



Ghani Global Group

Faith

Experience

Innovation

Growth

HALF YEARLY

December 31, **2023**

Ghani Chemical Industries Limited

Manufacturers of Medical / Industrial Gases & Chemicals



CORPORATE INFORMATION

BOARD OF DIRECTORS

Masroor Ahmad Khan
(Chairman)
Hafiz Farooq Ahmad
(Chief Executive Officer)
Atique Ahmad Khan
Rabia Atique
Muhammad Yahya
Hafiz Imran Lateef
Shiekh Muhammad Saleem Ahsan

MANAGEMENT TEAM

M. Ashraf Bawany
(President)
Asim Mahmud
(Director Finance / CFO)
Farzand Ali
(GM Corporate / Company Secretary)
Syed Sibtul Hassan Gilani
(GM Procurement & Imports)
Bilal Butt
(GM Sales & Marketing)
Abid Ameen
(Head of Plants)

EXTERNAL AUDITORS

ShineWing Hameed Chaudhri & Co.
Chartered Accountants

SHARIAH ADVISOR (SUKUK)

Al Halal Shariah Advisors (Private) Limited

CREDIT RATING

Long term rating A
Short term rating A1
(by The Pakistan Credit Rating Agency Limited)

LEGAL ADVISOR

Asif Mahmood Khan, Advocate
DSK Law Firm, Lahore.

SHARE REGISTRAR

Corplink (Private) Limited
Wings Arcade, 1-K Commercial,
Model Town, Lahore-Pakistan.
Tell: 042-35916714

BOARD COMMITTEES

Audit & Risk Management Committee

Shiekh Muhammad Saleem Ahsan
(Chairman)
Masroor Ahmad Khan
Rabia Atique

HR&R and Compensation Committee

Hafiz Imran Lateef
(Chairman)
Rabia Atique
Hafiz Farooq Ahmad
Muhammad Yahya

BANKERS

Albaraka Bank Pakistan Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami (Pakistan) Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metro Bank Limited
JS Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Punjab

REGISTERED/CORPORATE OFFICE

10-N, Model Town Ext, Lahore.
UAN: 111 GHANI 1 (442-641)
Fax: (092) 042-35160393
E-mail: info.gases@ghaniglobal.com
Website: www.ghaniglobal.com

REGIONAL MARKETING OFFICE

C-7/A, Block F, Gulshan-e-Jamal
Rashid Minhas Road, Karachi.
Ph: 021-34572150

MANUFACTURING PLANTS

- Phool Nagar, Tehsil Pattoki.
Distt. Kasur, Punjab.
- Eastern Industrial Zone, Port Qasim,
Karachi, Sindh.
- Hattar Special Economic Zone,
Distt. Haripur, KPK.

DIRECTORS' REVIEW

DEAR SHAREHOLDERS,

Assalam-o-Alaikum Wa RehmatUllah Wa BarakatoH

The Directors of your Company are pleased to present the unaudited reviewed condensed interim financial statements of the Company for the half year ended December 31, 2023, along with review report of the Auditors thereon, in compliance with the requirements of Companies Act, 2017.

FINANCIAL PERFORMANCE

By the grace of Almighty Allah despite all adverse economic factors during the period under review, your Company improved the sales / turnover and profitability as compared to the same period of last year. For the period ended December 2023, your company closed sales amounting to Rs. 2,910 million as compared to corresponding last period end sales of Rs. 2,484 million showing the 17% increase. Gross profit increased to Rs. 862 million from Rs. 773 million as compared to same period in last year. Distribution cost and administrative cost incurred during period is Rs. 79 million and Rs. 108 million whereas for the comparative period it was Rs. 105 million and Rs. 120 million, respectively. Profit from operations increased to around 36% from 31% last year, by grace of Almighty Allah.

Finance cost decreased for the period incurred on the long term finance and working capital lines to Rs. 212 million compared to Rs. 214 million for the last period. Alhamdulillah Company earned profit after tax amounting to Rs. 456 million as compared to the comparative period which was Rs. 254 million ALHAMDULILLAH. As a result Earnings per share improved as Rs. 0.92 as compared to last period's Earnings per share of Rs. 0.53.

