,604	3,618
Additions during the year	5.12	921,784	269,139
Capitalised during the year		(1,047,721)	(126,153)
Closing balance		<u>20,667</u>	<u>146,604</u>

- 5.12 These include expenditure aggregating Rs.663.361 million relating to installation of new plant (Gaseous Air Separation Unit) capitalised during the year and Rs.20.667 million relating to installation of new plant at Hattar, KPK.

- 5.13 During the year, borrowing cost at the rate of 5% per annum amounting Rs.14.682 million (2021: Rs. nil) has been included in the cost of plant and machinery.

**6. RIGHT OF USE ASSETS**

	Note	2022	2021
Rupees in thousand			
Opening balance		31,689	29,083
Revaluation increment	6.1	373,498	0
Revaluation adjustment-cost		(5,187)	0
Lease reassessment		283	2,606
		<b>400,283</b>	<b>31,689</b>
<b>Amortisation</b>			
Opening balance		5,187	(4,522)
Revaluation adjustment - accumulated amortisation		(5,187)	0
Amortised during the year	6.4	8,779	(665)
		<b>8,779</b>	<b>(5,187)</b>
Closing balance		<b>391,504</b>	<b>26,502</b>

- 6.1 GCIL, during September, 2021, has carried-out revaluation of leasehold land situated at Plot No. A-53, Chemical Area, East Industrial Zone, Port Qasim, Karachi with an area of 40 Kanals having covered area of 17,045 sq. ft. The revaluation exercise has been carried out by independent Valuers [ Al-Hadi Financial & Legal Consultants, LG-16, Eden Towers, Main Boulevard, Gulberg III, Lahore.]. Leasehold land has been revalued on the basis of present market rate of project land and it has resulted in revaluation surplus of Rs.373.498 million as worked-out below:

	Rs. in thousand
Carrying value of leasehold land as at June 30, 2021	26,502
Revalued amount of leasehold land as at September 14, 2021	400,000
Revaluation surplus arisen upon revaluation	<b>373,498</b>

- 6.2 Had there been no revaluation, book value of leasehold land would have been Rs.26.114 million as at June 30, 2022.
- 6.3 Based on the aforementioned revaluation report dated September 14, 2021, the forced sale value of the revalued leasehold land has been assessed at Rs.320 million.
- 6.4 Amortisation charge for the year on right of use assets has been calculated by using straight line method over the lease terms i.e. ranging from 40 to 50 years and grouped under administrative expenses.

**7. INTANGIBLE ASSETS****Cost**

Balance at year-end	14,808	14,808
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**Amortisation**

Opening balance	9,132	6,171
Amortised during the year	2,962	2,961
	<b>12,094</b>	<b>9,132</b>
Carrying value at year-end	<b>2,714</b>	<b>5,676</b>

7.1 Amortisation has been charged at the rate of 20% of cost and has been allocated to administrative expenses.

8. INVESTMENTS - At cost	Note	2022	2021
Rupees in thousand			
<b>Associated Company - Quoted</b>			
<b>G3 Technologies Ltd. (GTECH)</b>			
39,800,000 ordinary shares purchased during the year at the rate of Rs.10.02 each	8.2	398,793	0
Share of profit upto April 09, 2022		2,844	0
Less: shares classified as held-for-sale as at April 09, 2022	17	(401,637)	0
		0	0

8.1 GCIL's shareholders, in their extra ordinary general meeting held on October 23, 2021 through a special resolution, have accorded their approval in terms of section 199 of the Companies Act, 2017 for aggregate investment upto Rs. 400 million in Service Fabrics Ltd. (now GTECH). The investment is in the form of equity investment in the share capital of GTECH. The Company, during the year, has made investment of Rs.398.793 million under this head.

8.2 G3 Technologies Ltd.(formerly Service Fabrics Ltd.) was incorporated in Pakistan on December 01, 1987 as a Public Limited Company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of G3 Technologies Ltd. are quoted on Pakistan Stock Exchange Ltd. G3 Technologies Ltd.'s registered office is situated at 10-N, Model Town Extension, Lahore.

8.3 The name of the Service Fabrics Ltd. has been changed to G3 Technologies Ltd. (GTECH) vide SECP's certificate No.B048334 dated November 17, 2021.

8.4 GCIL's shareholders, in their extra ordinary general meeting held on April 09, 2022 through a special resolution, have authorised the directors in terms of section 199 of the Companies Act, 2017 to disinvest 39.800 million shares of GTECH at appropriate price not less than cost of investments.

Accordingly, these investments have been classified as held-for-sale as per the requirements of IFRS 5 (Non-current assets held-for-sale). Application of equity method has been discontinued with effect from April 09, 2022. Effective from April 09, 2022, held-for-sale investments have been stated at lower of carrying value and fair value less cost to sell.

## 9. LONG TERM DEPOSITS - Considered good

### Security deposits against:

- utility bills	9.1	64,873	64,873
- rented premises		1,734	1,734
- Ijarah finance facilities		586	586
		67,193	67,193

9.1 These deposits are being held for an indefinite period with no fixed maturity date; therefore, have been carried at cost, as amortised cost is impractical to determine.

10. STORES, SPARES AND LOOSE TOOLS	Note	2022 Rupees in thousand	2021
Stores		34,928	31,341
Spare parts		211,467	196,902
Loose tools		359	225
		<u>246,754</u>	<u>228,468</u>
<b>11. STOCK IN TRADE</b>			
Finished goods - industrial gases		41,063	39,590
- industrial chemicals		10,489	61,891
		<u>51,552</u>	<u>101,481</u>
<b>12. TRADE DEBTS - Unsecured</b>			
Considered good		1,038,599	687,353
Considered doubtful		16,027	26,960
		<u>1,054,626</u>	<u>714,313</u>
Allowance for expected credit loss		(16,027)	(26,960)
		<u>1,038,599</u>	<u>687,353</u>
<b>12.1 Allowance for expected credit loss</b>			
Opening balance		26,960	19,048
Charge for the year		6,381	7,912
Balances written-off during the year		(17,314)	0
Closing balance		<u>16,027</u>	<u>26,960</u>
<b>12.2</b>	In case of GCIL, trade debts include aggregate amount of Rs.136.766 million ( 2021: Rs.1.343 million) receivable from Ghani Global Glass Ltd.(an Associated Company) and Rs.89.460 million from G-3 Technologies Ltd. (an Associated Company) against supplies of industrial gases. Maximum amount due from Associated Companies at the end of any month during the year was Rs.226.227 million ( 2021: Rs. 4.726 million).		
<b>12.3</b>	In case of GCIL, trade debts aggregating Rs.413.365 million ( 2021: Rs. 318.660 million) were either past due or overdue but not impaired as allowance for expected credit loss. These balances relate to various customers, primarily Government organisations, with whom there was no recent history of default. The ageing analysis of these trade debts is as follows:		
	Up to 1 month	130,254	171,364
	31 to 60 days	44,242	34,891
	61 to 90 days	32,119	31,102
	91 to 180 days	75,379	22,346
	181 to 365 days	43,337	26,447
	Above 365 days	88,034	32,510
		<u>413,365</u>	<u>318,660</u>



