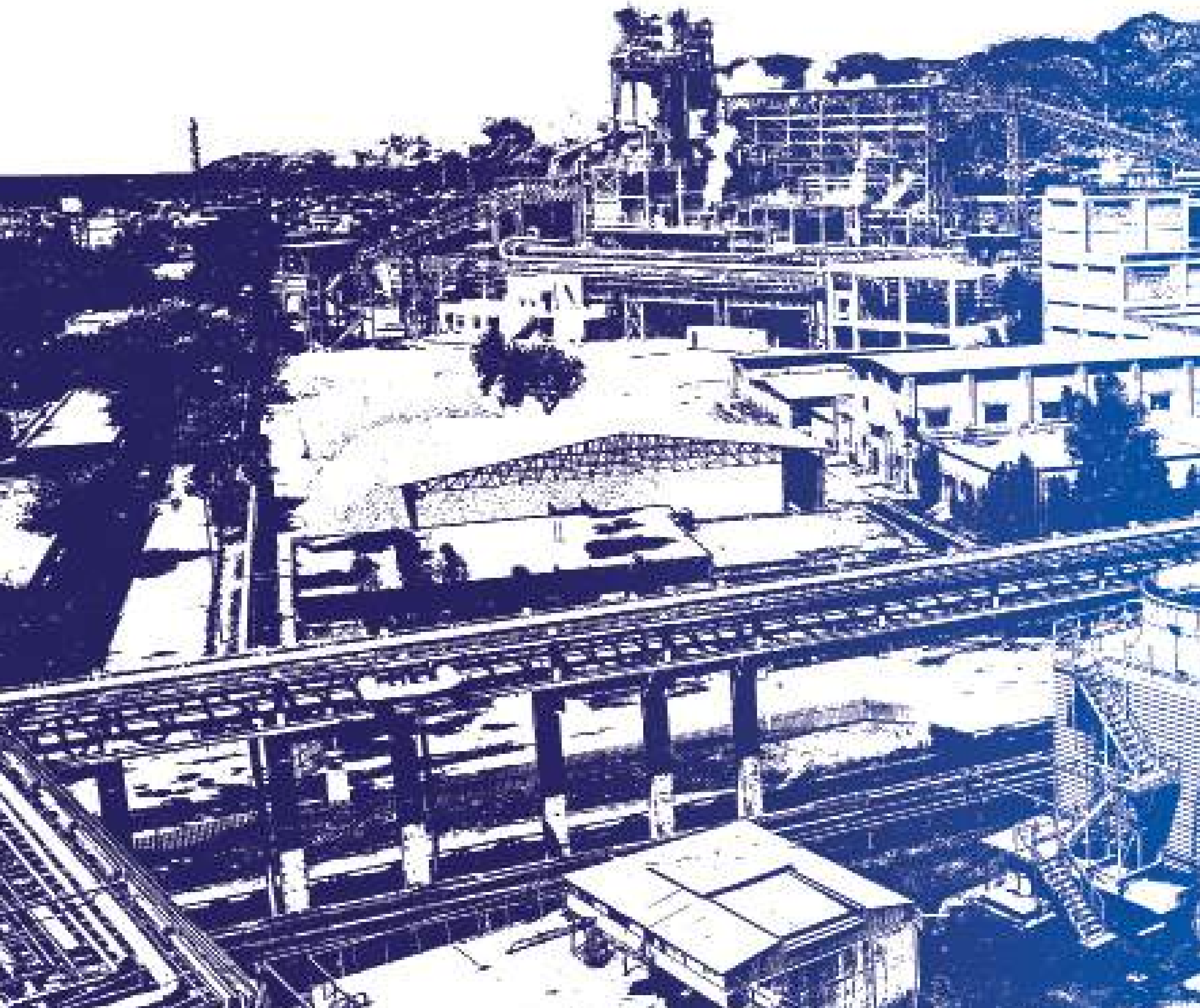
ICI PAKISTAN LTD.

A Part of YBG

CELEBRATING 75 YEARS OF GROWTH

Annual Report 2018-19

75th Anniversary Edition



Celebrating 75 Years of Growth

Over the last seven and a half decades, ICI Pakistan Limited has attained an iconic status – known and trusted by generations across Pakistan. It has transformed from a single soda ash manufacturing unit to become a diversified industrial conglomerate of the country.

While ICI Pakistan Limited has a distinguished legacy, it is an innovative and a forward-looking organisation. The Company's 75th anniversary logo on the cover represents its confidence, boundless energy and enthusiasm for the future. It is a reflection of ICI Pakistan Limited's infinite aspiration for fulfilling its brand promise of Cultivating Growth.

Under the patronage of Yunus Brothers Group (YBG), ICI Pakistan Limited looks forward to an exciting future and serving Pakistan for many years to come.

A Rich Legacy of Corporate Leadership

ICI Pakistan Limited is proud of its incredible history and the journey that it has made over the last 75 years.

1944

The Khewra Soda Ash Company, established in 1929, starts its production with a single soda ash manufacturing unit.

1982

ICI Pakistan Manufacturers Limited sets up a Polyester Plant at Sheikhupura with a capacity of 12,000 tonnes

1987

The company changes its name to ICI Pakistan Limited.

1994

ICI Pakistan Limited increases capacity of Soda Ash Plant by 50,000 tonnes.

1998

ICI Pakistan Limited commissions its PTA Plant at Port Qasim, Karachi. The PTA Business demerged to form a separate entity in 2000.

2002

ICI Pakistan Limited increases capacity of Polyester Plant by 44,000 tonnes.

2008

AkzoNobel, one of the largest coatings and chemicals company in the world becomes the ultimate holding company of ICI Pakistan Limited.

AkzoNobel demerged the Paints Business into a separate legal entity, Akzo Nobel Pakistan Limited, in 2011.

2012

The Yunus Brothers Group (YBG) acquires a 75.8% stake in ICI Pakistan Limited from the Dutch paints giant AkzoNobel for USD 152.5 million

Subsequently, in 2013, ICI Pakistan Limited launches its new Blue Pearl corporate identity, vision and values.

2014

ICI Pakistan Limited signs an MoU with UniBrands (Pvt) Ltd. for investment in NutriCo Pakistan (Pvt) Ltd.

The Company increases its equity participation in NutriCo Pakistan (Pvt) Ltd by 10% to bring the total shareholding to 40% in 2016.

2017

ICI Pakistan Limited completes the acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited in accordance with the Asset Purchase Agreements.

ICI Pakistan Limited incorporates joint venture company NutriCo Morinaga (Pvt) Limited and holds groundbreaking ceremony of the manufacturing facility in Sheikhupura.

2018

Successful commissioning of Phase 1 (75,000 tonnes per annum) Light Ash capacity expansion at the Soda Ash Plant, Khewra.

Inauguration of the state-of-the-art Chemicals Technical Centre at West Wharf, Karachi.

2019

The Phase 2 of 150,000 tonnes per annum Light Ash expansion of the Soda Ash Plant, being expansion of 75,000 tonnes per annum, gets underway.

Successful commissioning, launch of commercial operations at the state-of-the-art Masterbatches manufacturing facility.

An international financial institution expresses interest to invest PKR 7 billion as growth capital in the Company.

ICI Pakistan Limited at a Glance

With a rich history predating the formation of Pakistan itself, ICI Pakistan Limited is a dynamic, growing Pakistan-based manufacturing and trading company that provides essential products for a diverse range of applications in almost every industry.

The Company's primary Businesses include Soda Ash, Polyester, Life Sciences and Chemicals & Agri Sciences. In addition, ICI Pakistan Limited has a growing footprint in the infant formula business in partnership with Morinaga Milk Industry Company Limited (Morinaga) of Japan, and Unibrands (Private) Limited (Unibrands).

The diverse product portfolio of ICI Pakistan Limited includes soda ash, polyester staple fibre (PSF), pharmaceuticals, nutraceuticals, animal health products, general and specialty chemicals, and agricultural products (including chemicals, field crop seeds, vegetable seeds and more). In the infant formula category, the Company has a management stake in NutriCo Pakistan (Private) Limited, which manages the import, marketing and distribution of select Morinaga products in Pakistan. Through an incorporated subsidiary, NutriCo Morinaga (Private) Limited, ICI Pakistan Limited is also set to manufacture Morinaga infant formula products at a state-of-the-art manufacturing facility in Sheikhupura.

The Company remains focussed on its brand promise of Cultivating Growth and to continually create greater value for its shareholders, employees, suppliers, customers and the communities.

Growth and Expansion

In recent years, ICI Pakistan Limited has embarked on an exciting journey of growth, expansion and innovation.

In 2015, a phased capacity expansion of 150,000 tonnes per annum (TPA) of Light Soda Ash was announced at the Company's Khewra Plant. The Phase 1 (75,000 TPA) was successfully commissioned in 2018 and the Phase 2, being expansion of 75,000 TPA, is already underway as well. This is in addition to a Dense Ash expansion of 70,000 TPA, which will position the Company to cater to the growing needs of the market.

Over the last few years, the Polyester Business has modernised its Plant to enhance production capacity and operational efficiencies, and developed innovative varieties that have immense market potential, especially in the export arena.

ICI Pakistan Limited completed the acquisition of selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited in 2017. This has further enhanced both the product portfolio and manufacturing capability of the Life Sciences Business.

This year, the Chemicals Business also announced the successful commissioning and launch of commercial operations at a new, state-of-the-art Masterbatches (a colourant and additive for plastics) manufacturing facility in West Wharf, Karachi. Last year, the Business had also unveiled a state-of-the-art Chemicals Technical Centre to offer enhanced technical services to customers.

Following ICI Pakistan Limited's majority-owned infant formula joint venture with NutriCo Morinaga (Private) Limited, a leading-edge manufacturing facility is under construction in Sheikhupura to produce Morinaga infant formula, which will be manufactured, distributed and sold by the Company. The commercial operations at this facility are expected to commence during the second half of calendar year 2019.

Ownership / About YBG

In December 2012, when Lucky Holdings Limited acquired the shareholding of ICI Omicron B.V., ICI Pakistan Limited became a proud national company as part of the Yunus Brothers Group (YBG).

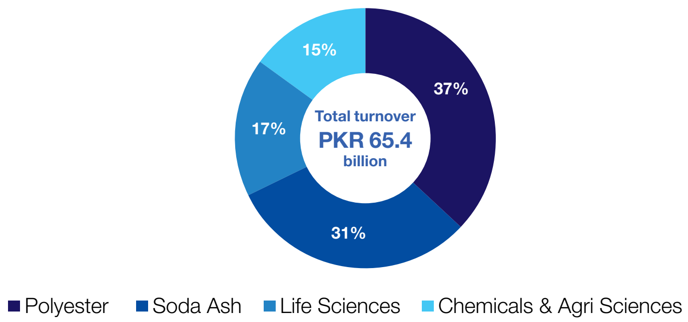
The Yunus Brothers Group (YBG) is one of the biggest conglomerates in Pakistan with diversified interests in textiles, building materials, real estate, power generation, chemicals, pharmaceuticals, FMCG, philanthropy and automotive. The Group was established in 1962 as a trading house and then grew rapidly over the years. Currently, YBG is one of the largest export houses in Pakistan. The Group's annual turnover is approximately USD 1.62 billion, including an annual export turnover of around USD 516 million during the FY 2018-19.

People and Locations

A public limited company employing over 1,400 people, ICI Pakistan Limited continues to rise as an employer of choice. The Company has been honoured with global awards in recognition of its overall approach to conducting business and brand influence in the marketplace, culture of employee engagement and adherence to corporate sustainability principles. It is the only organisation in Pakistan to be named amongst the winners of the Gallup Great Workplace 2018 and 2019, and Asia's Most Influential Companies at the Asia Corporate Excellence and Sustainability (ACES) Awards 2019, organised by MORS Group.

ICI Pakistan Limited operates across Pakistan, with several key manufacturing facilities in Sindh, Punjab and KPK province, as well as extensive sales and distribution networks spread across the country.