Particulars	December 30, 2023	December 30, 2022
	(Rupees in'000)	(Rupees in'000)
Gross sales	2,910,545	2,484,048
Sales – net	2,465,036	2,123,848
Gross profit	862,383	772,627
Administrative expenses	108,168	120,156
Selling and distribution expenses	79,089	105,312
Profit from operations	897,738	662,894
Finance cost	211,528	213,526
Profit after taxation	456,025	254,212
Earnings per share - basic and diluted (Rupees)	0.92	0.53

FUTURE PROSPECTS

Your Company has been taking bold steps for new developments in healthcare both in public and private sector across the country with increasing emphasis on a healthier and generally better quality of life. In addition to oxygen, nitrous oxide, and other industrial gases like Liquid Nitrogen being prepared for use in pharmaceutical-based products as well as in food and beverage industry.

To overcome the high utility price issue (being the only raw material for manufacturing of medical and industrial gases), your Company has decided to set up 07MW Coal Power Plant based on mix of local & imported coal in Port Qasim and/or any other nearby suitable location at a projected cost of US\$5.00-5.5M. By setting up of this project, it is expected to save 45-50% power cost of Air Separation Unit (ASU) plants of the Company installed at Port Qasim, Karachi. This will also provide strong competitive advantage as power is major element in Production Cost.

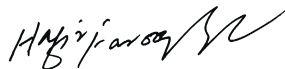
Your Company is in process to setup Pakistan's largest and the company's 5th 275TPD ASU plant for manufacturing of medical and industrial gases at Hattar Special Economic Zone. Alhamdulillah, import portion of Plant and Machinery of this project has arrived, unloaded and custom cleared. In addition to above, your Company is also in process for set up of import substitute calcium carbide manufacturing project at Hattar Special Economic Zone. Hopefully this project will save millions of US\$ and shall also open the doors for earning foreign exchange for the country. Both the projects are expected to be in operation during April/May 2024.

To meet the additional requirements of medical and industrial gases in Southern Region of the country, your Company has decided to relocate one of the 110TPD ASU plant installed at Phool Nagar (out of two) at some suitable location after installation & commissioning of Hattar Plant.

ACKNOWLEDGEMENTS

Indeed, all growth in the business of the Company was not possible without the Will and Blessings of ALMIGHTY ALLAH. The Board of Directors wishes to express their gratitude to valued shareholders, banks/financial Institutions, and suppliers for their continuous support, cooperation and patronage. We also wish to place on record the dedication, hard work and diligence of executives, staff and workers of the company.

For and behalf of Board of Directors



HAFIZ FAROOQ AHMAD
(Chief Executive Officer)



ATIQUE AHMAD KHAN
(Director)

Lahore:
February 28, 2024

مستقبل کے امکانات

آپ کی کمپنی صحت مند اور عام طور پر بہتر معیار زندگی پر بڑھتے ہوئے زور کے ساتھ ملک بھر میں سرکاری اور نجی دونوں شعبوں میں صحت کی دیکھ بھال میں نئی پیش رفت کے لیے جرات مندانہ اقدامات کر رہی ہے۔ آکسیجن کے علاوہ، نائٹرس آکسائیڈ، اور دیگر صنعتی گیسوں جیسے مائع نائٹروجن کو دو سازی پر مبنی مصنوعات کے ساتھ ساتھ کھانے اور مشروبات کی صنعت میں استعمال کے لیے تیار کیا جا رہا ہے۔

یوٹیلٹی قیمت کے مسئلے پر قابو پانے کے لیے (طبی اور صنعتی گیسوں کی تیاری کے لیے واحد خام مال ہونے کی وجہ سے)، آپ کی کمپنی نے پورٹ قاسم اور/یا کسی دوسرے قریبی علاقے میں موزوں مقام پر مقامی اور درآمد شدہ کوئلے کے مرکب پر مبنی 5.5M-US\$5.00 کی متوقع لاگت پر 07 میگا واٹ کول پاور پلانٹ لگانے کا فیصلہ کیا ہے۔ اس منصوبے کی تکمیل سے، پورٹ قاسم، کراچی میں نصب کمپنی کے ایئر سپریشن یونٹ (ASU) پلانٹس کی 45-50 فیصد تک بجلی کی بچت کی متوقع ہے۔ یہ منصوبہ مسابقتی فائدہ بھی فراہم کرے گا کیونکہ بجلی، پیداواری لاگت میں اہم عنصر ہے۔