12.4 Receivables from the government institutions aggregate Rs.413.365 million as at June 30, 2022 ( 2021: Rs.318.660 million)

13. LOAN AND ADVANCES	Note	2022	2021
		Rupees in thousand	
Unsecured, considered good			
- to employees against expenses		3,734	4,511
- to employees against salaries		.97	104
- to suppliers and contractors		195,373	119,238
Due from related parties	13.1	272,089	1,507
Letters of credit		15,044	11,680
		<u>486,337</u>	<u>137,040</u>
Allowance for impairment		(1,485)	(1,485)
		<u>484,852</u>	<u>135,555</u>

13.1 Due from related parties

Ghani Engineering (Pvt.) Ltd.	806	680
Ghani Products (Pvt.) Ltd.	3,288	243
Ghani Global Foods Ltd.	424	350
Air Ghani (Pvt.) Ltd.	237	169
Kilowatt Labs Technologies Ltd.	2,222	65
Ghani Global Glass Ltd.	265,112	0
	<u>272,089</u>	<u>1,507</u>

13.2 Maximum amounts due from the related parties at the end of any month during the year was Rs.274.791 million (2021: 246.700 million)

13.3 Maximum amount due from the Holding Company at the end of any month during the year was Rs.22.908 million ( 2021: Rs. 30.650 million).

13.4 Advances to related parties carry return at the rate of 3 months KIBOR + 85 bps.

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Trade deposits	139,912	82,549
Prepayments	7,372	7,189
Bank guarantee margins	4,364	4,364
Bank profit receivable	0	100
Letters of credit margins	266,050	46,905
	<u>417,698</u>	<u>141,107</u>

15. ADVANCE INCOME TAX

Opening balance	427,550	378,217
Paid during the year	222,600	165,802
Refunds received during the year	(75,665)	(83,581)
	<u>574,485</u>	<u>460,438</u>
Adjusted against income tax payable	(167,000)	(32,888)
Closing balance	<u>407,485</u>	<u>427,550</u>

**16. CASH AND BANK BALANCES**

	Note	2022 Rupees in thousand	2021
Cash-in-hand		367	205
Cash at banks on:			
- current accounts		139,819	18,912
- deposit accounts	16.1	359,752	44,376
		499,571	63,288
		<u>499,938</u>	<u>63,493</u>

16.1 These carry profit at the rates ranging from 2.75% to 7.50% ( 2021: 2.75% to 4%) per annum.

**17. ASSETS HELD-FOR-SALE**

Leasehold land classified as held-for-sale	5.3	52,250	0
39,800,000 shares of G3 Technologies Ltd. classified as held-for-sale as at April 09, 2022	8.	401,637	0
Less: 20,000,000 shares sold on April 19, 2022		(200,200)	0
		201,437	0
		<u>253,687</u>	<u>0</u>

17.1 GCIL subsequent to the reporting date has sold 19,800,000 shares against consideration of Rs.198.900 million.

**18. SHARE CAPITAL****18.1 Authorised share capital**

550,000,000 ( 2021: 160,000,000) ordinary shares of Rs.10 each	18.3	5,500,000	1,600,000
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**18.2 Issued, subscribed and paid up share capital**

53,525,000 ( 2021: 53,525,000) ordinary shares of Rs.10 each fully paid in cash		535,250	535,250
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100,000,000 ( 2021: 100,000,000) ordinary shares of Rs.10 each issued for consideration other than cash i.e. Scheme of Arrangement		1,000,000	1,000,000
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10,000,000 ordinary shares issued as right shares of Rs.10 each fully paid in cash	18.4	100,000	0
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196,230,000 ordinary shares of Rs.10 each issued as fully paid bonus shares	18.5	1,962,300	0
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		<u>3,597,550</u>	<u>1,535,250</u>
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18.3 GCIL, during the year, has increased its authorised capital from Rs.1.600 billion divided into 160,000,000 ordinary shares of Rs.10 each to Rs.5.500 billion divided into 550,000,000 ordinary shares of Rs.10 each. This increase has been made to cater for future increase in paid-up share capital.

18.4 GCIL, during the year, made a right issue of shares which was approved by the Board of Directors in its meeting held on October 16, 2021 at the rate of Rs.40 per share (including premium Rs. 30 per share) in the ratio of 6.51 right shares for every 100 ordinary shares held. The total size of the issue was Rs.400 million (including premium of Rs.300 million) and the shares were issued during the year. The new shares rank pari passu with the existing shares of the GCIL in all aspects.

18.5 GCIL's Board of Directors, in their meeting held on October 28, 2021, declared issue of bonus shares in the proportion of 120 bonus shares for every 100 shares held. This bonus issue rank pari passu in all respects with the existing ordinary shares of GCIL.

18.6 Shares held by related parties	2022	2021
	(Number of Shares)	
Ghani Global Holdings Ltd.	251,459,985	114,300,000
G3 Technologies Ltd.	22,000,000	0
Ghani Products (Pvt.) Ltd.	78,755,900	35,934,500
	<u>352,215,885</u>	<u>150,234,500</u>

## 19. SHARE PREMIUM

	Note	2022
		Rs. in thousand
Opening balance represents share premium originated upon issuance of 100 million ordinary shares to Ghani Global Holdings Ltd.		913,951
Premium originated during the current year upon issuance of 10 million ordinary shares at premium of Rs.30 per share		300,000
Less: premium utilised during the current year upon issuance of 196.230 million ordinary shares		(913,951)
Balance as at June 30, 2022		<u>300,000</u>

## 20. REVALUATION SURPLUS ON FREEHOLD AND LEASEHOLD LAND

Surplus on revaluations carried-out during the current year	5.2 & 6	1,329,495
Less: surplus utilised during the current year upon issuance of 196.230 million ordinary shares	18.5	(1,030,768)
Balance as at June 30, 2022		<u>298,727</u>