Total Turnover by Business



Industries Served

Polyester

Textiles

Soda Ash

Textiles
Footwear
Oil/Petroleum
Food and Beverage
Personal Care
Pharmaceuticals
Chemical Processing/Resins
Plastics/Rubber/Tanneries
Detergents/Laundry Soaps
Paper/Ceramics/Glass
Livestock and Poultry

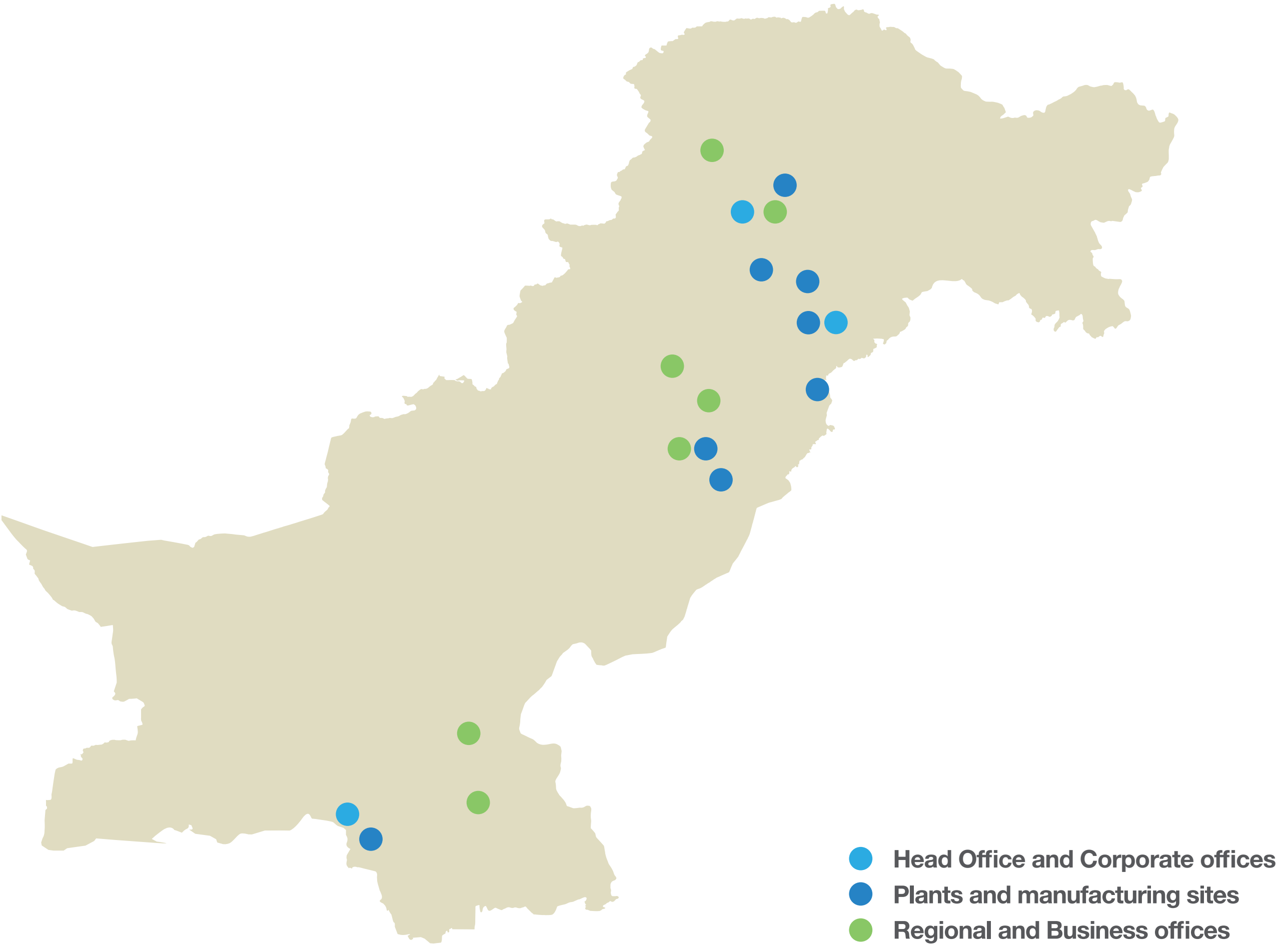
Life Sciences

Pharmaceuticals
Nutraceuticals
Animal Health

Chemicals & Agri Sciences

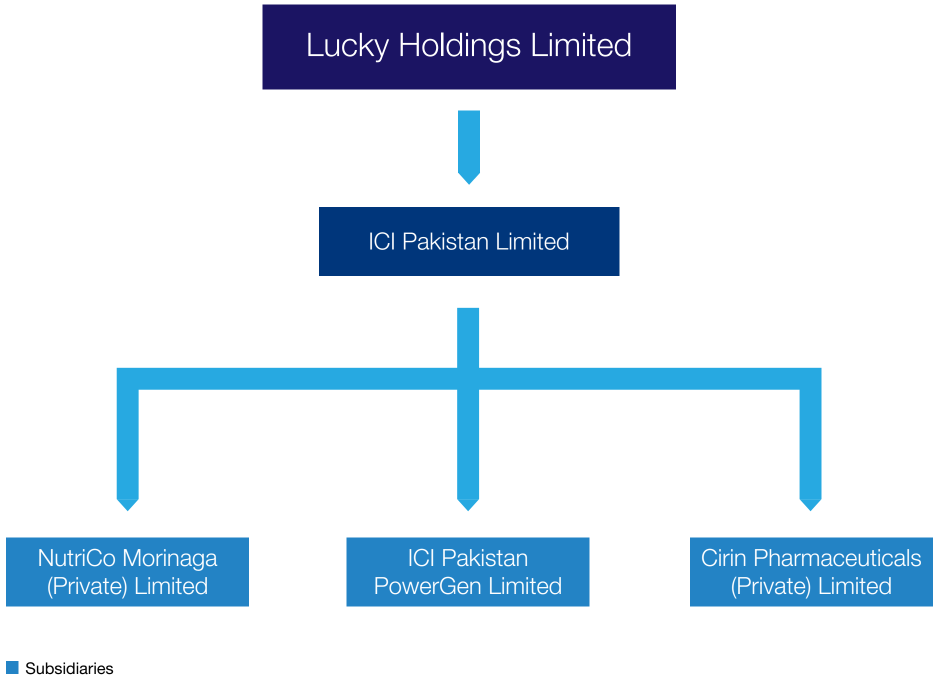
Textiles
Paints
Appliances
Construction
Automobile
Footwear
Edible Oil
Oil/Petroleum
Food and Beverage
Personal Care
Metal Cleaning/Engineering
Agro Chemicals
Pharmaceuticals
Cement
Chemical Processing/Resins
Plastics/Rubber/Tanneries
Crops
Coatings/Inks
Detergents/Laundry Soaps
Surgical
Fertilisers
Furniture and Mattresses
Sporting Goods
Dairy
Hotels, Restaurants and Cafes
Sugar
Glass and Ceramics
Agriculture

Geographical Locations

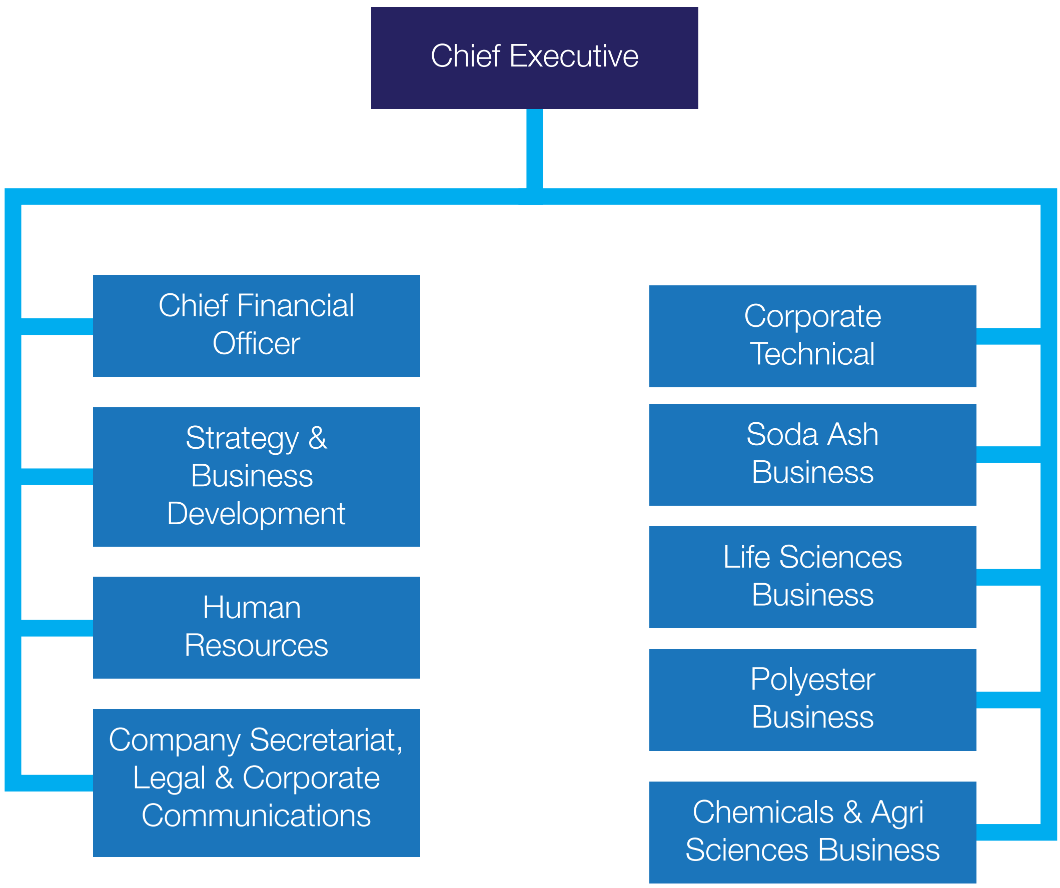


Facility	Address	Phone
Head Office, Karachi	ICI House, 5 West Wharf, Karachi	021-31313717-22
Chemicals Plant	ICI House, 5 West Wharf, Karachi	021-31313717-22
Nutraceuticals Plant	ICI House, 5 West Wharf, Karachi	021-31313717-22
Hawke's Bay Pharmaceutical Plant	S-33 Hawke's Bay Road, Karachi	021-32354651-6
Corporate Office, Lahore	63 Mozang Road, Lahore	042-36311271-3
Animal Health Manufacturing Plant	Animal Health Plant & Warehouse 45km Multan Road, Lahore	061-4781343
Soda Ash Plant	Soda Ash Works Khewra, District Jhelum	054-4231495-99
Polyester Plant	Polyester Works, 30km Lahore Sheikhupura Road, Sheikhupura	056-3406091-5
Silage Plant	Bypass Nazam Pura Road, Kasur	-
Cirin Pharmaceuticals (Pvt) Ltd, Plant	32/2a, Phase III, Industrial Estate, Hattar	995-617097-98
Cirin Office	2nd Floor, Islamabad Corporate Centre, Golra Road, Islamabad	051-5495860-5
Faisalabad Office	Faisalabad Serena Hotel, Club Road, Faisalabad	041-2617037
Sahiwal Office	Opp: AL Noor CNG Station, Multan Road, Sahiwal	040-4505288
Multan Office	Siddiq Trade Centre (SHAPE), Abdali Road, Multan	061-4781344
Peshawar Office	State Life Building 2nd Floor 'A' Block The Mall, Peshawar	091-5276475
Sukkur Office	2nd Floor, EDFORT Building Queen's Road, Sukkur	071-5612814
Hyderabad Office	State Life Building, 7th Floor, 50 Thandi Sarak, Hyderabad	022-2781142

Group Structure



Organisational Structure



Key Performance Indicators

Statement of income

19% Net turnover

In PKR million	
2017-18	49,108
2018-19	**58,329**

12% Operating result

In PKR million	
2017-18	4,398
2018-19	**4,935**

-13% Profit before tax

In PKR million	
2017-18	3,650
2018-19	**3,181**

-25% Profit after tax

In PKR million	
2017-18	3,060
2018-19	**2,305**

11% EBITDA

In PKR million	
2017-18	6,819
2018-19	**7,589**

-6% EBITDA margin

% of Net Turnover	
2017-18	13.89
2018-19	**13.01**

-25% Earnings per share

In PKR	
2017-18	33.13
2018-19	**24.96**

Ratios

6% Equity

In PKR million	
2017-18	18,081
2018-19	**19,207**

-12% Price earning

In times	
2017-18	24.19
2018-19	**21.34**

14% Return on capital employed

In %	
2017-18	15.52
2018-19	**17.72**

13% Return on fixed assets

% of revenue	
2017-18	20.45
2018-19	**23.21**

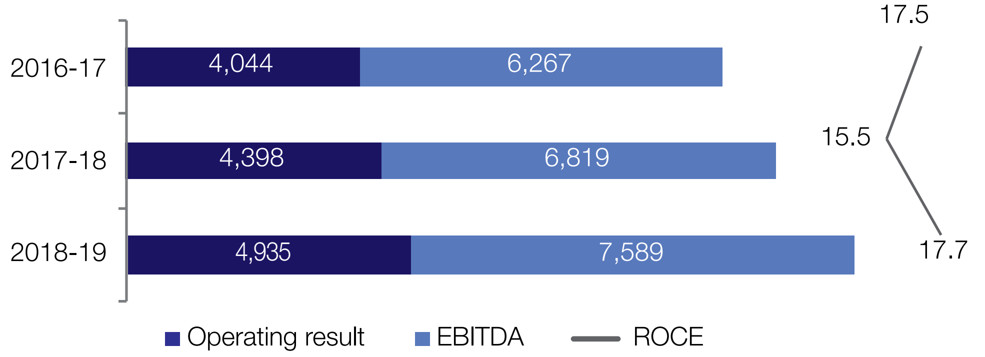
8% Operating result per employee

In PKR million	
2017-18	2.64
2018-19	**2.85**

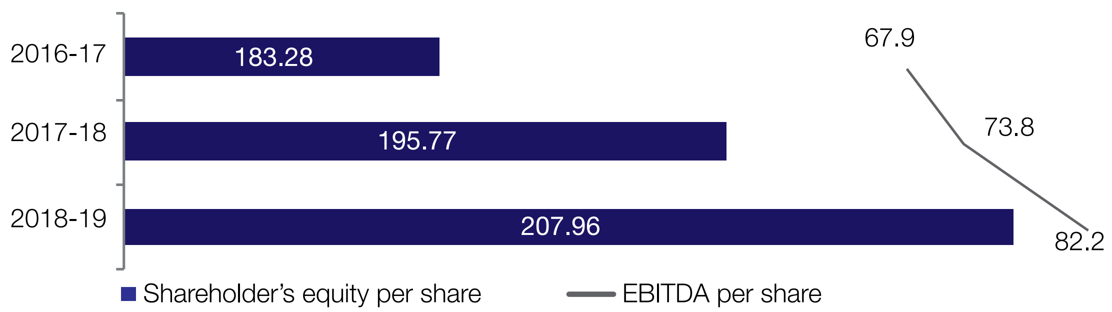
-44% Capital expenditures

In PKR million	
2017-18	4,347
2018-19	**2,425**

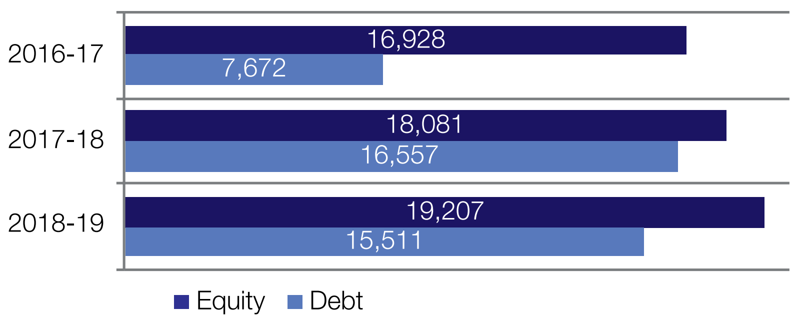
Operating result and EBITDA
PKR million



Shareholder's equity and EBITDA per share
In PKR



Net debt and equity
PKR million



Contents

Overview & Strategy

Governance & Compliance

Business Performance

Sustainability Performance

Financial Performance

Vision

As the partner of choice, ICI Pakistan Limited aspires to build its local and international footprint through sustainable growth and by creating value for all stakeholders.