آپ کی کمپنی حطار اسپیشل اکنامک زون میں طبی اور صنعتی گیسوں کی تیاری کے لیے پاکستان کا سب سے بڑا اور کمپنی کا 5واں ASU275TPD پلانٹ لگانے کے لیے کارروائی میں مصروف ہے۔ الحمد للہ، اس منصوبے کے پلانٹ اور مشینری کا درآمدی حصہ کسٹم کلیئرنس کے بعد سائٹ پر آچکا ہے۔ مذکورہ بالا کے علاوہ، آپ کی کمپنی حطار اسپیشل اکنامک زون میں درآمدی متبادل کمپلیمنٹ کاربائیڈ مینوفیکچرنگ پروجیکٹ کے قیام کے لیے بھی مصروف عمل ہے۔ امید ہے کہ اس منصوبے سے لاکھوں امریکی ڈالر کی بچت ہوگی اور ملک کے لیے زرمبادلہ کمانے کے دروازے بھی کھلیں گے۔ دونوں پروجیکٹس اپریل/مئی 2024 کے دوران آپریشن میں آجائیں گے۔

ملک کے جنوبی علاقے میں طبی اور صنعتی گیسوں کی اضافی ضروریات کو پورا کرنے کے لیے، آپ کی کمپنی نے حطار پلانٹ کی تنصیب کے بعد پھول نگر میں نصب (دو میں سے ایک) ASU110TPD پلانٹ کو کسی مناسب جگہ پر منتقل کرنے کا فیصلہ کیا ہے۔

اعتراف

درحقیقت، کمپنی کے کاروبار میں تمام ترقی اللہ تعالیٰ کی مرضی اور برکت کے بغیر ممکن نہیں تھی۔ بورڈ آف ڈائریکٹرز قابل قدر شیئر ہولڈرز، بینکوں/مالیاتی اداروں اور سپلائرز کے مسلسل تعاون، تعاون اور سرپرستی کے لیے ان کا شکریہ ادا کرنا چاہتا ہے۔ ہم کمپنی کے ایگزیکٹوز، عملے اور کارکنوں کی لگن، محنت اور تندہی کو بھی ریکارڈ پر رکھنا چاہتے ہیں۔

عتیق احمد خان
(ڈائریکٹر)

حافظ فاروق احمد
(چیف ایگزیکٹو آفیسر)

لاہور:

28 فروری 2024

ڈائریکٹرز رپورٹ

پیارے شیئر ہولڈرز

السلام وعلیکم ورحمۃ اللہ وبرکات

آپ کی کمپنی کے ڈائریکٹرز کو کمپنیز ایکٹ 2017 کے تقاضوں کی تعمیل میں 31 دسمبر 2023 کو ختم ہونے والے ششماہی کے لیے کمپنی کے غیر آڈیٹ شدہ نظر ثانی شدہ کنڈینسڈ عبوری مالیاتی گوشواروں اور اس کے ساتھ آڈیٹرز کی جائزہ رپورٹ پیش کرنے پر خوشی ہے۔

مالیاتی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے زیر نظر مدت کے دوران تمام منفی معاشی عوامل کے باوجود، آپ کی کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے فروخت/ٹرن اور اور منافع میں بہتری لائی ہے۔ دسمبر 2023 کو ختم ہونے والی مدت کے لیے، آپ کی کمپنی نے 2,910 ملین روپے کی فروخت بند کر دی ہے جو کہ 2,484 ملین روپے کی آخری مدت کے اختتامی سیز کے مقابلے میں 17 فیصد اضافہ کو ظاہر کرتی ہے۔ مجموعی منافع گزشتہ سال کی اسی مدت کے مقابلے میں 773 ملین روپے سے بڑھ کر 862 ملین روپے ہو گیا۔ اس مدت کے دوران تقسیم کی لاگت اور انتظامی لاگت 79 ملین روپے اور 108 ملین روپے ہے جبکہ تقابلی مدت کے لئے یہ بالترتیب 105 ملین روپے اور 120 ملین روپے تھی۔ آپریشنز سے منافع اللہ کے فضل سے پچھلے سال 31 فیصد سے بڑھ کر تقریباً 36 فیصد ہو گیا۔

طویل مدتی فنانس اور ورکنگ کیپیٹل لائنوں پر مالیاتی لاگت گزشتہ مدت کے 214 ملین روپے کے مقابلے 212 ملین روپے تک کم ہو گئی۔ الحمد للہ کمپنی نے تقابلی مدت کے مقابلے میں 456 ملین روپے بعد از ٹیکس منافع کمایا جو 254 ملین روپے الحمد للہ تھا۔ نتیجتاً فی حصص آمدنی بہتر ہو کر 0.92 روپے ہو گئی جو گزشتہ اسی مدت میں 0.53 روپے تھی۔