## 21. LONG TERM FINANCES

		2022	2021
		Rupees in thousand	
From banking companies - secured	Note		
Diminishing Musharakah	21.2	3,103	5,662
Diminishing Musharakah	21.3	13,014	36,174
Diminishing Musharakah	21.4	354,525	436,338
Islamic Refinance Facility	21.5	39,186	84,392
Diminishing Musharakah (ITERF)	21.6	438,981	115,647
From Islamic Financial Institution - secured			
Diminishing Musharakah	21.7	9,504	14,444
<b>Others</b>			
From sponsoring directors - unsecured	21.8	52,000	52,000
		<u>910,313</u>	<u>744,657</u>
Current portion grouped under current liabilities		(154,102)	(170,117)
		<u>756,211</u>	<u>574,540</u>

	2022	2021
	Rupees in thousand	
21.1 Balance at beginning of the year	744,657	599,091
Availed during the year	336,443	210,103
Repayments made during the year	(170,787)	(64,537)
Balance at the end of the year	<u>910,313</u>	<u>744,657</u>

21.2 This represents Diminishing Musharakah facility having credit limit of Rs.10 million availed from a banking company for purchase of vehicles. The agreement tenor is 3 years and the balance is repayable in 36 instalments ending June, 2022. It carries profit at the rate of 3 months KIBOR + 1% and is secured against ownership of Musharakah assets in favour of the banking company.

21.3 This represents Diminishing Musharakah facilities having credit limit of Rs.5.987 million (2021: Rs.7.858 million) and Rs.37.711 million (2021: Rs.46.325) million availed from a banking company to finance machinery & equipment. The facilities are available upto July, 2022 and May, 2023 respectively. The facilities carry profit at the rate of 1 year KIBOR + 0.80% and 6 months KIBOR + 0.80% respectively. These facilities are secured against first pari passu charge of Rs.110 million over fixed assets, first specific charge of Rs.17.500 million over imported assets and equitable mortgage over land and buildings.

21.4 This represents Diminishing Musharakah facility having credit limit of Rs.450 million (2021: Rs.450 million) availed from a banking company to finance machinery and equipment; the facility tenor is 5 years including 1 year grace period. The balance is repayable in 16 equal quarterly instalments and carries profit at the rate of 3 months KIBOR + 1%. The facility is secured against pari passu charge with 25% margin aggregating Rs.600 million over all plant and machinery of GCIL. The banking company has allowed moratorium of one year under SBP BPRD circular no. 13/2020; accordingly, repayment has commenced from October, 2021.

**21.5 Islamic refinance facility**

Opening balance	84,392	22,916
Facility obtained during the year	0	86,038
Payment made during the year	(47,059)	(21,243)
Deferred income	1,853	(3,319)
	<u>39,186</u>	<u>84,392</u>

This represents Diminishing Musharakah facility having credit limit of Rs.110 million under Islamic Refinance Scheme for the payment of salaries and wages to workers and employees of GCIL to dampen the effect of Covid-19 for a period of 2.5 years including 06 months grace period. The repayment is to be made in 8 equal quarterly instalments after a grace period and has commenced from January, 2021. It carries profit at the rate of 3%. The facility is secured against first pari passu charge of Rs.96 million over plant & machinery and personal guarantees of three sponsoring Directors of GCIL.

- 21.6** This represents Diminishing Musharakah facility having credit limit of Rs.442 million (2021: Rs.500 million) under State Bank of Pakistan (SBP) ITERF Scheme to finance capital expenditure requirements related to procuring Gaseous Air Separation Unit (ASU); draw down has been allowed in multiple tranches. The facility tenor is 8 years including 2 years grace period; repayment will be made in quarterly instalments as per payment plan. It carries profit at SBP rate + 4% per annum. The facility is secured against exclusive charge over operating fixed assets (excluding land and buildings) of the new unit for Rs.625 million, first pari passu charge of Rs.625 million over all present and future fixed assets of GCIL, personal guarantees of sponsoring directors of GCIL and assignment of receivables.
- 21.7** These Islamic finance facilities carry profit at the rates ranging from 6 months KIBOR + 1% to 3 months KIBOR + 1.25% ( 2021: 3 months KIBOR + 0.95% to 1.25%). These Islamic finance facilities having credit limit of Rs.51.275 million ( 2021: Rs.78.655 million) are secured against ownership of Musharakah assets in favour of a financial institution. These finance facilities are repayable in monthly instalments ending July, 2024. These finance facilities are secured against ranking charge over plant & machinery, ownership of vehicles in the name of financial institution and personal guarantees of the Directors of GCIL.
- 21.8** These loans have been provided by sponsoring Directors to meet capital expenditure requirements of GCIL and are repayable after 5 years at the discretion of the lenders. Profit rates on these loans range from 1 month KIBOR and profit is payable on monthly basis.

**22. REDEEMABLE CAPITAL - Sukuk**

	2022	2021
	Rupees in thousand	
Long term certificates	379,167	595,834
Current portion grouped under current liabilities	(216,667)	(216,667)
	<u>162,500</u>	<u>379,167</u>

- 22.1** GCIL had issued rated, privately placed and secured long term Islamic Certificates (Sukuk) as instrument of redeemable capital under section 120 of the Companies Ordinance, 1984 (now the Companies Act, 2017) amounting Rs.1,300 million divided into 13,000 certificates of Rs.100,000 each for a period of 6 years under an agreement dated November 15, 2016 for swapping of financing facilities and to meet business requirements. These certificates are redeemable in 24 consecutive quarterly instalments commenced from February 03, 2017 and ending on February 03, 2024. Rentals are payable on quarterly basis along with redemption of certificates. These carry profit rate of 3 months KIBOR plus 1%. These certificates are secured against first pari passu charge over present and future fixed assets of GCIL to the extent of Rs.1,625 million. The banking company had allowed moratorium of one year; consequently, repayment of instalments for the months of May, 2020 to February, 2021 were deferred for one year.

**23. LONG TERM SECURITY DEPOSITS**

These security deposits have been utilised for the purpose of the business in accordance with written agreements. These represent amounts received from the customers on installation of certain equipment and may be used in ordinary course of GCIL business under provisions of section 217 of the Companies Act, 2017.