Values

ICI Pakistan Limited lives by its values. In the changing, expanding world of ICI Pakistan Limited, core values remain an enduring constant. They are what define the Company.

Customer Centricity

We are committed to the success of our customers and their needs are at the centre of our universe - we exist because of them.

Integrity & Responsibility

Ethical and responsible behaviour is our license to operate. Uncompromising integrity in all our dealings is the backbone of our DNA. We have a zero tolerance policy to violations of our Code and beliefs.

Innovation

To be responsive to the challenges of change and to new and existing opportunities, we need to constantly come up with better, smarter and simpler solutions.

Passion for People

Our success is based on the multiplier effect of our people. Our Passion for People drives us to harness their energies, cultivate and nurture their talent, manage their well-being and, most importantly, create a learning environment conducive for development and growth.

Delivering Enduring Value

Delivering sustained growth and enduring value to benefit our shareholders, employees, suppliers, customers and the communities in which we operate.

Overview & Strategy

A Partner of Choice

For 75 years, ICI Pakistan Limited has been driven by a clear vision. And that vision is to serve. To be the trusted partner that customers turn to. To improve the lives of people that engage with the Company in every way.

As the partner of choice, ICI Pakistan Limited aspires to build its local and international footprint through sustainable growth and by creating value for all stakeholders.

This section highlights the Company's strategic priorities, provides an overview of the key performance areas, and features messages from the Chairman and Chief Executive.

Code of Conduct

ICI Pakistan Limited has always believed in adhering to the highest ethical standards while doing business. The Code of Conduct encompasses business principles and the ethical standards that the Company is committed to uphold. It guides ICI Pakistan Limited at every step of the way.

A brief overview of the Code:

Business Principles

Each employee should implement the core values, comply with and observe applicable laws, support fundamental human rights and give due regard to health, safety and the environment.

Business Integrity

- Bribery and any other form of unethical business practices are prohibited
- Promote free enterprise and require strict compliance with competition laws
- As a responsible corporate citizen, the Company encourages participation in community activities and takes all measures for the safety and health of employees as well as for the protection of the environment
- Employees are expected to maintain confidentiality, act in the Company's interests at all times, and also observe applicable laws, support fundamental human rights and give due regard to health, safety and the environment

Company Responsibilities
The Code encourages the Company to:

- Adopt the spirit of open communication
- Provide equal opportunities and a healthy, safe and secure environment
- Ensure the rights of employees to join unions/associations
- Protect personal data of employees
- Engage in an active performance and development dialogue

Employee Responsibilities
The Code provides employees guidance on their responsibilities vis-a-vis:

- Media relations and disclosures
- Inside information
- Corporate identity
- Protecting our intellectual property
- Internet use
- Business travel policy
- Prohibition on substance abuse

Review of the Chairman

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of ICI Pakistan Limited highlighting the Company's performance and achievements for the year ended June 30, 2019.

I would like to congratulate ICI Pakistan Limited on completing 75 years of successful operations in Pakistan. In the last seven and a half decades, the Company has created consistent value for all stakeholders and has simultaneously contributed to the socio-economic development of Pakistan.

In the period since the acquisition by Yunus Brothers Group (YBG) in 2012, the Company has made notable strides in living up to its brand promise of Cultivating Growth and has pursued growth opportunities in both the existing Businesses and new ventures. The revenues and profitability of ICI Pakistan Limited have more than tripled since the YBG acquisition as a result of significant investments for business expansion and diversification.

The successful completion of the newly constructed Masterbatches facility in Karachi and commencement of the second phase of the 150,000 TPA Light Ash expansion of the Soda Ash Plant reflect ICI Pakistan Limited's aspiration to further build on the growth momentum. The Company remains integral to the economic fabric of Pakistan, not just through providing employment opportunities but by prioritising corporate social responsibility (CSR), good corporate governance and technology transfer. ICI Pakistan Limited is a pioneer and remains at the forefront of sustainability and adopting health, safety and environment (HSE) principles. It is one of the few companies in Pakistan which report against the UN Sustainable Development Goals.

This year, on a consolidated basis, the net turnover of ICI Pakistan Limited increased by 19% to PKR 59.3 billion, while the operating profit also grew by 7% to PKR 4.9 billion. I am pleased to report that despite a challenging operating environment, the Company has crossed the milestone of recording a net turnover in excess of PKR 50 billion for the first time in its history. This feat highlights the trust placed in us by our customers and the untiring efforts and commitment of our people – our most valuable asset.

Going forward, the Company may be impacted by economic headwinds of higher interest-rate driven finance costs, devaluation of the Pakistani rupee and an increase in inflationary pressure. However, the Board and management of ICI Pakistan are focussed on creating enduring value for all stakeholders through improved operational efficiencies, cost controls, portfolio diversification and leveraging strong customer relationships. The Government remains committed to supporting export and import substitution sectors, which will positively impact the business performance.

At this point, I want to acknowledge the sound performance of the Board as well, which has been instrumental in providing effective guidance and oversight to meet the expectations of all stakeholders, deliver on business objectives and ensure that ICI Pakistan Limited maintains its strong reputation for corporate governance. Adherence to high standards of ethical practices and environmental sustainability is part of our DNA and core values, and the Company will not compromise on these principles.

On behalf of the Board, I once again express my sincere appreciation to our customers, employees, suppliers, the Government and all other stakeholders, who have supported the Company's evolution and business performance.

Regards,

Muhammad Sohail Tabba
Chairman
ICI Pakistan Limited

Message from the Chief Executive

Dear Stakeholders,

I am pleased to report that despite local and global headwinds, ICI Pakistan Limited (ICIP) has stayed the course and continued to fulfil its brand promise of Cultivating Growth. I share below an overview of our business performance, key achievements and recent developments that will position the Company to deliver enduring value for all stakeholders.

During the year under review, the Company undertook major expansion projects and investments across its diversified portfolio of businesses. The Company's long-standing commitment to safety remained a key lever of operational excellence in new projects and business activities. ICI Pakistan Limited has achieved the milestone of 24 million safe man-hours, which highlights both its commitment to and the robustness of its HSE&S systems. Further, it is one of the few companies to voluntarily adopt and align sustainability reporting against the Sustainable Development Goals (SDGs), and was recognised with the 'Best Sustainability Report' at the ICAP-ICMA 2017 awards.

The successful commissioning of the state-of-the-art Masterbatches facility in Karachi was one of the key projects to be completed this year. Through this project, the Chemicals Business will be able to further diversify its product portfolio and fulfil the expanding demand of colourants and additives for plastics. Further, the second phase of the 150,000 TPA Light Ash expansion of the Soda Ash Plant is underway, which will reinforce the Company's position as a trusted and reliable supplier for high quality soda ash.

Commercial operations at the state-of-the-art facility in Sheikhupura to manufacture Morinaga infant formula products are expected to commence during the second half of calendar year 2019. This is the first-ever Morinaga manufacturing facility to be established in Pakistan in line with the Government's vision of achieving import substitution and self-reliance, whilst also addressing child nourishment and development.

This year, ICI Pakistan Limited received certain global awards, which recognised its overall approach to conducting business and brand influence in the marketplace, culture of employee engagement and, adherence to corporate sustainability principles. It is the only organisation in Pakistan to be named amongst the winners of the Gallup Great Workplace 2019 and Asia's Most Influential Companies at the Asia Corporate Excellence and Sustainability Awards (ACES) 2019, organised by MORS Group. The Company's success is attributable to its high quality and talented human resource. The overwhelming response of people to the Explore Challenge, the Company's first-ever idea generation competition, clearly demonstrated their forward-thinking and innovative mindset to support business objectives.

Coming to the annual results 2018-19, ICI Pakistan Limited was able to deliver resilient performance despite overall sluggish market conditions. On a consolidated basis, the Company's net turnover increased by 19% to PKR 59,382 million, with the growth being led by Soda Ash (32%), Polyester (30%) and Chemicals & Agri Sciences (4%). Net turnover of more than PKR 50 billion is a new milestone for the Company and reflects its status as the partner of choice for its valued customers.

The operating profit for the year at PKR 4,943 million was 7% higher than last year, however, the Profit after tax (PAT) declined due to interest-rate driven higher finance costs and higher taxation expenses.

The Soda Ash Business continued to deliver outstanding performance, achieving record production and domestic sales. The Polyester Business has made progress on its variants strategy and is developing new export markets Meanwhile, the Chemicals & Agri Sciences Business showed improved performance attributable to an increase in margins and cost optimisation in the Agro Chemicalsss segment. The Life Sciences Business was adversely affected by the ban on rbST injections and rupee

devaluation, which led to a significant increase in raw and packing material prices.

Going forward, all Businesses are focussed on improving internal efficiencies through optimisation of manufacturing processes, cost rationalisation, new product development and further enhancing customer relationships. The Board and management are committed to achieve a balanced top-line and bottom-line growth, whilst fully capitalising on opportunities for organic and inorganic growth.

ICI Pakistan Limited has received an expression of interest from an international financial institution to invest PKR 7 billion as growth capital in the Company. This new investment proposal is an acknowledgement of the strength of our people, sponsor shareholders and businesses.

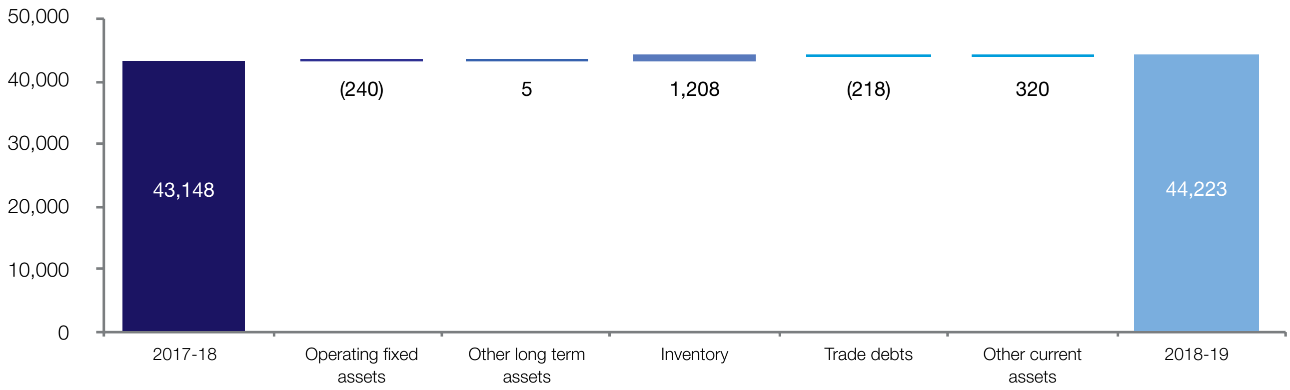
I would like to express my sincere appreciation to all our customers, shareholders, business partners and employees, who have patronised ICI Pakistan Limited in the past and continue to do so today. We look forward to the next 75 years and beyond with even more enthusiasm and confidence to uphold our brand promise of Cultivating Growth. Together, we will InshAllah be able to achieve more robust performance in the current fiscal year.