گزشتہ سال کی اسی مدت کے ساتھ 31 دسمبر 2023 کو ختم ہونے والی مدت کے لیے آپ کی کمپنی کے اہم مالیاتی نتائج کا موازنہ حسب ذیل ہے:

Particulars	December 30, 2023	December 30, 2022
	(Rupees in'000)	(Rupees in'000)
Gross sales	2,910,545	2,484,048
Sales – net	2,465,036	2,123,848
Gross profit	862,383	772,627
Administrative expenses	108,168	120,156
Selling and distribution expenses	79,089	105,312
Profit from operations	897,738	662,894
Finance cost	211,528	213,526
Profit after taxation	456,025	254,212
Earnings per share - basic and diluted (Rupees)	0.92	0.53

Independent Auditors' Review Report to the Members of
Ghani Chemical Industries Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Ghani Chemical Industries Limited** (the Company) as at December 31, 2023 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2022 and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2023.

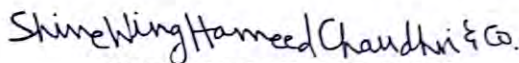
Scope of Review

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

Conclusion

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

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

LAHORE; February 28, 2024
UDIN: RR202310195Cjh96Inma
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

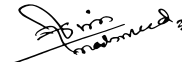
Ghani Chemical Industries Limited
Condensed Interim Statement of Financial Position as at December 31, 2023

		Dec. 31, 2023	June 30, 2023
		Un-audited	Audited
		Rupees in thousand	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	5	9,431,452	7,210,169
Right of use assets		492,117	498,874
Intangible assets		1,479	1,479
Long term deposits		67,193	67,193
		<u>9,992,241</u>	<u>7,777,715</u>
Current assets			
Stores, spares and loose tools		396,301	313,845
Stock-in-trade		294,507	79,375
Trade debts	6	1,327,432	1,020,529
Loan and advances	7	1,406,707	1,582,155
Deposits, prepayments and other receivables		469,935	443,570
Sales tax refunds due from Government		54,062	34,230
Advance income tax		247,033	440,031
Short term investments - term deposit receipts		250,000	911,000
Cash and bank balances	8	947,507	525,173
		<u>5,393,484</u>	<u>5,349,908</u>
Total assets		<u>15,385,725</u>	<u>13,127,623</u>
Equity and liabilities			
Share capital and reserves			
Authorised share capital		8,500,000	8,500,000
Issued, subscribed and paid-up share capital		5,001,879	5,001,879
Share premium		164,011	164,011
Revaluation surplus on freehold and leasehold land		497,278	497,278
Merger reserve		1,342,746	1,342,746
Unappropriated profit		2,280,069	1,824,044
Total equity		<u>9,285,983</u>	<u>8,829,958</u>
Non-current liabilities			
Long term finances	9	1,940,331	1,270,043
Redeemable capital	10	420,000	0
Long term security deposits		55,069	49,091
Lease liabilities		5,593	5,805
Deferred liabilities	11	769,506	662,815
		<u>3,190,499</u>	<u>1,987,754</u>
Current liabilities			
Trade and other payables	12	364,077	350,096
Contract liabilities - advances from customers		236,327	59,745
Accrued profit		230,134	122,787
Unclaimed dividend		491	491
Short term borrowings		1,605,139	1,127,439
Current portion of non-current liabilities		353,881	407,883
Taxation	13	119,194	241,470
		<u>2,909,243</u>	<u>2,309,911</u>
Total liabilities		<u>6,099,742</u>	<u>4,297,665</u>
Contingencies and commitments	14		
Total equity and liabilities		<u>15,385,725</u>	<u>13,127,623</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Hafiz Farooq Ahmad
(Chief Executive Officer)



Asim Mahmud
(Chief Financial Officer)

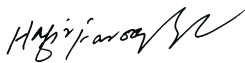


Atique Ahmad Khan
(Director)

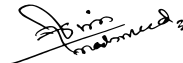
Ghani Chemical Industries Limited
Condensed Interim Statement of Profit or Loss & Other
Comprehensive Income (Un-audited)
For the Quarter and Six Months Period Ended December 31, 2023