24.	LEASE LIABILITIES	Note	2022 Rupees in thousand	2021
	Lease liabilities		6,040	5,548
	Less: current portion grouped under current liabilities		301	287
			<u>5,739</u>	<u>5,261</u>
<b>24.1</b>	<b>Movement of lease liabilities</b>			
	Balance at beginning of the year		5,548	2,741
	Lease reassessment		283	2,607
	Interest charge for the year		496	473
	Payment made during the year		(287)	(273)
	Balance at end of the year		<u>6,040</u>	<u>5,548</u>
	<b>Maturity analysis of undiscounted lease payments</b>			
	Payable upto one year		301	287
	Payable between one to five years		1,745	1,662
	Payable after five years		28,526	28,910
			<u>30,572</u>	<u>30,859</u>
<b>24.2</b>	Amortisation for the year on right of use assets has been calculated by straight line method over the lease terms i.e. ranging from 40 to 50 years and grouped under administrative expenses. Right of use assets represent leasehold land, which is located at 53 - A, Industrial Zone, Bin Qasim, Karachi with an area of 40 kanals having covered area of 217,800 sq. ft.			
<b>25.</b>	<b>DEFERRED LIABILITIES</b>			
	Gas infrastructure development cess	25.1	11,846	14,919
	Deferred income	25.2	0	408
	Deferred taxation	25.4	444,468	317,773
			<u>456,314</u>	<u>333,100</u>
<b>25.1</b>	<b>Gas Infrastructure Development Cess (GIDC)</b>			
	Balance at year-end		19,098	22,638
	Interest against provision for GIDC		1,480	0
	Discounting effect		0	(3,540)
	Closing liability based on present value		<u>20,578</u>	19,098
	Current portion grouped under current liabilities		(8,732)	(4,179)
			<u>11,846</u>	<u>14,919</u>

The Supreme Court of Pakistan (SCP), during the preceding financial year, decided the appeal against consumers upholding the vires of Gas Infrastructure Development Cess (GIDC) Act, 2015 through its judgment dated August 13, 2020. The review petition was filed against the judgment, wherein the SCP provided some relief by increasing the time period for recovery of GIDC from 24 instalments to 48 instalments. The review application, however, was dismissed.

GCIL has filed a constitutional petition before the Lahore High Court (LHC) challenging the imposition of GIDC amount of Rs.22.638 million. The order of the writ petition was not in favour of GCIL, which was challenged in ICA before the LHC.

GCIL had recorded provision for GIDC, which was grouped under trade and other payables during the financial year ended June 30, 2020. This amount was classified as non-current liability at its value, by discounting future estimated cash flows using risk free rate of return i.e. 8.60%. This resulted in income of Rs.3.540 million, which was grouped in other income during the preceding financial year.

## 25.2 Deferred income - Government grant

	Note	2022	2021
		Rupees in thousand	
Balance at beginning of the year	21.5	2,176	2,014
Income recognised during the year		0	3,152
Amortised during the year		(1,853)	(2,990)
		<u>323</u>	<u>2,176</u>
Current portion grouped under current liabilities		(323)	(1,768)
		<u>0</u>	<u>408</u>

25.3 In response to COVID-19, the State Bank of Pakistan (SBP) through Circular No. 6 of 2020, has introduced a Refinance Scheme for payment of wages and salaries to the workers and employees of business concerns. The Refinance Scheme has been managed through Participating Financial Institutions (PFIs) and funded by SBP. Borrowers obtained loans from PFIs to ease their cash flow constraints and thereby avoid layoffs. The benefit of a government loan at a below-market rate of interest has been treated as a government grant. The loan has been measured in accordance with IFRS 9 (Financial Instruments). The benefit of the below market rate of interest has been measured as the difference between the initial carrying value of loan determined in accordance with IFRS 9 and the proceeds received. The benefit has been accounted for and presented as deferred grant in accordance with IAS 20. The deferred grant has been amortised at average borrowing cost rate of GCIL, i.e. 8.50% (2021:8.60%) per annum; an amount of Rs.1,853 thousand (2021: Rs.2,990 thousand) has been recognised in the current year statement of profit or loss in this regard.

## 25.4 Deferred taxation

This is composed of the following:

Taxable temporary differences arising in respect of accelerated tax depreciation allowances	782,628	706,746
Deductible temporary differences arising in respect of:		
- unused tax losses	(135,101)	(273,188)
- allowance for expected credit loss	(4,648)	(7,818)
- alternate corporate tax / minimum tax recoverable against normal tax charge in future years	(198,411)	(107,967)
	<u>(338,160)</u>	<u>(388,973)</u>
	<u>444,468</u>	<u>317,773</u>

26. TRADE AND OTHER PAYABLES	Note	2022 Rupees in thousand	2021
Trade creditors		44,700	89,546
Accrued liabilities		73,850	92,159
Contract liabilities - advances from customers		43,362	45,721
Due to related parties:-			
Ghani Global Holdings Ltd.(the Holding Company)		32,465	0
G3 Technologies Ltd.(an Associated Company)		360,900	0
Advance against leasehold land at Hattar		0	15,000
Sales tax payable		44,161	0
Workers' (profit) participation fund	26.1	50,382	36,764
Workers' welfare fund	26.2	36,590	19,625
Payable to employees' provident fund		37	3
Withholding income tax		3,431	3,360
		<u>689,878</u>	<u>302,178</u>
<b>26.1 Workers' (profit) participation fund</b>			
Opening payable / (receivable) balance		36,764	(4,426)
Paid during the year		(48,738)	(10,690)
Allocation for the year		62,356	51,880
Closing payable balance		<u>50,382</u>	<u>36,764</u>
<b>26.2 Workers' welfare fund</b>			
Opening balance		19,625	646
Adjusted during the year		(6,730)	0
Charge for the year		23,695	18,979
Closing balance		<u>36,590</u>	<u>19,625</u>
<b>27. ACCRUED PROFIT</b>			
Profit accrued on :			
Long term finances		28,865	12,280
Redeemable capital - Sukuk		9,533	8,053
Short term borrowings		44,800	16,841
		<u>83,198</u>	<u>37,174</u>
<b>28. SHORT TERM BORROWINGS</b>			
From banking companies - secured		1,351,927	834,800
Book overdraft - unsecured	28.2	12,637	2,217
		<u>1,364,564</u>	<u>837,017</u>



- 28.1 These finances have been obtained under profit arrangements and are secured against joint pari passu hypothecation charge on present and future current assets, personal guarantees of sponsoring directors of GCIL and corporate guarantees of the Holding Company. These form part of total credit funded facilities of Rs.1,815 million ( 2021: Rs.1,535 million). The rates of profit range from 8.20% to 16.54% ( 2021: 7.70% to 14.91%) per annum. These facilities are expiring on various dates by January 31, 2023.
- 28.2 This temporary book overdraft has arisen due to issuance of cheques for amounts in excess of balance in a bank account.