Warm Regards,

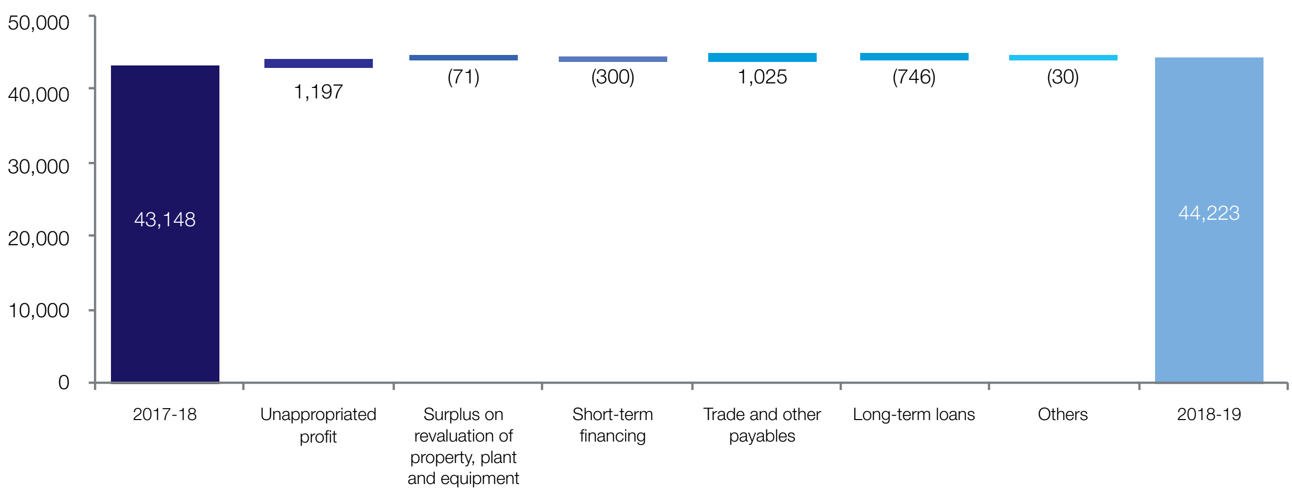
Asif Jooma,
Chief Executive
ICI Pakistan Limited

Financial Statements at a Glance

Assets
PKR million

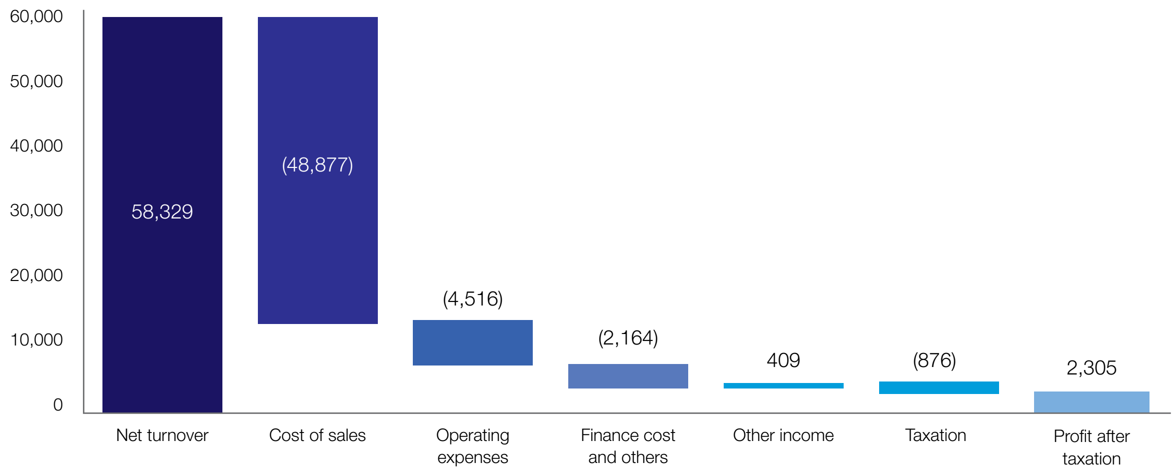


Equity and Liabilities
PKR million



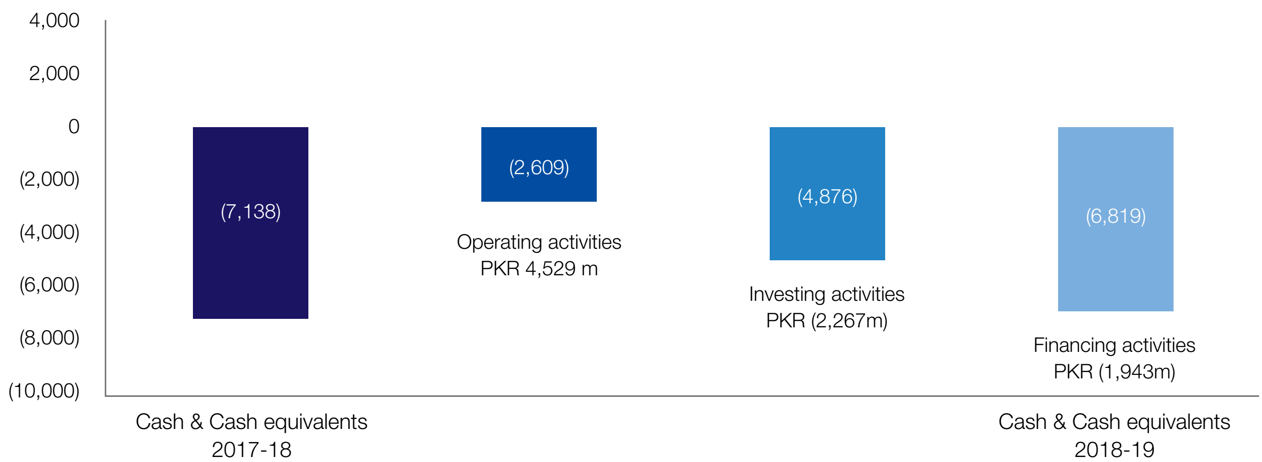
Statement of Profit or Loss

PKR million



Cash flow

PKR million



Financial Highlights

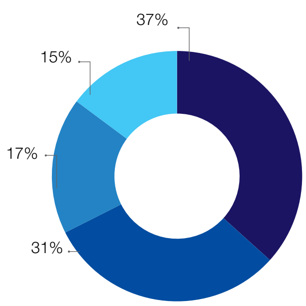
The 2018-19 results compared to the same period last year at a glance

Turnover up by 18%
Gross profit up by 10%
Profit after taxation down by 25%
Earnings per share: PKR 24.96 (June 30, 2018: PKR 33.13)

Total turnover by Business

Total turnover PKR 65.4 billion

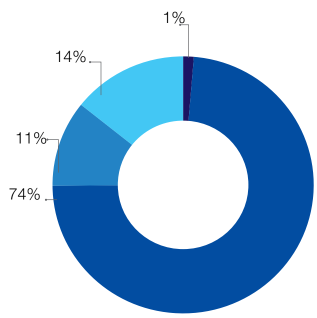
	%
Polyester	37
Soda Ash	31
Life Sciences	17
Chemicals and Agri Sciences	15



Operating result by Business

Total operating result PKR 4.9 billion

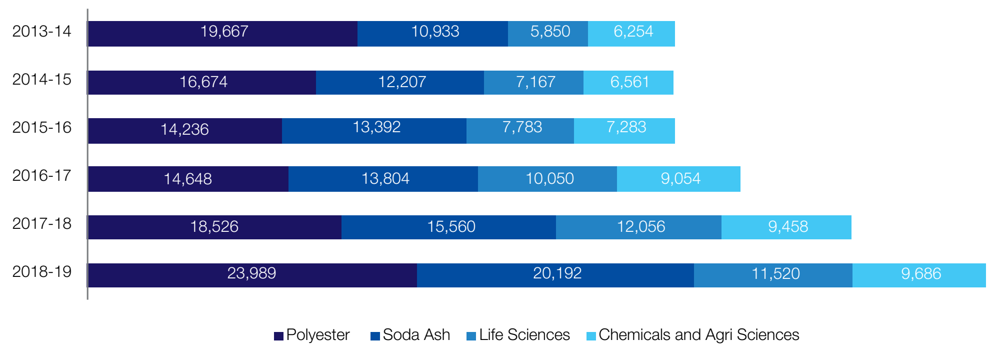
	%
Polyester	1
Soda Ash	74
Life Sciences	11
Chemicals and Agri Sciences	14



■ Polyester ■ Soda Ash ■ Life Sciences ■ Chemicals and Agri Sciences

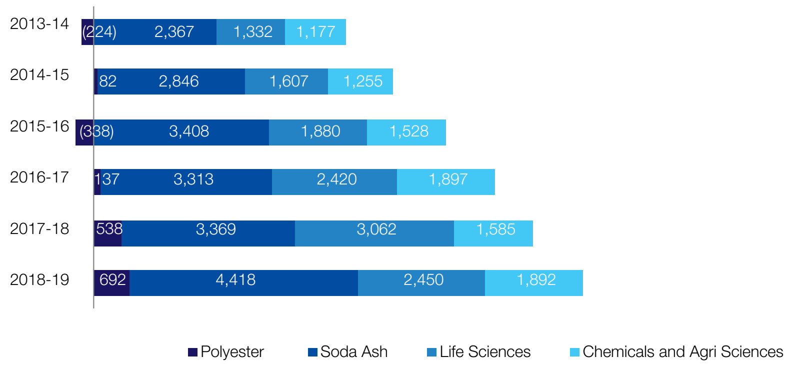
Turnover

PKR million

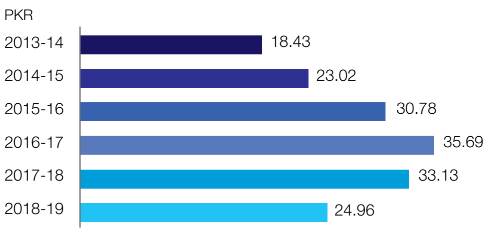


Gross profit

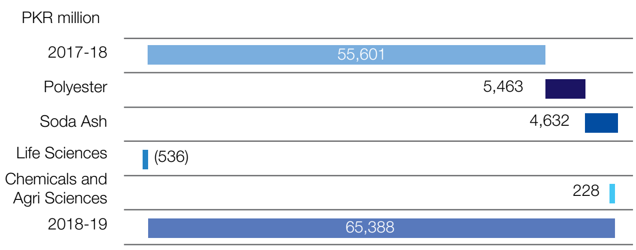
PKR million



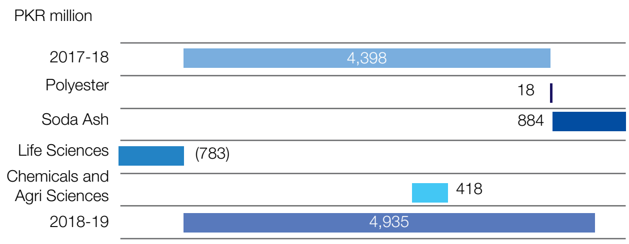
Earnings per share



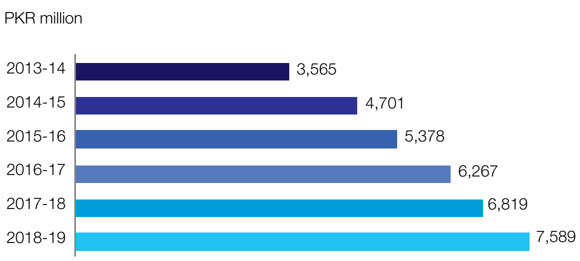
Revenue development (Business-wise)



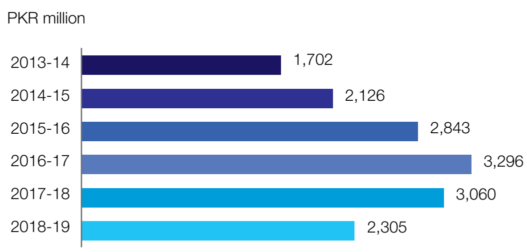
Operating result development (Business-wise)