	Six months period ended		Quarter ended	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
	----- Rupees in thousand -----			
Sales	2,910,545	2,484,048	1,476,275	1,217,585
Less: sales tax	(445,509)	(360,200)	(223,935)	(169,782)
Sales - net	2,465,036	2,123,848	1,252,340	1,047,803
Cost of sales	(1,602,653)	(1,351,221)	(831,645)	(665,529)
Gross profit	862,383	772,627	420,695	382,274
Distribution cost	(79,089)	(105,312)	(35,888)	(22,881)
Administrative expenses	(108,168)	(120,156)	(58,237)	(79,615)
Other expenses	(53,910)	(38,981)	(29,329)	(23,428)
Other income	276,522	154,716	169,954	126,767
	35,355	(109,733)	46,500	843
Profit from operations	897,738	662,894	467,195	383,117
Finance cost	(211,528)	(213,526)	(107,948)	(109,101)
Profit before taxation	686,210	449,368	359,247	274,016
Taxation	230,185	195,156	129,209	142,514
Profit after taxation	456,025	254,212	230,038	131,502
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	456,025	254,212	230,038	131,502
	----- Rupee -----			
Earnings per share	0.92	0.53	0.47	0.28

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Hafiz Farooq Ahmad
(Chief Executive Officer)



Asim Mahmud
(Chief Financial Officer)

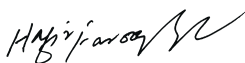


Atique Ahmad Khan
(Director)

Ghani Chemical Industries Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the Six Months Period Ended December 31, 2023

	Capital reserves			Revenue reserve - unappropriated profit	Total	
	Share capital	Share premium	Revaluation surplus on freehold and leasehold land			Merger reserves
----- Rupees in thousand -----						
Balance as at June 30, 2023 (audited)	5,001,879	164,011	497,278	1,342,746	1,824,044	8,829,958
Total comprehensive income for the period of six months ended December 31, 2023	0	0	0	0	456,025	456,025
Balance as at December 31, 2023 (un-audited)	5,001,879	164,011	497,278	1,342,746	2,280,069	9,285,983
Balance as at June 30, 2022 (Re-stated)	4,347,163	300,000	298,727	1,342,746	1,316,153	7,604,789
Proceeds from right shares issued during the period	220,000	0	0	0	0	220,000
Bonus shares issued during the period	434,716	(135,989)	(298,727)	0	0	0
Total comprehensive income for the period of six months ended December 31, 2022	0	0	0	0	254,212	254,212
Balance as at December 31, 2022 (un-audited)	5,001,879	164,011	0	1,342,746	1,570,365	8,079,001

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Hafiz Farooq Ahmad
(Chief Executive Officer)



Asim Mahmud
(Chief Financial Officer)



Atique Ahmad Khan
(Director)

Ghani Chemical Industries Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the Six Months Period Ended December 31, 2023

Six months period ended
Dec. 31, **Dec. 31,**
2023 **2022**

Cash flows from operating activities

	(Rupees in thousand)	
Profit for the period - before taxation	686,210	449,368
Adjustments for non-cash charges and other items:		
Finance cost	211,528	213,526
Depreciation	82,487	83,582
Amortisation of intangible assets	0	1,480
Amortisation of right-of-use assets	6,757	5,267
Gain on disposal of operating fixed assets	(53,266)	(4,709)
Gain on sale of held-for-sale investments	0	(12,361)
Provision for Gas Infrastructure Development Cess	403	0
Loss on forward foreign exchange contracts	2,022	0
Allowance for expected credit loss	0	5,000
Amortisation of deferred income	(3,909)	(323)
Profit before working capital changes	932,232	740,830

Effect on cash flows due to working capital changes

(Increase) / decrease in current assets:

Stores, spares and loose tools	(82,456)	(126,039)
Stock-in-trade	(215,132)	63,728
Trade debts	(306,903)	71,495
Loans and advances	175,448	(1,287,836)
Deposits, prepayments and other receivables	(26,365)	(94,209)
Short term investments - term deposit receipts	661,000	(401,000)
Sales tax refunds due from Government	(19,832)	16,084
Increase / (decrease) in current liabilities:		
Trade and other payables and contract liabilities	188,541	(141,969)
	374,301	(1,899,746)
Cash generated from / (used in) operations	1,306,533	(1,158,916)
Taxation - net	(47,218)	(136,067)
Net cash generated from / (used in) operating activities	1,259,315	(1,294,983)