29. CURRENT PORTION OF NON-CURRENT LIABILITIES		2022	2021
		Rupees in thousand	
Long term finances	21	154,102	170,117
Redeemable capital - Sukuk	22	216,667	216,667
Lease liabilities	24	301	287
Gas Infrastructure Development Cess	25.1	8,732	4,179
Deferred income	25.2	323	1,768
		380,125	393,018

### 30. CONTINGENCIES AND COMMITMENTS

#### Contingencies

- 30.1 GCIL has filed two separate constitutional petitions on February 15, 2009 before the Lahore High Court (the LHC), Lahore on the ground that GCIL was not required to pay any advance tax on electricity bills due to huge carried forward tax losses and available refunds. The LHC has granted stay orders upon furnishing of bank guarantees in favour of LESCO amounting Rs.3.140 million. The outcome of the cases is pending and the management is hopeful that matter shall be decided in favour of GCIL.
- 30.2 During the financial year ended June 30, 2020, GCIL has filed a writ petition before the Sindh High Court, Karachi against Federation of Pakistan owing to dispute between K-Electric regarding origination bill including amount of Rs.35.858 million in lieu of Industrial Support Package (ISPA). As per order of the Sindh High Court dated May 05, 2020; GCIL has submitted post-dated cheques of the involved amount to the Court for further proceeding of the matter. The management is of the view that the case will be decided in favour of GCIL.
- 30.3 The Department has filed references before the Lahore High Court against the orders passed by the Appellate Tribunal in favour of GCIL for the Tax Years 2011 and 2014. The references are pending adjudication.
- 30.4 Super tax has been provided for at the rate of 4% of taxable income instead of 10% as required by section 4C (Super tax on high earning persons) of the Income Tax Ordinance, 2001 as the management has filed a writ petition before the LHC subsequent to the reporting date. Unprovided for super tax provision amounts to Rs.47.100 million approximately as at June 30, 2022.
- 30.5 The un-availed funded and unfunded credit facilities from banks (other than loans from directors) as of reporting date were for Rs.815.440 million ( 2021: Rs.540.846 million). These limits include credit lines that are interchangeable and may be utilised for either funded facilities or unfunded facilities.

- 30.6 Bank guarantees aggregating Rs.43.915 million ( 2021: Rs.37.671 million) have been provided to various customers / institutions against supplies of products.

### Commitments

- 30.7 Commitments in respect of letters of credit amounted to Rs.1,535.066 million ( 2021: Rs.159.354 million).
- 30.8 Commitments for construction of buildings as at June 30, 2022 amounted Rs.100 million; (2021:Rs. 22 million).

## 31. SALES

	Note	2022 Rupees in thousand	2021
Gross sales - local			
Supplies		4,743,782	4,324,834
Services		38,009	25,724
		<u>4,781,791</u>	<u>4,350,558</u>
Sales / service tax		(591,065)	(512,732)
Net sales		<u>4,190,726</u>	<u>3,837,826</u>

## 32. COST OF SALES

Salaries, wages and other benefits	32.1	70,857	88,427
Fuel and power		1,509,497	1,207,867
Utilities		4,835	4,467
Consumable stores and spares		124,110	111,014
Rent, rates and taxes		1,324	10,895
Repair and maintenance		12,285	21,928
Communication		880	1,134
Travelling and vehicles' running		6,662	4,604
Insurance		7,698	8,139
Depreciation	5.7	118,313	114,232
Inadmissible sales tax (input), freight and others		65,542	77,743
Cost of goods manufactured		<u>1,922,003</u>	<u>1,650,450</u>
Changes in finished goods			
Opening stock		101,481	54,656
Purchases		472,122	577,086
Closing stock	11	(51,552)	(101,481)
		<u>522,051</u>	<u>530,261</u>
		<u>2,444,054</u>	<u>2,180,711</u>

32.1 These include Rs.4.022 million (2021: Rs.3.511 million) in respect of retirement benefits.

33. DISTRIBUTION COSTS	Note	2022 Rupees in thousand	2021
Salaries, wages and other benefits	33.1	63,216	60,644
Transportation		192,406	184,622
Traveling, boarding, lodging and conveyance		3,091	3,679
Communication		684	832
Vehicles' running and maintenance		5,741	4,642
Rent, rates and taxes		4,921	5,328
Loading and unloading		844	2,076
Postage and courier		273	215
Repair and maintenance		2,654	3,841
Office expenses		699	7,669
Others		29,438	28,561
		<u>303,967</u>	<u>302,109</u>

33.1 These include Rs.4.200 million (2021: Rs.3.527 million) in respect of retirement benefits.

#### 34. ADMINISTRATIVE EXPENSES

Salaries and other benefits	34.1	65,264	71,518
Communication		1,333	1,338
Electricity and other utilities		6,762	4,517
Rent, rates and taxes		6,137	6,254
Repair and maintenance		937	3,278
Traveling and conveyance		717	871
Vehicles' running and maintenance		3,661	2,724
Printing and stationery		2,416	1,584
Donation and charity		3,273	6,337
Fees and subscription		24,244	6,233
Advertisement		297	473
Insurance		3,552	1,778
Depreciation	5.7	19,385	17,387
Amortisation of right of use assets	6	8,779	665
Amortisation of intangible assets	7	2,962	2,961
Others		13,579	17,694
		<u>163,298</u>	<u>145,612</u>