EBITDA

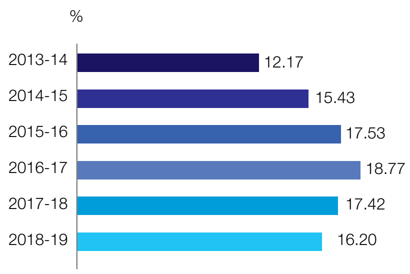


Profit after taxation

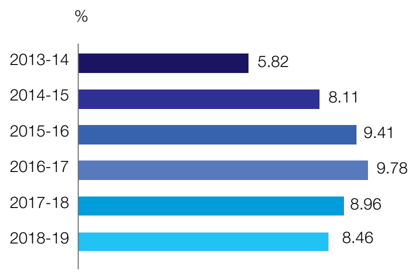


Profitability ratios

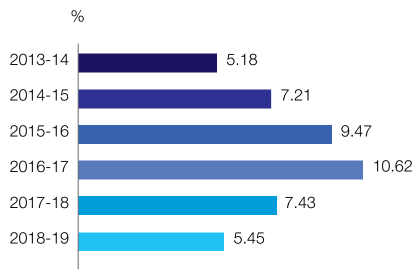
Gross margin



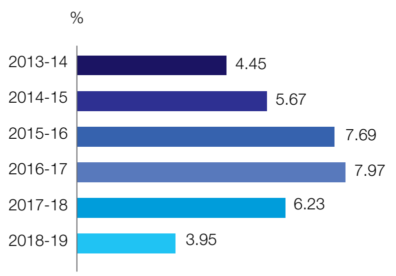
Operating result margin



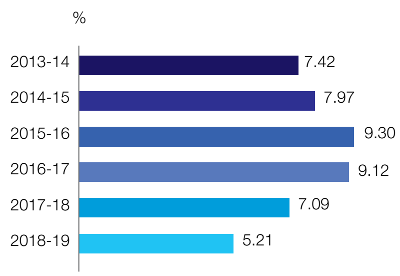
Profit before taxation margin



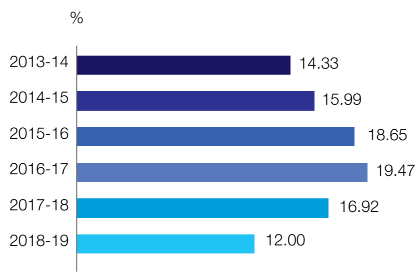
Profit after taxation margin



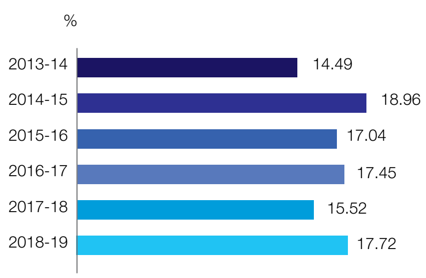
Return on assets



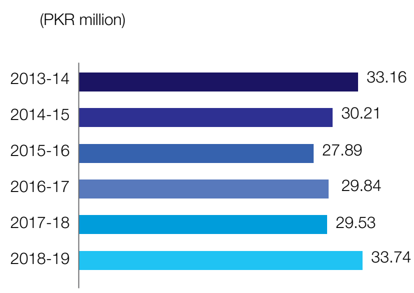
Return on equity



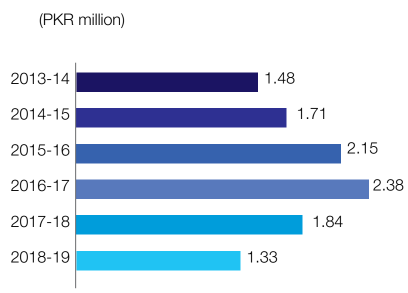
Return on capital employed



Revenue per employee



Net income per employee

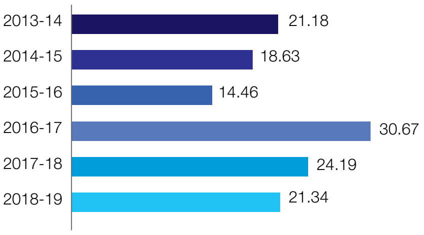


Liquidity and other ratios

Efficiency ratios

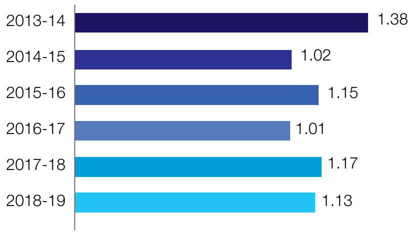
Price earning ratio

(Times)



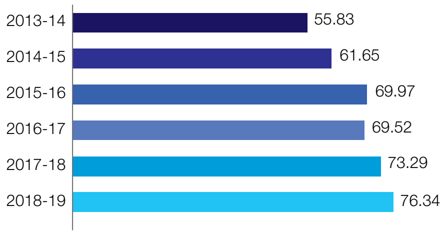
Current ratio

(Times)



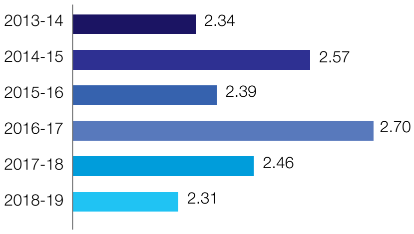
Inventory turnover ratio

(Days)



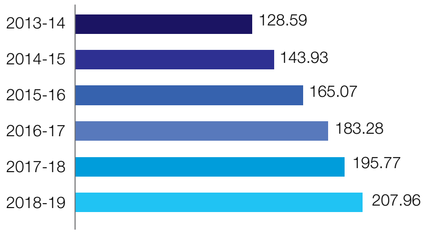
Cost ratios

Administration cost as % of net turnover



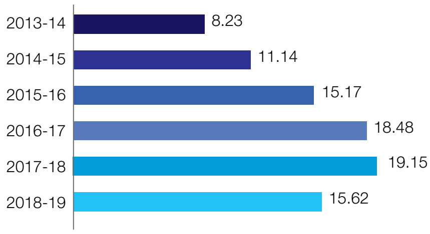
Stockholder's equity per common share

(PKR)

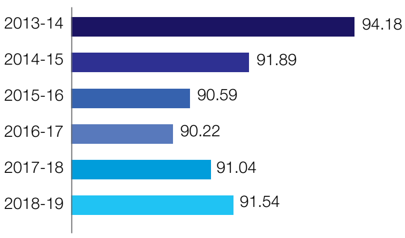


Debtor turnover ratio

(Days)

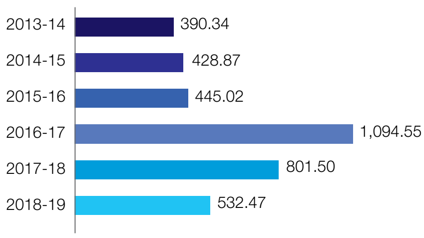


Operating cost as % of net turnover*



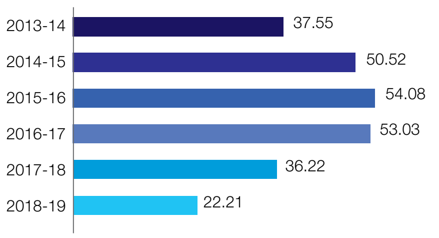
Market value per share

(PKR)



Creditor turnover ratio

(Days)



* Operating cost includes cost of sales, selling, distribution, administration and general expenses

Operating & Financial Highlights

		January to December			July to June						
Ratios		**2010**	**2011**	**2012**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
			Restated	Restated	Restated						
Profitability Ratios											
Gross margin	%	19.03	12.97	11.51	11.23	12.17	15.43	17.53	18.77	17.42	16.20
Gross profit turnover	%	16.91	12.01	10.56	10.28	10.89	13.59	15.18	16.33	15.39	14.46
Operating result margin	%	10.57	6.70	4.68	5.48	5.82	8.11	9.41	9.78	8.96	8.46
Profit after tax margin	%	6.91	4.31	2.81	3.19	4.45	5.67	7.69	7.97	6.23	3.95
Profit markup	%	23.51	14.90	13.01	12.66	13.85	18.25	21.26	23.11	21.09	19.34
Profit before taxation margin	%	10.62	6.46	4.31	4.82	5.18	7.21	9.47	10.62	7.43	5.45
Return on equity	%	15.72	15.48	9.97	11.05	14.33	15.99	18.65	19.47	16.92	12.00
Return on capital employed	%	22.43	21.18	14.30	14.66	14.49	18.96	17.04	17.45	15.52	17.72
Return on assets	%	11.02	7.47	4.70	5.53	7.42	7.97	9.30	9.12	7.09	5.21
Return on fixed assets	%	40.91	28.55	15.99	18.75	19.00	21.34	20.39	20.60	20.45	23.21
Growth Ratios											
Net turnover	%	23.57	1.10	(2.35)	5.83	5.42	(1.88)	(1.50)	11.93	18.72	18.78
Operating results	%	22.62	(35.94)	(31.69)	(5.07)	12.04	36.76	14.28	16.24	8.76	12.22
EBITDA	%	19.45	(28.89)	(18.38)	1.82	15.20	31.89	14.39	16.54	8.80	11.30
Profit after taxation	%	18.78	(36.95)	(36.42)	(9.35)	46.91	24.88	33.75	15.93	(7.17)	(24.67)
Efficiency Ratios											
Asset turnover	Times	1.59	1.73	1.67	1.73	1.67	1.41	1.21	1.14	1.14	1.32
Fixed asset turnover	Times	3.87	4.26	3.41	3.42	3.26	2.63	2.17	2.11	2.28	2.74
Inventory turnover	Times	6.71	7.15	5.18	6.27	6.53	5.69	4.99	5.02	4.22	4.51
Current asset turnover	Times	2.96	3.13	3.53	3.77	3.66	3.47	3.16	3.14	2.84	3.14
Capital employed turnover	Times	2.39	3.41	3.33	2.92	2.78	2.65	2.09	2.05	1.96	2.35
Operating working capital turnover	Times	35.56	(10.90)	26.59	12.24	19.88	20.74	16.99	14.65	5.76	6.76
Debtor turnover ratio	Days	8.90	5.91	4.88	7.23	8.23	11.14	15.17	18.48	19.15	15.62
Creditor turnover ratio	Days	40.06	37.17	46.87	42.23	37.55	50.52	54.08	53.03	36.37	22.21
Inventory turnover ratio	Days	51.19	50.53	60.93	62.67	55.83	61.65	69.97	69.52	73.39	76.34
Operating cycle	Days	20.03	19.28	18.94	27.66	26.51	22.27	31.05	34.96	56.17	69.75
Revenue per employee	PKR'000	26,878	32,025	31,644	34,022	33,160	30,206	27,890	29,844	29,530	33,736
Net income per employee	PKR'000	1,858	1,381	888	1,086	1,476	1,712	2,146	2,378	1,840	1,333

2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision
Year 2011 onwards exclude the effect of Paints business due to demerger
Year 2012-13 is based on twelve months performance for a meaningful comparison

		January to December			July to June						
Ratios		**2010**	**2011**	**2012**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**
			Restated	**Restated**	**Restated**						
Cost Ratios											
Operating costs (%of net turnover)	%	89.43	93.30	95.32	94.52	94.18	91.89	90.59	90.22	91.04	91.54
Administration costs (%of net turnover)	%	3.70	3.42	3.75	2.86	2.34	2.57	2.39	2.70	2.46	2.31
Selling costs (% of net turnover)	%	4.77	2.85	3.08	2.90	4.00	4.75	5.73	6.30	6.01	5.44
Finance costs (%of net turnover)*	%	-	-	0.36	0.76	1.01	1.07	1.03	0.93	2.19	2.50
Equity Ratios											
Price earnings ratio	Times	8.24	9.08	16.49	13.26	21.18	18.63	14.46	30.67	24.19	21.34
Earnings per share	PKR	17.50	13.25	10.54	12.55	18.43	23.02	30.78	35.69	33.13	24.96
Dividend per share	PKR	17.50	9.00	5.50	2.00	8.00	11.50	15.50	18.00	16.50	9.00
Dividend cover	Times	1.00	1.47	1.92	6.27	2.30	2.00	1.99	1.98	2.01	2.77
Dividend yield	%	12.53	6.13	3.63	1.24	3.05	2.45	3.31	2.00	1.93	1.30
Dividend payout	%	100.00	81.57	52.17	15.94	43.41	49.97	50.35	50.44	49.81	36.06
Market value per share at the end of year	PKR	144.24	120.27	173.89	166.40	390.34	428.87	445.02	1,094.55	801.50	532.47
Market value per share at the start of year	PKR	168.49	144.24	120.27	129.85	166.40	390.34	428.87	445.02	1,094.55	801.50
Highest market value per share	PKR	186.37	170.34	180.01	185.67	395.71	597.56	566.94	1,219.70	1,092.63	814.90
Lowest market value per share	PKR	110.25	112.00	119.81	135.37	160.99	366.39	410.00	447.92	735.93	516.82
Break-up value per share with surplus on revaluation	PKR	111.35	85.58	105.73	113.55	128.59	143.93	165.07	183.28	195.77	207.96
Cost of debt at year end	%	-	-	10.45	10.17	9.49	7.16	5.67	5.56	5.97	10.44
Liquidity Ratios											
Current ratio	Ratio	2.17:1	1.22:1	1.05:1	1.31:1	1.38:1	1.02:1	1.15:1	1.01:1	1.17:1	1.13
Quick ratio / Acid test ratio	Ratio	1.39:1	0.76:1	0.42:1	0.61:1	0.70:1	0.49:1	0.55:1	0.50:1	0.52:1	0.47
Cash ratio	Ratio	0.85:1	0.50:1	0.09:1	0.10:1	0.11:1	0.01:1	0.01:1	0.01:1	0.01:1	0.01:1
Leverage Ratios											
Debt to equity	%	-	-	2.97	17.99	26.83	18.43	26.54	32.81	50.88	44.02
Total debt to capital ratio	Ratio	0:100	0:100	3:97	15:85	21:79	16:84	21:79	25:75	47:53	44.56
Operating leverage ratio	%	2.17	2.81	4.26	3.50	3.64	3.18	3.12	3.13	3.34	3.17
Interest cover*	Times	-	-	12.83	7.34	6.12	7.72	10.18	12.03	6.68	3.18

Dividend includes both approved and recommended during the year
2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision
Year 2011 onwards exclude the effect of Paints business due to demerger
Year 2012-13 is based on twelve months performance for a meaningful comparison
Interest cover and finance costs (% of net turnover) is zero in 2010 and 2011 due to net interest income