Cash flows from investing activities

Fixed capital expenditure	(2,430,218)	34,563
Proceeds from sale of operating fixed assets	179,714	7,225
Proceeds from investments held-for-sale	0	638,990
Net cash (used in) / generated from investing activities	(2,250,504)	680,778

Cash flows from financing activities

Proceeds from right issue	0	220,000
Long term finances - net	722,555	562,549
Redeemable capital - Sukuk (redeemed) - net	311,667	(108,333)
Lease liabilities	(196)	(433)
Long term security deposits - net	5,978	4,075
Short term borrowings - net	477,700	209,137
Finance cost paid	(104,181)	(164,988)
Net cash generated from financing activities	1,413,523	722,007
Net increase in cash and cash equivalents	422,334	107,802
Cash and cash equivalents at beginning of the period	525,173	855,168
Cash and cash equivalents at end of the period	947,507	962,970

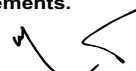
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Hafiz Farooq Ahmad
(Chief Executive Officer)



Asim Mahmud
(Chief Financial Officer)



Atique Ahmad Khan
(Director)

Ghani Chemical Industries Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the Six Months Period Ended December 31, 2023

1. Legal status and operations

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 279,905,983 (June 30, 2023: 279,905,983) ordinary shares of the Company representing 55.96% (June 30, 2023: 58.53%) of its paid-up capital as at December 31, 2023.

As per the Scheme of Compromises, Arrangement and Reconstruction, 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.

2. Basis of preparation

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim financial reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual audited financial statements.

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017. The figures for the six months period ended December 31, 2023 have, however, been subjected to limited scope review by the external Auditors.

2.4 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except property, plant and equipment at revalued amounts assessed by an independent valuer.

2.5 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees, which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

3. Significant accounting policies

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of audited financial statements of the Company as at and for the year ended June 30, 2023.

3.1 Changes In Accounting Standards, Interpretations And Amendments To Published Approved Accounting Standards

a) Standards, interpretations and amendments to published approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting periods which began on July 01, 2023. However, these do not have any significant impact on the Company's financial reporting.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 01, 2024. However, these will not have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

4. Accounting estimates and judgements

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2023.

5. Property, plant and equipment

		Un-audited Dec. 31, 2023	Audited June 30, 2023
	Note	Rupees in thousand	
Operating fixed assets	5.1	6,605,648	6,241,673
Capital work-in-progress			
- buildings		124,379	
- plant and machinery		2,239,025	209,889
Stores held for capital expenditure		462,400	758,607
		<u>9,431,452</u>	<u>7,210,169</u>

	Un-audited Dec. 31, 2023	Audited June 30, 2023
Note	Rupees in thousand	
5.1 Operating fixed assets - tangible		
Book value as at June 30, 2023	6,241,673	
Add: additions made during the period		
- building	399	
- plant and machinery	361,332	
- furniture and fixtures	1,229	
- office equipment	2,851	
- computers and accessories	870	
- vehicles	206,229	
	572,910	
Book value of operating fixed assets sold	(126,448)	
Depreciation charge for the period	(82,487)	
Book value as at December 31, 2023	<u>6,605,648</u>	
6. Trade debts - unsecured		
Considered good	1,327,432	1,020,529
Considered doubtful	19,856	19,856
	<u>1,347,288</u>	<u>1,040,385</u>
Allowance for expected credit loss	(19,856)	(19,856)
	<u>1,327,432</u>	<u>1,020,529</u>
6.1 Receivables from the government institutions aggregate to Rs.646.330 million as at December 31, 2023 (June 30, 2023: Rs.396.069 million).		
7. Loans and advances - unsecured, considered good		
Advances to:		
- employees against expenses	7,727	4,853
- employees against salaries	92	92
- suppliers and contractors	362,166	205,691
Due from related parties	7.1 1,029,055	866,331
Letters of credit	9,152	506,673
	<u>1,408,192</u>	<u>1,583,640</u>
Allowance for impairment	(1,485)	(1,485)
	<u>1,406,707</u>	<u>1,582,155</u>
7.1 Period end balance includes due from Ghani Global Glass Ltd. (GGGL) amounting Rs.983.113 million (June 30, 2023 Rs.866.059 million) and from Ghani Global Holdings Ltd. (the Holding Company) amounting Rs.45.942 million (June 30, 2023 Rs.0.272 million).		
7.2 Maximum amounts due from GGGL at the end of any month during the period was Rs.870.428 million (June 30, 2023: Rs.866.519 million).		
7.3 Maximum amount due from the Holding Company at the end of any month during the period was Rs.46.000 million (June 30, 2023: Rs.0.272 million).		