34.1 These include Rs.4.997 million (2021: Rs.4.513 million) in respect of retirement benefits.

35. OTHER EXPENSES	Note	2022 Rupees in thousand	2021
Legal and professional (other than Auditors)		5,689	9,649
Allowance for expected credit loss	12.1	6,381	7,912
Loss on sale of held-for-sale investments		948	0
Auditors' remuneration:			
<b>ShineWing Hameed Chaudhri &amp; Co.</b>			
- statutory audit		726	660
- special audit assignment		577	330
- other certifications		175	65
- <b>statutory Auditors of Subsidiaries</b>		79	32
		1,557	1,087
Workers' welfare fund	26.2	23,695	18,979
Workers' (profit) participation fund	26.1	62,356	51,880
		<u>100,626</u>	<u>89,507</u>
<b>36. OTHER INCOME</b>			
Profit on bank deposits		9,362	1,199
Return on advances to an Associated Company		11,044	5,160
Credit balances written back		14,295	0
Advance against leasehold land at Hattar-written back		15,000	0
Exchange fluctuation gain		0	497
Gain on forward exchange contracts		7,949	0
Gas Infrastructure Development Cess - discounting effect	25.1	0	3,540
Amortisation of deferred income		0	2,990
Gain on disposal of operating fixed assets	5.4	149,409	24,369
Indenting commission	36.1	2,950	17,337
Miscellaneous		1,821	0
		<u>211,830</u>	<u>55,092</u>
<b>36.1</b>	This represents commission received from Precision Parts UK Ltd , United Kingdom, against supply of Health Care Business equipment to a hospital in Pakistan.		
<b>37. FINANCE COST</b>			
Finance cost on:			
- long term finances		54,219	54,576
- redeemable capital - Sukuk		49,462	53,572
- short term borrowings		118,113	95,022
- Interest against provision for Gas Infrastructure and Development Cess		1,480	0
- Mark-up on advances received from an Associated Company		1,988	749
- lease liabilities		496	473
Bank charges and commission		3,868	3,873
		<u>229,626</u>	<u>208,265</u>

38. TAXATION		2022	2021
Current	Note	Rupees in thousand	
- for the year		228,781	164,261
- prior years		(3,990)	(62)
		<u>224,791</u>	<u>164,199</u>
Deferred	25.4	<u>126,695</u>	<u>111,398</u>
		<u><u>351,486</u></u>	<u><u>275,597</u></u>

38.1 Returns filed by GCIL upto the tax year 2021 have been assessed under the self assessment scheme envisaged in section 120 of the Income Tax Ordinance, 2001 (the Ordinance).

38.2 No numeric tax rate reconciliation is presented in these financial statements as GCIL is mainly liable to pay tax due under sections 4C (Super tax on high earning persons) and 113-C of the Ordinance.

39. COMBINED EARNINGS PER SHARE		2022	2021
		Rupees in thousand	
There is no dilutive effect on earnings per share of the GCIL, which is based on:			
Profit after taxation attributable to ordinary shareholders		<u>812,343</u>	<u>691,117</u>
(Number of shares)			
Weighted average number of ordinary shares in issue during the year		<u>348,156,203</u>	Restated <u>303,251,439</u>
----- Rupees -----			
Combined earnings per share - basic		<u>2.33</u>	<u>2.28</u>

#### 40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, allowances including all benefits to the chief executive, directors and executives of GCIL were as follows:

	2022			2021		
<u>Description</u>	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	-----Rupees in thousand-----					
Managerial remuneration	17,408	21,008	30,889	13,926	16,926	27,034
Medical	696	1,885	1,236	557	1,513	1,081
Provident fund contribution	1,450	1,750	2,573	1,160	1,410	2,252
	<u>19,554</u>	<u>24,643</u>	<u>34,698</u>	<u>15,643</u>	<u>19,849</u>	<u>30,367</u>
No. of persons	1	2	10	1	2	10

40.1 The chief executive and directors of GCIL have been provided with free use of GCIL maintained cars in accordance with their entitlement. Some of the executives have also been provided with GCIL maintained cars as per their terms of employment.

40.2 No meeting fee was paid to the directors for attending Board meetings during the current and preceding years.

#### 41. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Holding Company and Associated Companies, directors of GCIL, key management personnel and staff retirement benefit fund. GCIL in the normal course of business carries out transactions with various related parties. Details of related parties with whom GCIL has transacted along with relationship and transactions, other than those which have been disclosed in these consolidated financial statements, were as follows:

Name of related party	Relationship
- Ghani Global Holdings Ltd.	Parent Company
- Ghani Global Glass Ltd.	Associated Company
- Kilowatt Labs Technologies Ltd.	-do-
- G3 Technologies Ltd.	-do-
- Air Ghani (Pvt.) Ltd.	-do-
- Ghani Global Foods (Pvt.) Ltd.	-do-
- Ghani Products (Pvt.) Ltd.	-do-
- Ghani Engineering (Pvt.) Ltd.	-do-
- Mr. Masroor Ahmad Khan	Director/ shareholder
- Mr. Atique Ahmad Khan	-do-
- Hafiz Farooq Ahmad	-do-
- Provident Fund Trust	Employees' retirement fund

#### 41.1 Transactions with related parties

Relationship with related party	Nature of transaction	2022 Rupees in thousand	2021
Holding Company	Commission against corporate guarantees	2,744	1,900
	Return on advances given	387	0
	Purchases	54,925	0
Associated Company - Ghani Global Glass Ltd.	Sales	110,250	48,504
	Sale of fixed assets	116,401	0
	Return on advances given	6,768	5,160
	Return on advances	1,988	749
	Expenses shared	470,723	139,100
	- G3 Technologies Ltd.	Sales	142,560
	Return capitalised	14,029	0
	Sale of leasehold land	125,000	0
	Investments made	398,793	0
	Investments sold	(200,200)	0
Other Associated Companies	Return on advances given	3,889	0
Key management personnel Others directors	Sale of vehicle	30,000	0
	Loans paid - net	0	(262,480)
Employees' provident fund trust	Contribution paid	26,436	24,826

**42. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES****Financial instruments by category**

	2022	2021
	Rupees in thousand	
<b>Financial assets</b>		
<b>At amortised cost</b>		
Long term deposits	67,193	67,193
Trade debts	1,054,626	714,313
Trade deposits, bank profit and other receivables	144,276	87,013
Bank balances	499,571	63,288
	<u>1,765,666</u>	<u>931,807</u>
<b>Financial liabilities</b>		
<b>At amortised cost</b>		
Long term finances	910,313	744,657
Redeemable capital - Sukuk	379,167	595,834
Long term security deposits	44,266	52,022
Lease liabilities	6,040	5,548
Gas Infrastructure Development Cess	20,578	19,098
Trade and other payables	118,550	181,644
Accrued profit	83,198	37,174
Short term borrowings	1,364,564	837,017
	<u>2,926,676</u>	<u>2,472,994</u>

**42.1 Financial Risk Factors**

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried-out by the Group's finance department under policies approved by the board of directors. The Group's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

**42.2 Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

**(a) Currency risk**

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Group is exposed to currency risk on import of stores & spares and stock-in-trade mainly denominated in U.S. \$. The Group is not exposed to foreign currency risk as at June 30, 2022 and June 30, 2021 as it has no foreign currency financial instrument at the respective reporting dates.