Six Year Analysis

Statement of Financial Position Analysis

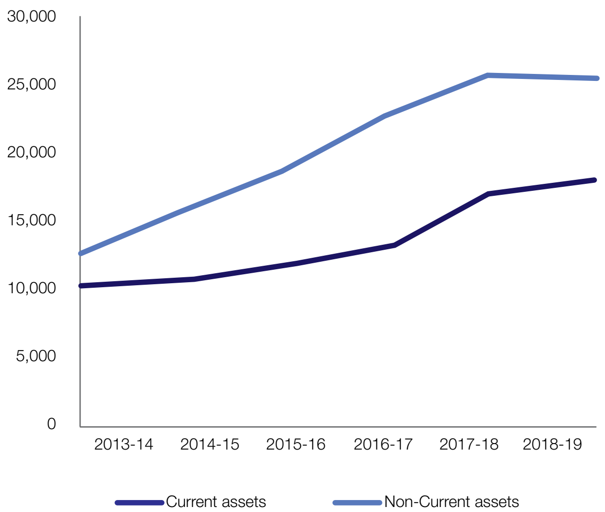
Assets

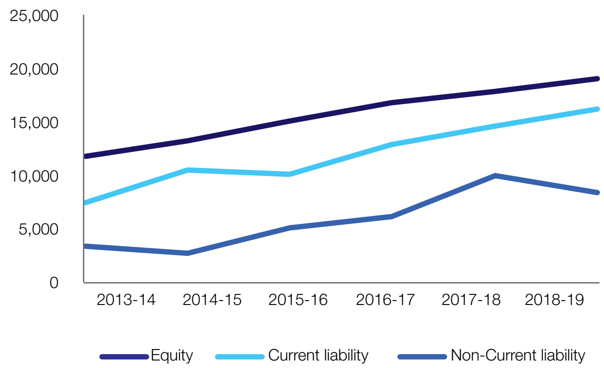
Over six years, the asset base of ICI Pakistan Limited has increased at a CAGR of 12% mainly due to expenditure in Property, Plant and equipment. During the year ended June 30, 2014-15, the Company invested PKR 720 million in NutriCo Pakistan (Private) Limited, followed by a further PKR 240 million investment during 2015-16 resulting in 40% ownership. The acquisition of Cirin Pharmaceuticals in 2015-16 was made through an investment of PKR 981.3 million. During year ended June 30, 2018, ICI Pakistan Limited acquired selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited. Further, in that year the Company subscribed for right issue of ordinary shares of NutriCo Morinaga (Private) Limited amounting to PKR 958.8 million retaining its percentage in the holding. Investment was also made in existing Businesses for expansion projects, like the 75 KTPA Phase 1 Light Ash (LA) capacity expansion project, of which has been capitalised and become operational. During the year, the assets increased mainly on account of capitalisation of Masterbatches facility. The increase in current assets is majorly due to the increase in inventories which is in line with the growing business needs and higher value due to rupee devaluation.

Equity and liabilities

The shareholder's equity comprises of share capital and reserves. The equity has increased at a CAGR of 8% over the past six years, primarily due to increase in retained profits of the Company. Last revaluation was conducted by an independant valuer in 2016.

Liabilites of the Company have increased at a CAGR of 15% in the past six years. This is majorly due to increase in long-term loans obtained for multiple acquisition / expansion projects in Soda Ash, Chemicals and Agri Sciences and Life Sciences Businesses. Long-term loans were also obtained for investment in NutriCo Morinaga (Private) Limited. The current liabilities have increased due to increasing trade and other payables, in line with growing business needs. The current portion of long-term loans due for repayment each year has increased as the borrowing was made to facilitate the increasing working capital requirements.





Statement of Profit or Loss Analysis

Net turnover

Net turnover of the Company has increased at a CAGR of 7% in the past six years.

An increasing trend was achieved in two consecutive years of 2013-14 and 2014-15. In both years, the increase was due to higher revenues in the Polyester and Soda Ash Businesses driven by volumetric growth and pricing impact. During 2015-16, the net turnover declined due to a fall in the revenues of Polyester Business by 15%, in line with a downward correction of prices across the petrochemical chain. During 2017-18, the Company showed robust performance across all Businesses as the net turnover increased 19% as compared to the SPLY, mainly driven by a growth in the Polyester, Soda Ash and Life Sciences Businesses. In 2018-19, the net turnover of the Company grew by 19%, driven by the Polyester and Soda Ash Businesses on account of increasing PSF prices and 75 KTPA Light Ash expansion project, respectively.

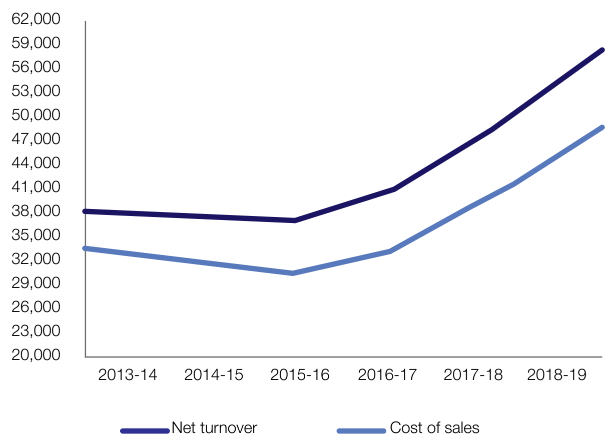
Cost of sales

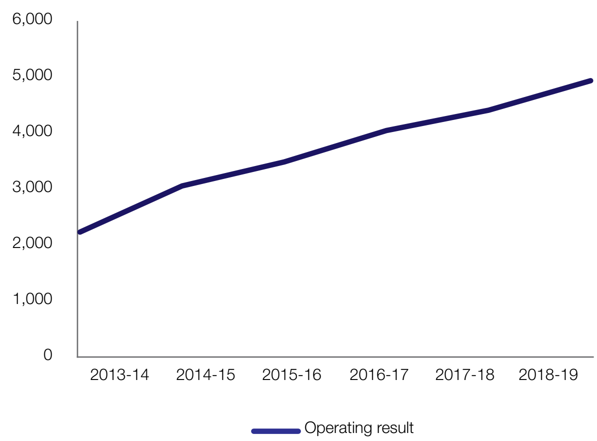
The cost of sales reflected an increasing trend till 2013-14 primarily due to reliance on expensive fuel alternatives and increased prices. However, the Company was successful in controling the cost of sales from 2013-14 onwards due to commissioning of in-house steam, power and heating systems, and a reduction in fuel prices, which eased off the energy cost burden. Subsequent to 2015, the increase in cost has been in line with the higher sales trend although its volatility majorly depends on oil and commodity prices and is greatly affected by changes in exchange rates from 2017- 2019 due to major dependency on imported goods.

Operating result

Subsequent to year 2013, a consistent increase was achieved in the operating result due to higher sales volumes and cost efficiencies managed across all the Businesses.

In the current year the Company recorded the highest ever operating profit of PKR 4,935 million with an increase of 12% as compared to the SPLY, primarily due to improved performance in all the Businesses except Life Sciences Business, with the Soda Ash and Chemicals and Agri Sciences Businesses being the main contributors. The Soda Ash Business increased its operating result through a volumetric growth, which was achieved via an expansion of the Light Ash Plant by 75 KTPA. The Chemicals and Agri Sciences Business showed improved performance on the back of Agro Chemicals segment,which was offset by the lower operating result of Life Sciences Business as prices of imported raw materials increased due to rupee devaluation.





Financial charges / Exchange Losses

The Company had maintained its financial charges and exchange losses from 2013- 2017, however, increased financing facilities, both long-term and short-term, from various banks were taken to fund business expansion and manage the working capital. The expansion of Businesses has enhanced the Company's profile and include the acquisition of selected assets and brands of Wyeth Pakistan Limited and Pfizer Pakistan Limited, Phase 1 (75 KTPA) Light Ash capacity expansion and Masterbatches facility under the Chemicals and Agri Sciences Business.

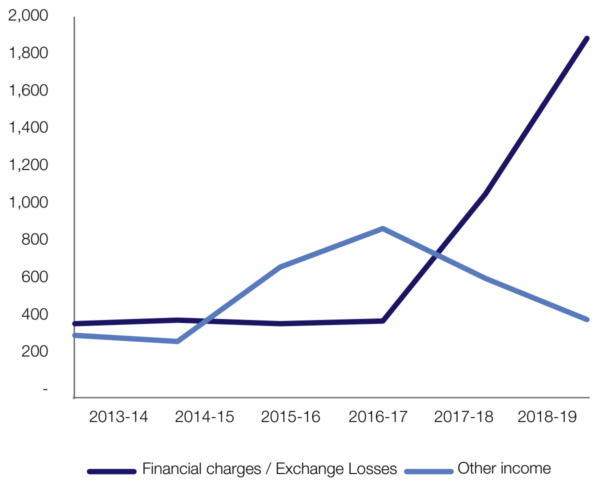
During the year 2019, the increase in financial charges was mainly attributable to higher debt on account of conversion to LC at sight from usance as a measure to minimise exchange losses and increase in the policy rate by State Bank of Pakistan, resulting in 127% higher finance costs as compared to the SPLY.

Furthermore, during the year, the Pakistani rupee faced devaluation against the US dollar by more than 32% resulting in net exchange losses of PKR 436 million, which is PKR 7 million higher than the SPLY.

Other income

Other income stood at CAGR of 10% over six years.

A dividend income of PKR 40 million and PKR 150 million was received from investment in equity shares and Associate in year 2014-15, respectively. In 2015-16, a dividend income of PKR 458 million and PKR 150 million were received from the Associate and PowerGen, respectively. During the year 2017, dividend income of PKR 668 million and PKR 125 million was received from the Associate and PowerGen, respectively. In the previous year, dividends received were PKR 120 million from PowerGen and PKR 420 million from the Associate. However, during the current year, Other Income fell by 35% on account of lower dividend from the Associate due to lower distribution from the profit, which was slightly offset by an increase in dividend from PowerGen.



Cash flow analysis

Operating activities

The cash used in investing activities has increased at a CAGR of 3% over the past six years. The Company's operating cash flow has constantly increased over the past four years. However, in the previous year, the cash generated from operating activities faced a reduction on account of payments made to creditors after a shift from LC at usance to sight to better manage the devaluation of rupee.

In the current year, the cash generated from operating activities was recorded at a higher level on account of improved performance, especially in the Soda Ash and Chemicals and Agri Sciences Businesses, recoveries from debtors and credit purchases were also carried out to effectively manage the working capital.

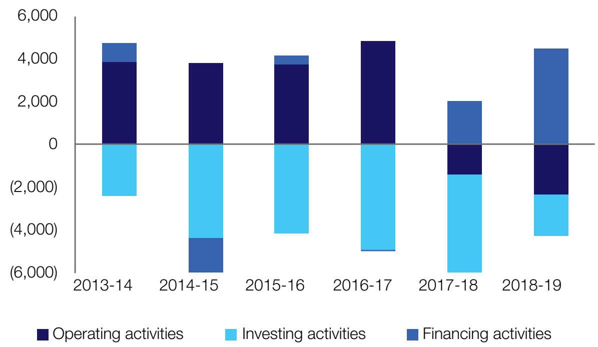
Investing activities

The cash used in investing activities has increased over the past six years and comprises mainly of investment in capital expenditure and investment in the Associate and Subsidiaries. The Company invested PKR 960 million in NutriCo Pakistan (Private) Limited during 2014-15 and 2015-16. During 2016-17, the Company invested PKR 981.3 million in Cirin Pharmaceuticals (Private) Limited and PKR 510 million in NutriCo Morinaga (Private) Limited. During 2017-18, the Company invested in the 75 KTPA expansion of Soda Ash Plant, along with the acquisition of selected assets and brands from Wyeth Pakistan Limited and Pfizer Pakistan Limited and subscribing towards the right issue of Nutri Co Morinaga (Private) Limited.

During the curent year, capital expenditure related to business expansion projects, such as Masterbatches facility, was carried out. These expenditures were partially offset by the cumulative dividend of PKR 255 million received from the Associate and Subsidiary.

Financing activities

The financing activities comprise mainly of long-term loans repaid and dividends paid to the shareholders. The long-term loans have been repaid, which reduced the Company's gearing ratio by 3% to currently stand at 44%. The dividend payments have reduced on account of a lower interim dividend.