	Un-audited Dec. 31, 2023	Audited June 30, 2023
	Rupees in thousand	
8. Cash and bank balances		
Cash-in-hand	1,586	392
Pay orders in hand	64,000	0
Cash at banks on:		
- current accounts	414,770	233,583
- deposit / saving accounts	467,151	291,198
	881,921	524,781
	947,507	525,173
9. Long term finances		
From banking companies - secured		
Diminishing Musharakah	434	1,279
Diminishing Musharakah	750	750
Diminishing Musharakah	190,890	245,440
Diminishing Musharakah and Islamic Refinance Facility	6,858	11,429
Diminishing Musharakah	500,000	0
Diminishing Musharakah (ITERF)	363,163	395,835
Long Term Islamic Finance Facility	283,176	283,176
Shirkatul Milk	136,583	0
Diminishing Musharakah	499,993	499,993
From Islamic Financial Institutions - secured		
Diminishing Musharakah	2,649	4,029
Diminishing Musharakah	179,990	0
Others		
From sponsoring directors - unsecured	52,000	52,000
	2,216,486	1,493,931
Current portion grouped under current liabilities	(276,155)	(223,888)
	1,940,331	1,270,043
10. Redeemable capital - sukuk		
Balance as at June 30, 2023	162,500	
Sukuk issue made during the period	420,000	
Less : certificates redeemed during the period	(108,333)	
Balance as at December 31, 2023	474,167	
Current portion grouped under current liabilities	(54,167)	
	420,000	
11. Deferred liabilities		
Gas infrastructure development cess	5,750	7,991
Deferred income - Government grant	14,056	17,369
Deferred taxation	749,700	637,455
	769,506	662,815

12. Trade and other payables	Un-audited Dec. 31, 2023 Rupees in thousand	Audited June 30, 2023
Trade creditors	107,959	252,910
Accrued liabilities	158,160	24,419
Workers' (profit) participation fund	36,915	18,328
Workers' welfare fund	52,869	46,764
Payable to employees' provident fund	1	13
Withholding income tax	8,173	7,662
	364,077	350,096
13. Provision for taxation - net		
Balance as at June 30, 2023	241,470	
Add: provision made during the period:		
current period	117,377	
prior year	564	
	117,941	
	359,411	
Less: payments / adjustments made against completed assessments	240,217	
Balance as at December 31, 2023	119,194	
13.1 Income tax assessments of the Company have been completed up to the tax year 2023 i.e. accounting year ended June 30, 2023.		
13.2 Income tax expense is recognised in each interim period based on best estimate. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate changes.		
13.3 Provision for Super Tax amounting Rs.62.254 million approximately has not been made in these condensed interim financial statements based on the fact that additions of Rs.3 billion approximately are expected to be capitalised in the second half year ending June 30, 2024. The management anticipates that due to availability of initial allowance and tax depreciation, the Company's taxable profit for the year ending June 30, 2024 will not fall under the slab applicable for Super Tax.		
14. Contingencies and commitments		
Contingencies		
14.1 The Company has filed two separate constitutional petitions on February 15, 2009 before the Lahore High Court (the LHC), Lahore on the ground that the Company 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 the Company.		
14.2 During the financial year ended June 30, 2020, the Company 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; the Company 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 the Company.		

- 14.3** The Department has filed references before the Lahore High Court against the orders passed by the Appellate Tribunal in favour of the Company for the Tax Years 2011 and 2014. The references are pending adjudication.
- 14.4** The un-availed funded and unfunded credit facilities from banks (other than loans from directors) as of reporting date were for Rs.1,906.421 million (June 30, 2023: Rs.403.840 million). These limits include credit lines that are interchangeable and may be utilised for either funded facilities or unfunded facilities.
- 14.5** Bank guarantees aggregating Rs.103.342 million (June 30, 2023: Rs.133.670 million) have been provided to various customers / institutions against supplies of products.