**(b) Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market profit rates. At the reporting date, the profit rate profile of the Group's profit bearing financial instruments is as follows:

	2022 Effective rates per annum	2021	2022 Carrying amount Rupees in thousand	2021 Carrying amount Rupees in thousand
<b>Fixed rate instruments</b>				
Cash at banks on deposit accounts	2.75% to 7.5%	2.75% to 4%	<u>359,752</u>	<u>44,376</u>
<b>Variable rate instruments</b>				
Long term finances	SBP rate + 3 months to 1 year KIBOR + 1%	SBP rate + 3% to 6 months KIBOR + 1.25%	<u>910,313</u>	<u>744,657</u>
Redeemable capital - Sukuk	3 months KIBOR + 1%	3 months KIBOR + 1%	<u>379,167</u>	<u>595,834</u>
Lease liabilities	8.50 to 8.85%	8.85 to 14.63%	<u>6,040</u>	<u>5,548</u>
Short term borrowings	8.20% to 16.54%	7.70% to 14.91%	<u>1,351,927</u>	<u>834,800</u>

**Fair value sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in profit rate at the reporting date would not affect profit or loss of the Group.

**Cash flow sensitivity analysis for variable rate instruments**

At June 30, 2022, if profit rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been lower / higher by Rs.26.475 million ( 2021: Rs.21.808 million) mainly as a result of higher profit rates.

**(c) Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Group is not exposed to any significant price risk.

**42.3 Credit risk exposure and concentration of credit risk**

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. 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. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.



In respect of other counter parties, due to the Group's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Group.

### Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2022 along with comparative is tabulated below:

	2022	2021
	Rupees in thousand	
Long term deposits	67,193	67,193
Trade debts	1,054,626	714,313
Trade deposits, bank profit and other receivables	144,276	87,013
Bank balances	499,571	63,288
	<u>1,765,666</u>	<u>931,807</u>

Out of the total financial assets credit risk is concentrated in trade debts and balances with banks as they constitute 88% ( 2021: 83%) of the total financial assets. The Group's exposure to credit risk in respect of trade debts other than Government parties is influenced mainly by the individual characteristics of each customer. Group establishes an allowance for expected credit loss that represents its estimate of incurred losses in respect of trade debts except for Government parties.

Trade debts are mainly due from local customers against sale of medical & industrial gases and chemicals. Sales to the Group's customers are made on specific terms and conditions. Customers' credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customers' credit risk management. Credit limits have been established for all customers based on internal rating criteria. Credit quality of the customers is also assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored.

Trade debts of the Group are not exposed to significant credit risk as the Group trades with credit worthy customers. Trade debts except for Government parties aggregating Rs.641.261 million ( 2021: Rs.395.653 million) are past due of which Rs.16.027 million ( 2021: Rs.26.960 million) have been impaired. Required allowance as determined by management as per IFRS 9 - 'Financial instruments - recognition and measurement' has been made in these consolidated financial statements.

### Bank balances

Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

The credit quality of Group's bank balances can be assessed with reference to external credit ratings assigned to them as follows :

	Rating		Rating agency	2022	2021
	Short term	Long term		Rupees in thousand	
Bank Alfalah Ltd.	A-1+	AA-	JCR-VIS	1,467	1,617
The Bank of Punjab	A1+	AA+	PACRA	1,029	607
Allied Bank Ltd.	A1+	AAA	PACRA	4,042	1,087
Askari Bank Ltd.	A1+	AA+	PACRA	90,353	535
BankIslami Pakistan Ltd.	A1	A+	PACRA	3,490	16,204
Dubai Islamic Bank (Pakistan) Ltd.	A-1+	AA	JCR-VIS	70	1,415
Faysal Bank Ltd.	A-1+	AA	JCR-VIS	440	1,119
JS Bank Ltd.	A1+	AA-	PACRA	108	720
National Bank of Pakistan	A1+	AAA	PACRA	40,075	9,858
Habib Metropolitan Bank Ltd.	A1+	AA+	PACRA	272,980	2,321
Standard Chartered Bank (Pakistan) Ltd.	A1+	AAA	PACRA	0	65
MCB Bank Ltd.	A1+	AAA	PACRA	12	14
Al-Baraka Bank (Pakistan) Ltd.	A-1	A+	JCR-VIS	11,513	21
Habib Bank Ltd.	A-1+	AAA	JCR-VIS	51,287	949
Meezan Bank Ltd.	A-1+	AAA	JCR-VIS	18,596	19,024
Soneri Bank Ltd.	A1+	AA-	PACRA	3,976	3,674
Bank Al Habib Ltd.	A1+	AAA	PACRA	84	4,016
The Bank of Khyber	A1	A	PACRA	49	43
				499,571	63,288

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Group's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

Particulars	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
----- Rupees in thousand -----					
<b>Year ended June 30, 2022</b>					
Long term finances	910,313	874,605	198,233	237,391	438,981
Redeemable capital - Sukuk	379,167	438,715	263,395	175,320	0
Long term security deposits	44,266	44,266	0	44,266	0
Lease liabilities	6,040	30,572	301	1,745	28,526
Gas Infrastructure					
Development Cess	20,578	22,638	11,319	11,319	0
Trade and other payables	118,550	118,550	118,550	0	0
Accrued profit	83,198	83,198	83,198	0	0
Short term borrowings	1,364,564	1,536,724	1,536,724	0	0
	<u>2,926,676</u>	<u>3,149,268</u>	<u>2,211,720</u>	<u>470,041</u>	<u>467,507</u>
<b>Year ended June 30, 2021</b>					
Long term finances	744,657	761,105	177,628	583,477	0
Redeemable capital - Sukuk	595,834	668,120	258,247	409,873	0
Long term security deposits	52,022	52,022	0	52,022	0
Lease liabilities	5,548	30,859	287	1,662	28,910
Gas Infrastructure					
Development Cess	19,098	22,638	4,179	18,459	0
Trade and other payables	181,644	181,644	181,644	0	0
Accrued profit	37,174	37,174	37,174	0	0
Short term borrowings	837,017	842,927	842,927	0	0
	<u>2,472,994</u>	<u>2,596,489</u>	<u>1,502,086</u>	<u>1,065,493</u>	<u>28,910</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of profit rates effective at the respective reporting dates. The rates of profit have been disclosed in the respective notes to these financial statements.