SWOT Analysis

Strengths

- Diversified product portfolio, with Businesses closely aligned to the needs of the country and local population. Portfolio includes soda ash, PSF, pharmaceuticals, animal health products, seeds, various chemicals and investments in NutriCo Pakistan (Private) Limited (the Associate), Cirin Pharmaceutical (Private) Limited and Nutrico Morinaga (Private) Limited.
- Supplying products, directly or indirectly, to almost every industry in the country
- Strong brand equity
- Geographical presence in the local and international markets
- Increasing base in the Pharmaceuticals and Chemicals and Agri Sciences market through extension in the product portfolio
- Part of the renowned Yunus Brothers Group (YBG), with competent leadership and vast experience of multiple sectors
- Competent and committed human resources
- Leading manufacturing concern with around 75 years of successful operation
- Leading soda ash producer
- Increasing footprint in the export markets

Weaknesses

- Dependence on consistent supply of imported key raw materials, such as PTA, coke and MEG
- Dependence of major operating segments on fuel sources such as coal, gas and furnace oil

Opportunities

- Expansion in the consumer market with construction of the NutriCo Morinaga plant
- Focus on cost-saving initiatives through various platforms within the organisation
- Lucrative business alliances with global partners
- Enhanced export competitiveness due to devaluation of the Pakistani rupee
- Higher production capacity of the Soda Ash Plant due to recent expansion

Threats

- Volatile international raw material and fuel prices and Government levies
- Increasing policy rates from State Bank of Pakistan
- Volatility of exchange rates
- Depleting natural resources, e.g. gas
- Dumping of imported products
- Economic uncertainty

Vertical and Horizontal Analysis

Statement of Profit or Loss

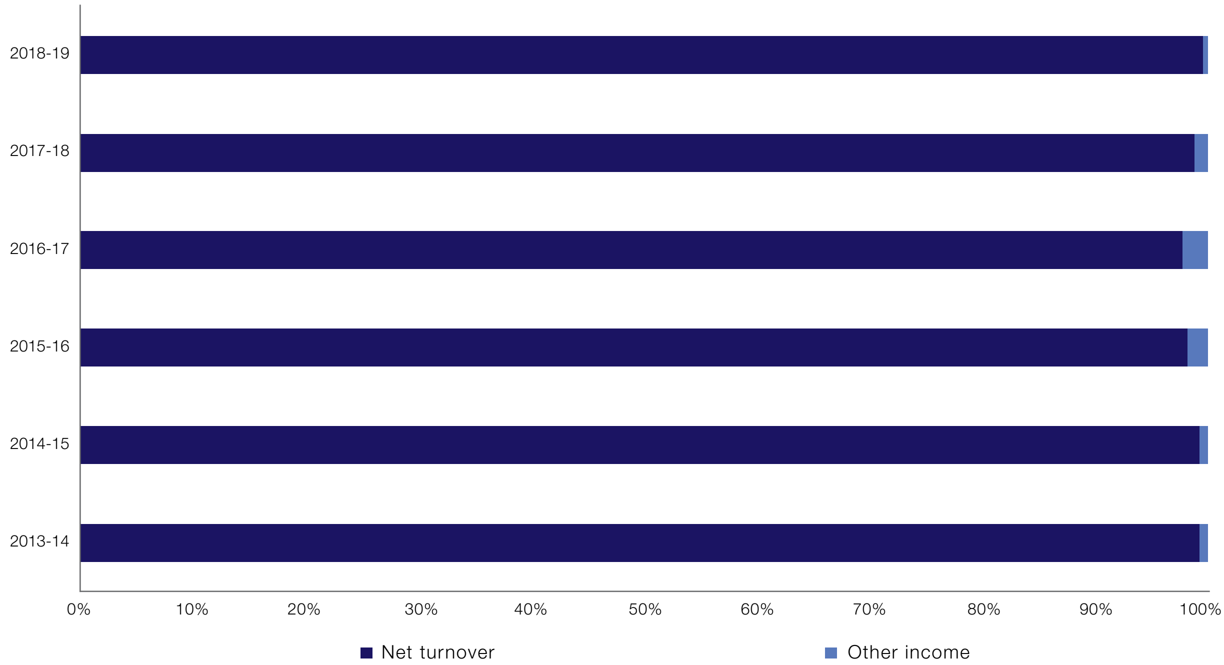
Vertical Analysis

	July to June											
	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16	2016-17	2016-17	2017-18	2017-18	2018-19	2018-19
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
Net sales, commission & toll income	38,233	100.0	37,515	100.0	36,954	100.0	41,364	100.0	49,108	100.0	58,329	100.0
Cost of Sales	33,582	87.8	31,726	84.6	30,476	82.5	33,598	81.2	40,553	82.6	48,877	83.8
Gross profit	4,652	12.2	5,790	15.4	6,479	17.5	7,765	18.8	8,554	70.4	9,452	16.2
Selling & Distribution Expenses	1,530	4.0	1,782	4.8	2,118	5.7	2,607	6.3	2,949	6.0	3,170	5.4
Administration & General Expenses	896	2.3	964	2.6	882	2.4	1,115	2.7	1,207	2.5	1,346	2.3
Operating Result	2,226	5.8	3,044	8.1	3,479	9.4	4,044	9.8	4,398	9.0	4,935	8.5
Financial Charges / Exchange Losses	387	1.0	403	1.1	383	1.0	398	1.0	1,071	2.2	1,891	3.2
Other Operating Charges	181	0.5	231	0.6	285	0.8	144	0.3	304	0.6	272	0.5
Other Operating Income	323	0.8	294	0.8	688	1.9	893	2.2	627	1.3	409	0.7
Profit before taxation	1,981	5.2	2,703	7.2	3,498	9.5	4,394	10.6	3,650	7.4	3,181	5.5
Taxation	279	0.7	578	1.5	655	1.8	1,098	2.7	591	1.2	876	1.5
Profit after taxation	1,702	4.5	2,126	5.7	2,843	7.7	3,296	8.0	3,060	6.2	2,305	4.0

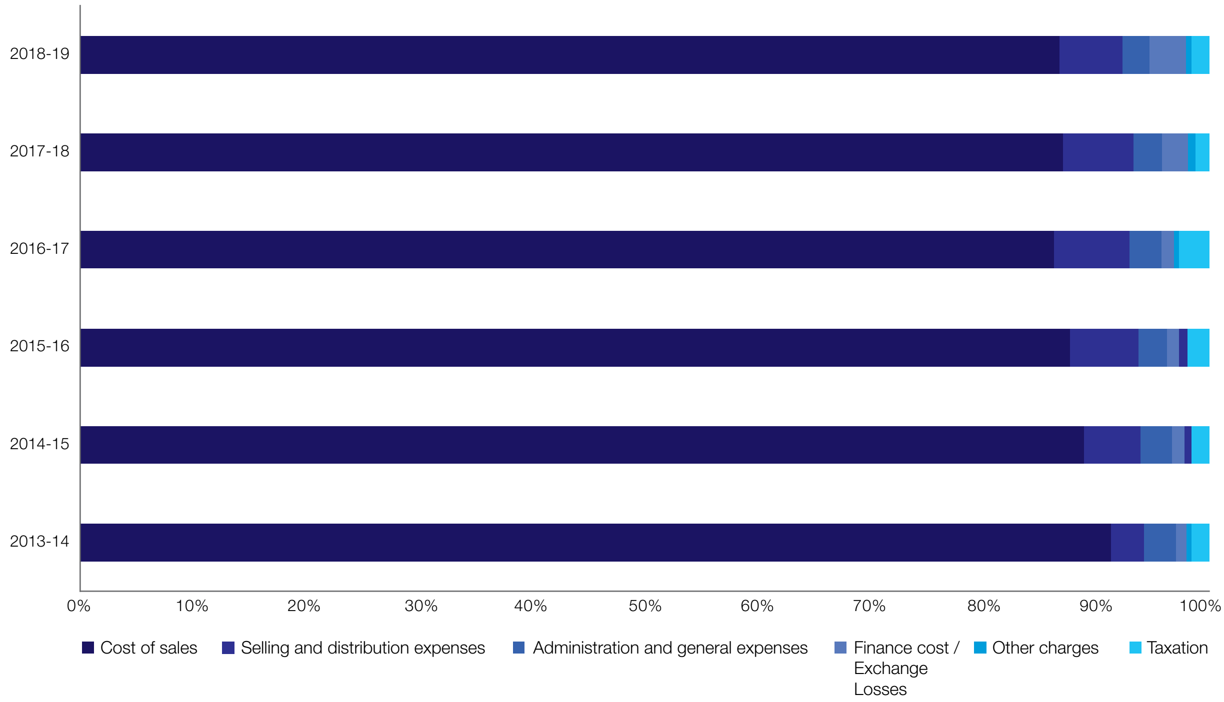
Horizontal Analysis

	July to June											
	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16	2016-17	2016-17	2017-18	2017-18	2018-19	2018-19
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
Net sales, commission & toll income	38,233	5.4	37,515	(1.9)	36,954	(1.5)	41,364	11.9	49,108	18.7	58,329	18.8
Cost of Sales	33,582	4.3	31,726	(5.5)	30,476	(3.9)	33,598	10.2	40,553	20.7	48,877	20.5
Gross profit	4,652	14.2	5,790	24.5	6,479	11.9	7,765	19.9	8,554	10.2	9,452	10.5
Selling & Distribution Expenses	1,530	45.5	1,782	16.5	2,118	18.9	2,607	23.1	2,949	13.1	3,170	7.5
Administration & General Expenses	896	(13.6)	964	7.6	882	(8.5)	1,115	26.4	1,207	8.3	1,346	11.5
Operating Result	2,226	12.0	3,044	36.8	3,479	14.3	4,044	16.2	4,398	8.8	4,935	12.2
Financial Charges / Exchange Losses	387	24.4	403	4.1	383	(4.8)	398	3.9	1,071	169.0	1,891	76.7
Other Operating Charges	181	19.6	231	27.8	285	23.1	144	(49.5)	304	111.2	272	(10.4)
Other Operating Income	323	43.6	294	(9.2)	688	134.3	893	29.8	627	(29.8)	409	(34.8)
Profit before taxation	1,981	13.2	2,703	36.5	3,498	29.4	4,394	25.6	3,650	(16.9)	3,181	(12.9)
Taxation	279	(52.8)	578	107.3	655	13.4	1,098	67.7	591	(46.2)	876	48.2
Profit after taxation	1,702	46.9	2,126	24.9	2,843	33.8	3,296	15.9	3,060	(7.2)	2,305	(24.7)

Statement of Profit or Loss Analysis (Income) (%)



Statement of Profit or Loss Analysis (Expenses) (%)



Statement of Financial Position

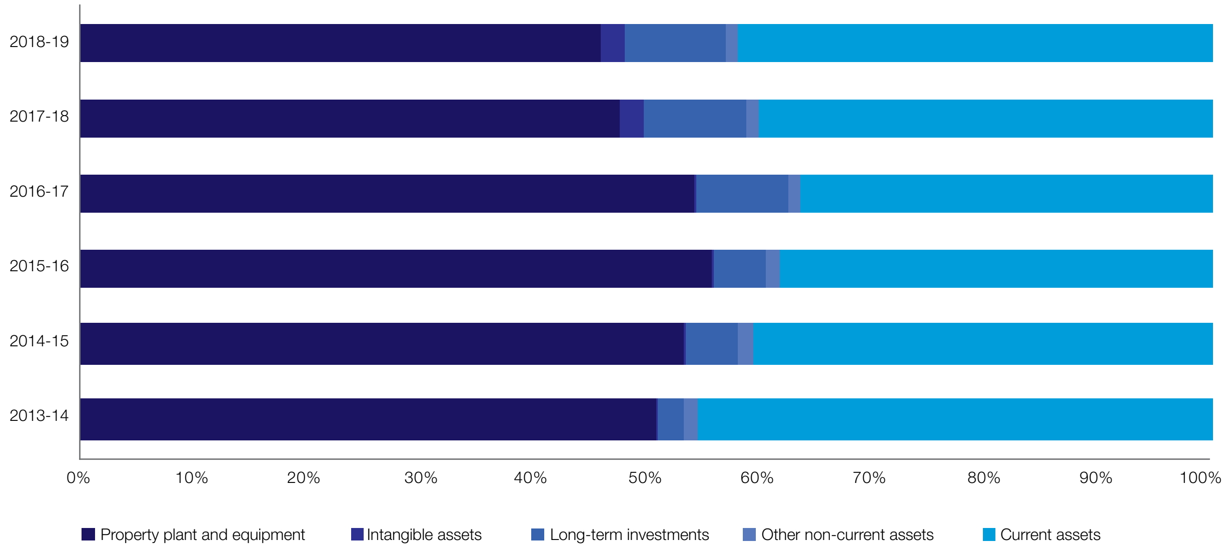
Vertical Analysis

	July to June											
	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16	2016-17	2016-17	2017-18	2017-18	2018-19	2018-19
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
Total Equity and Revaluation Reserve	11,877	52	13,294	50	15,246	50	16,928	47	18,081	42	19,207	43
Non Current Liability	3,486	15	2,763	10	5,174	17	6,243	17	10,248	24	8,650	20
Current Liability	7,574	33	10,614	40	10,168	33	12,985	36	14,819	34	16,366	37
Total Equity and Liabilities	**22,937**	**100**	**26,670**	**100**	**30,588**	**100**	**36,156**	**100**	**43,148**	**100**	**44,223**	**100**
Non Current Assets	12,501	54	15,843	59	18,910	62	22,996	64	25,882	60	25,647	58
Current Assets	10,437	46	10,827	41	11,678	38	13,160	36	17,266	40	18,575	42
Total Assets	**22,937**	**100**	**26,670**	**100**	**30,588**	**100**	**36,156**	**100**	**43,148**	**100**	**44,223**	**100**