Commitments

- 14.6** Commitments in respect of letters of credit amounted to Rs.355.500 million as at December 31, 2023 (June 30, 2023: Rs.1,943.721 million).
- 14.7** Commitments for construction of buildings as at December 31, 2023 amounted Rs.140 million (June 30, 2023: Rs.200 million).

	Six months period ended	
	Dec. 31, 2023	Dec. 31, 2022
	Rupees in thousand	
15. Other income		
Profit on bank deposits	92,579	79,532
Return on advances to Holding Company and Associated Companies	101,481	58,114
Gain on sale of investments held-for-sale	0	12,361
Gain on disposal of operating fixed assets	53,266	4,709
Compensation charges recovered from Engro Polymer and Chemicals Ltd. due to short lifting of chemical supplies	29,196	0
	276,522	154,716
16. Taxation		
Current		
- for the period (note 13)	117,377	
- prior year (note 13)	564	
Deferred	112,244	
	230,185	
17. Transactions with related parties		

Material transactions with related parties during the period were as follows :

Relationship with related party	Nature of transaction		
Holding Company	Commission against Corporate guarantees	3,600	1,908
	Return on advances	2,119	0
Associated Company			
- Ghani Global Glass Ltd.	Sale of raw materials	32,959	80,129
	Return on advances given	99,362	40,513
	Sharing of expenses	268,382	179,733
	Sale of plant & machinery	82,600	0
Provident fund trust	Contribution paid	16,090	14,795

18. Segment reporting

18.1 The Company 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.

18.2 Segment results were as follows:

	Six months ended December 31, 2023			Six months ended December 31, 2022		
	Industrial and Medical Gases	Industrial Chemicals	Total	Industrial and Medical Gases	Industrial Chemicals	Total
	----- Rupees in thousand -----					
Net sales	2,348,497	116,539	2,465,036	1,751,399	372,449	2,123,848
Cost of sales	(1,500,453)	(102,200)	(1,602,653)	(993,621)	(357,600)	(1,351,221)
Gross profit	848,044	14,339	862,383	757,778	14,849	772,627
Distribution cost	(76,716)	(2,373)	(79,089)	(102,153)	(3,159)	(105,312)
Administrative expenses	(102,760)	(5,408)	(108,168)	(114,148)	(6,008)	(120,156)
	(179,476)	(7,781)	(187,257)	(216,301)	(9,167)	(225,468)
Segment profit	668,568	6,558	675,126	541,477	5,682	547,159
Unallocated corporate expenses						
Other expenses			(53,910)			(38,981)
Other income			276,522			154,716
			897,738			662,894
Finance cost			(211,528)			(213,526)
Profit before taxation			686,210			449,368
Taxation			(230,185)			(195,156)
Profit after taxation			456,025			254,212
	As at December 31, 2023			As at December 31, 2022		
	Industrial and Medical	Industrial Chemicals	Total	Industrial and Medical	Industrial Chemicals	Total
	----- Rupees in thousand -----					
Segment assets	11,592,739	2,687	11,595,426	9,168,095	30,018	9,198,113
Unallocated assets			3,790,299			3,330,171
Total assets			15,385,725			12,528,284
Segment liabilities	2,477,618	142,959	2,620,577	2,038,993	11,171	2,050,164
Unallocated liabilities			3,479,165			2,399,119
Total liabilities			6,099,742			4,449,283

- All the non-current assets of the Company at the reporting date were located within Pakistan. Depreciation expense mainly relates to industrial and medical gases segment.

- Transfers between business segments are recorded at cost. There were no inter segment transfers during the period .
- One of the Company's customers having net sales aggregating Rs.704.269 million contributed towards 28.57% of the Company's net sales.

19. Financial risk management

19.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

These condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's financial statements as at and for the year ended June 30, 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2023.

19.2. Fair value estimation

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Further, there were no reclassifications of financial assets.

20. Corresponding figures

The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended June 30, 2023, whereas the comparative condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements for the period ended December 31, 2022.

21. Date of authorisation for issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on **February 28, 2024**.



Hafiz Farooq Ahmad
(Chief Executive Officer)



Asim Mahmud
(Chief Financial Officer)



Atique Ahmad Khan
(Director)



Ghani Global Group

Corporate Office:

10-N, Model Town Ext., Lahore 54000, Pakistan. UAN: 111 GHANI 1 (442-641)

Tel: 042 35161424-5, Fax: +92 42 35160393

www.ghaniglobal.com