#### 43. CAPITAL RISK MANAGEMENT

The Group's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt comprising of mark-up bearing long term & short term finances and lease liabilities less cash & bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio as at June 30, 2022 and June 30, 2021 is as follows:

	2022	2021
	Rupees in thousand	
Total debt	2,660,084	2,183,056
Cash and bank balances	(499,938)	(63,493)
Net debt	<u>2,160,146</u>	<u>2,119,563</u>
Share capital	3,597,550	1,535,250
Share premium	300,000	913,951
Revaluation surplus on freehold land and leasehold land	298,727	0
Unappropriated profit	1,257,972	463,210
Equity	<u>5,454,249</u>	<u>2,912,411</u>
Capital	<u>7,614,395</u>	<u>5,031,974</u>
Gearing ratio (Net debt / (Net debt + Equity))	28.37%	42.12%

## 44. SEGMENT REPORTING

44.1 GCIL has following two strategic divisions which are its reportable segments. Following summary describes the operations of each reportable segments:

## a) Industrial Chemicals

This segment covers business of trading of chemicals.

## b) Industrial and Medical Gases

This segment covers business with large-scale industrial consumers, typically in the oil, chemical, food and beverage, metal, glass sectors and medical customers in healthcare sectors. Gases and services are supplied as part of customer specific solutions and range from supply by road tankers in liquefied form. Gases for cutting and welding, hospital, laboratory applications and a variety of medical purposes are also distributed under pressure in cylinders.

44.2 Segment results were as follows:

	Year ended					
	Year ended June 30, 2022			Year ended June 30, 2021		
	Industrial and Medical Gases	Industrial Chemicals	Total	Industrial and Medical Gases	Industrial Chemicals	Total
Rupees in thousand						
Net sales	3,634,674	556,052	4,190,726	3,281,774	556,052	3,837,826
Cost of sales	(1,937,847)	(506,207)	(2,444,054)	(1,674,504)	(506,207)	(2,180,711)
Gross profit	1,696,827	49,845	1,746,672	1,607,270	49,845	1,657,115
Distribution cost	(294,848)	(9,119)	(303,967)	(293,046)	(9,063)	(302,109)
Administrative expenses	(155,133)	(8,165)	(163,298)	(138,332)	(7,280)	(145,612)
	(449,981)	(17,284)	(467,265)	(431,378)	(16,343)	(447,721)
Segment profit	1,246,846	32,561	1,279,407	1,175,892	33,502	1,209,394
Unallocated corporate expenses						
Other expenses			(100,626)			(89,507)
Other income			211,830			55,092
			1,390,611			1,174,979
Finance cost			(229,626)			(208,265)
Share of profit from Associate			2,844			0
Profit before taxation			1,163,829			966,714
Taxation			(351,486)			(275,597)
Profit after taxation			812,343			691,117

The segment assets and liabilities at the reporting date for the year-end were as follows:

	As at June 30, 2022			As at June 30, 2021		
	Industrial and Medical Gases	Industrial Chemicals	Total	Industrial and Medical Gases	Industrial Chemicals	Total
Rupees in thousand						
Segment assets	6,845,159	127,999	6,973,158	4,727,014	78,320	4,805,334
Unallocated assets			2,652,667			1,184,827
Total assets			9,625,825			5,990,149
Segment liabilities	2,480,037	4,535	2,484,572	1,598,850	5,911	1,604,761
Unallocated liabilities			1,687,004			1,472,914
Total liabilities			4,171,576			3,077,738

- 44.3 All the non-current assets of GCIL at the reporting date were located within Pakistan. Depreciation expense mainly relates to industrial and medical gases segment.
- 44.4 Transfers between business segments are recorded at cost. There were no inter segment transfers during the year.
- 44.5 GCIL's customer base is diverse with no single customer accounting for more than 10% of the net sales.

#### 45. PLANT CAPACITY AND ACTUAL PRODUCTION

The following normal production capacity has been worked-out on the basis of daily triple shift basis:

	2022	2021
	----- Cubic Meter -----	
<b>Industrial and medical gases</b>		
Production at normal capacity - gross	78,897,955	76,860,000
Production at normal capacity - net of normal losses	72,713,628	70,838,710
Actual production - net of normal losses	59,318,060	61,772,453
Efficiency achieved	<u>82%</u>	<u>87%</u>

#### 45.1 Under-utilisation

Under-utilisation of available capacity is due to unavoidable / abnormal shutdowns and repair and maintenance of plant & machinery.

#### 46. Disclosure Requirements for All Shares Islamic Index

Following information has been disclosed as required under Paragraph 10 of Part I of the 4th Schedule to the Companies Act, 2017 relating to "All Shares Islamic Index".

	2022		2021	
	Carried under		Carried under	
	Non - Sharia arrangements	Sharia arrangements	Non - Sharia arrangements	Sharia arrangements
	----- Rupees in thousand -----			
Loans and advances obtained as per islamic mode				
Long term financing	0	1,298,836	0	1,346,725
Short term borrowings	0	1,364,564	0	837,017
Bank balances - current and deposits	0	499,496	0	63,213
Profit earned from bank deposits	0	9,362	0	1,199
Revenue earned	0	4,190,726	0	3,837,826
Profit paid	0	221,794	0	203,170

The Group has banking relationship with Islamic windows of conventional banking system as well as Shariah compliant banks only.

	2022	2021
	(Number)	
<b>47. NUMBER OF EMPLOYEES</b>		
Total number of employees at the year-end	<u>309</u>	<u>298</u>
Average number of employees during the year	<u>308</u>	<u>280</u>

**48. DISCLOSURES RELATING TO PROVIDENT FUND(GCIL)**

GCIL operates funded contributory provident fund scheme for all its permanent and eligible employees. The following information is based on the audited financial statements for the year ended June 30, 2022 and June 30, 2021.

	2022	2021
	Rupees in thousand	
(i) Size of the Fund - total assets	<u>155,708</u>	<u>130,495</u>
(ii) Cost of investments made	<u>48.1 77,718</u>	<u>28,216</u>
(iii) Percentage of investments made	<u>49.91%</u>	<u>21.62%</u>
(iv) Fair value of investments	<u>77,718</u>	<u>28,216</u>
<b>48.1 Cost of investments is as follows:</b>		
Investments in listed equity collective investment schemes / mutual funds / debt securities and money markets	<u>77,718</u>	<u>28,216</u>

**49. CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, except for restatement of combined earnings per share, no significant re-classifications / re-statements have been made to these consolidated financial statements .

**50. DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorised for issue on **04 OCT 2022** by the board of directors of GCIL.

SHC

HFA

Hafiz Farooq Ahmad  
(Chief Executive Officer)

Asim Mahmud  
(Chief Financial Officer)

Atique Ahmad Khan  
(Director)