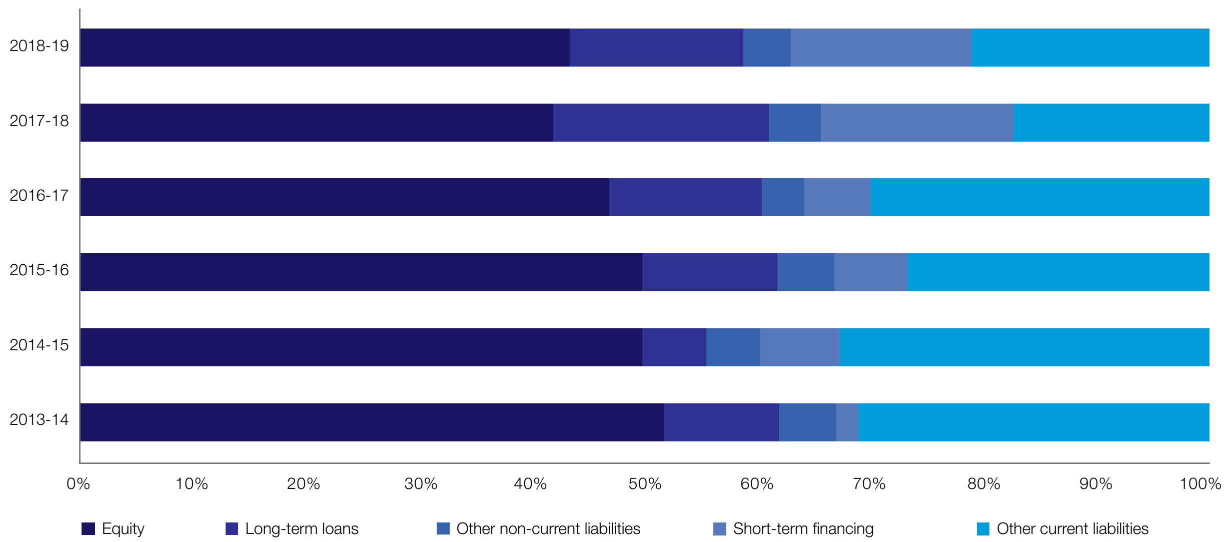
Horizontal Analysis

	July to June											
	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16	2016-17	2016-17	2017-18	2017-18	2018-19	2018-19
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
Total Equity and Revaluation Reserve	11,877	13	13,294	12	15,246	15	16,928	11	18,081	7	19,207	6
Non Current Liability	3,486	14	2,763	(21)	5,174	87	6,243	21	10,248	64	8,650	(16)
Current Liability	7,574	3	10,614	40	10,168	(4)	12,985	28	14,819	14	16,366	10
Total Equity and Liabilities	**22,937**	**10**	**26,670**	**16**	**30,588**	**15**	**36,156**	**18**	**43,148**	**19**	**44,223**	**2**
Non Current Assets	12,501	10	15,843	27	18,910	19	22,996	22	25,882	13	25,647	(1)
Current Assets	10,437	9	10,827	4	11,678	8	13,160	13	17,266	31	18,575	8
Total Assets	**22,937**	**10**	**26,670**	**16**	**30,588**	**15**	**36,156**	**18**	**43,148**	**19**	**44,223**	**2**

Statement of Financial Position Analysis (Assets) (%)



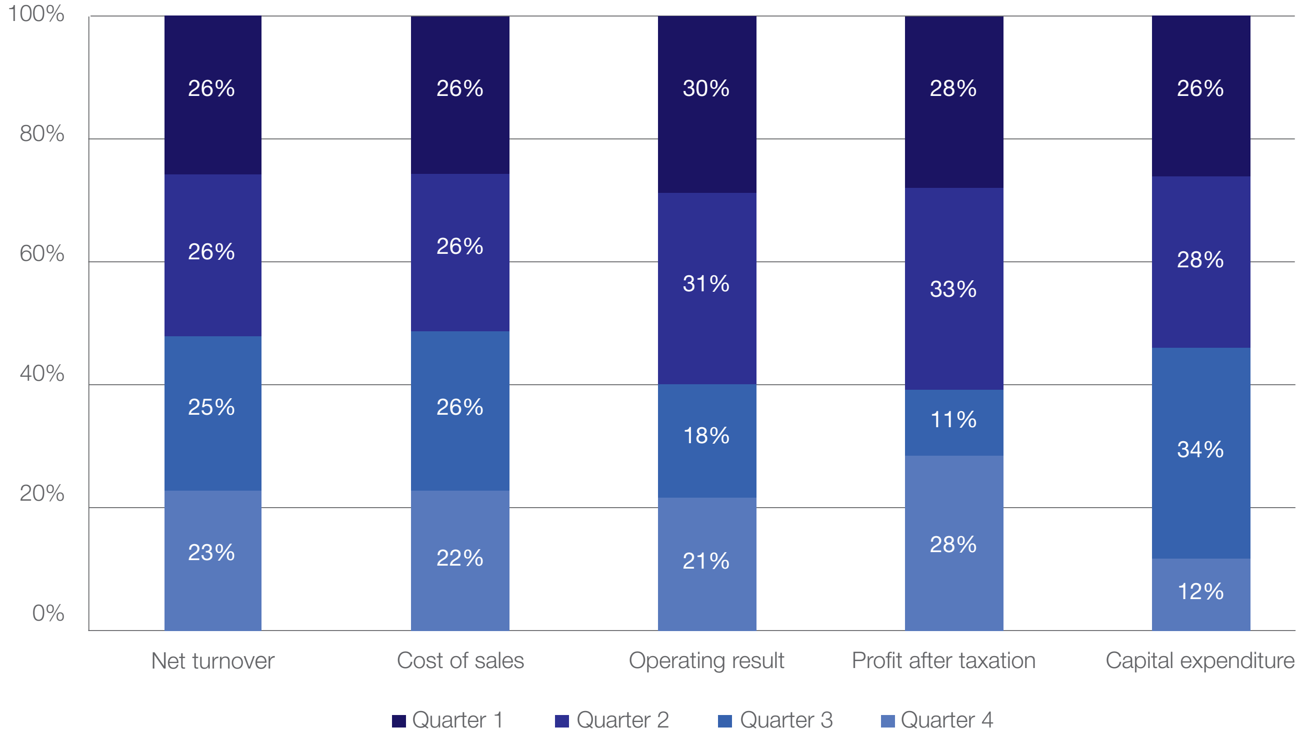
Statement of Financial Position Analysis (Equity and Liabilities) (%)



Quarterly Analysis

In PKR '000

	Net Turnover	Cost of Sales	Operating Result	Profit After Taxation	Capital Expenditure
Quarter 1	13,134,536	10,977,194	1,058,542	657,522	281,694
Quarter 2	14,779,909	12,748,756	896,673	242,935	828,901
Quarter 3	15,188,354	12,533,508	1,537,648	754,108	677,140
Quarter 4	15,226,050	12,617,667	1,442,551	650,347	637,277
	58,328,849	**48,877,125**	**4,935,414**	**2,304,912**	**2,425,012**



Net Turnover	Cost of Sales	Operating Results	Profit After Taxation
Quarter 1			
Net turnover for the quarter at PKR 13,135 million is 17% higher than the SPLY, primarily due to higher revenues in the Polyester and Soda Ash Businesses. The major increase in Polyester Business was due to volumetric growth, coupled with an increase in PSF prices. Improved performance in the Soda Ash Business was observed mainly due to higher demand by the glass, silicate and paper segment which was met by expansion of 75 KTPA Light Soda Ash Project.	The cost of sales for the quarter stood at PKR 10,977 million, 18% higher than the SPLY mainly due to an increase in the gas, coal and furnace oil prices, whcih pushed the energy costs higher.	The Company's operating result for the quarter stood at PKR 1,058 million, 5% higher as compared to the SPLY, mainly due to improved performances in the Polyester and Soda Ash Businesses. The Polyester Business successfully managed to improve its operating result due to higher margins and sales volume. Operating results of the Soda Ash Business were driven by a higher sales volume due to capitalisation of the 75,000 tonnes per annum capacity expansion. The robust performance of the aforementioned Businesses was offset by a slight decrease in the performance of Life Sciences and Chemicals & Agri Sciences Businesses as the overall economic activity slowed down due to elections.	Profit after tax of PKR 657 million for the quarter is 11% lower than the SPLY despite an improved operating performance, mainly due to higher finance costs on account of a hike in the interest rate and higher tax expenses due to lower credits which were available previously on account of Soda Ash Plant expansion. Earnings per share for the quarter at PKR 7.12 is 11% lower than the SPLY.
Quarter 2			
Net turnover for the quarter at PKR 14,780 million is 24% higher than the SPLY due to higher revenues across all Businesses, except the Life Sciences Business. The increase in net turnover of the Polyester Business was due to a rise in PSF prices, partially offset by the decline in sales volume due to economic slowdown. The modest increase in net turnover of Soda Ash Business is due to the higher sales volume and selling prices (as a consequence of the cost increase mainly due to rupee devaluation). The improved performance of the Chemicals and Agri Sciences Business was driven by the Agri Sciences Division.	The cost of sales for this quarter amounted to PKR 12,749 million, with an increase of 32% from the SPLY, which is in line with the growth in net turnover and increase in fuel and other commodity prices.	The Company's operating result for the second quarter stood at PKR 897 million, at a decline of 14% due to the performance of Polyester and Life Sciences Businesses, partially offset by an improved performance of the Soda Ash and Chemicals and Agri Sciences Businesses. The decline in performance of Polyester Business is mainly attributable to net realisable value adjustments on inventories build up to ensure continuous supply during the planned shutdown period, following a decline in the price of PSF. The improved performance achieved by the Soda Ash Business is attributable to higher sales volume following the expansion. The improvement in performance of Chemicals and Agri Sciences Business is mainly attributable to the Agri Sciences Division due to higher margins and cost optimisation. The operating result for Life Sciences Business was lower due to a decline in net turnover and increasing product cost on the back of higher international raw material prices.	Profit after tax for the second quarter stood at PKR 243 million, which was 66% lower than the SPLY. This reflected the impact of decreasing operating profits and a higher finance cost, followed by exchange losses. Earnings per share (EPS) for Q2 at PKR 2.63 is lower by 66% lower than the SPLY.
Quarter 3			
The net turnover for the quarter amounted to 15,188 million that was 17% higher than the SPLY due to higher revenues across all Businesses, except the Life Sciences Business. The net turnover of the Polyester Business increased on account of higher selling prices, slightly offset by the lower sales volume. The Business kept its focus on export sales by entering new markets and expanding the specialised variants base. Net turnover growth in the Soda Ash Business is mainly attributable to higher sales volume and higher selling prices to compensate for the increase in raw material and energy cost. The Chemicals and Agri Sciences Business showed sustained growth, mainly by the Agro Chemicals segment. The net turnover of the Life Sciences Business experienced a decline due to slower market conditions owing to political unstability.	The cost of sales for the third quarter stood at 12,533 million with an increase of 18% compared to the SPLY due to an increase in the energy costs, coupled with commodity prices and currency devaluation that kept consistent pressure on the Businesses to operate efficiently, with other costs correlated to an increasing turnover.	The operating result for the quarter at PKR 1,538 million was higher by 13% from the SPLY. This was mainly due to improved performances in the Polyester, Soda Ash and Chemicals and Agri Sciences Businesses. The improved performance of the Polyester Business is mainly attributable to the higher margin over feedstock and postive contribution from export sales. The improved performance achieved by the Soda Ash Business is attributable to higher sales volume and increase in sales prices, supported by efficient cost control to reduce the impact of increase in raw material and energy costs. The Chemicals and Agri Sciences Business improved its performance owing to the Agro Chemicals segment. The decline in the performance of Life Sciences Business was due to cost pressures, with necessary steps taken to increase prices and improve manufacturing efficiencies to reduce the production costs.	Profit after tax stood at PKR 754 million, which was 25% lower compared to the SPLY due to a higher finance costs as a result of a hike in the interest rate. Additionally, lower dividend was received from the Associate and a higher effective tax rate was applicable due to non-availability of tax credits that were previously available on account of the Soda Ash Plant expansion. Earnings per share (EPS) for Q3 at PKR 8.16 is 25% lower than the SPLY.
Quarter 4			
The net turnover for the quarter amounted to 15,226 million that was 17% higher than the SPLY due to higher revenues across all Businesses, except the Life Sciences Business. The Polyester Business showed better results as a result of increased demand and higher prices. The Soda Ash Business was able to close the year with record domestic sales on the back of 75 KTPA Light Ash capacity expansion project. The revenues of Chemicals and Agri Sciences Business increased due to the Agri Sciences Division, while the performance of Chemicals Division was negatively impacted by a fall in consumer demand due to overall weak economic activity in the sector.	The cost of sales for the fourth quarter stood at PKR 12,618 million higher by 14% from the SPLY due to increased energy cost and key raw material prices fluctuating in line with the currency devaluation.	The operating profit for the fourth quarter stood at PKR 1,442 million which is higher by 47% compared to the SPLY. Despite the price increase, cost-push factors in the commodity and oil markets resulted in lower operating profit for the fourth quarter. Improved operating profit of the Soda Ash Business was mainly due to volumetric growth. The Chemicals & Agri Sciences Business showed improved performance, driven by higher margins and cost optimisation in the Agro Chemicals segment.	Profit after tax for the fourth quarter at PKR 651 million is higher by 9% as compared to the SPLY. The profit after tax is higher in the fourth quarter due to high operating profit supported by an increase in dividend from the subsidiary. Earnings per share (EPS) for Q4 at PKR 7.05 is higher by 9% than the SPLY.

DuPont Analysis

DuPont Analysis	2018-19	2017-18
Tax burden	27.53%	16.18%
Interest burden	28.70%	13.59%
Operating result margin	8.46%	8.96%
Asset turnover	1.32 time	1.14 time
Gearing (Long term debt/Equity)	44.02%	50.88%
Return on equity	12.00%	16.92%

Commentary on DuPont Analysis

The net turnover for the year under review was 19% higher than the year ended June 30, 2018. The sales revenue growth is attributable to growth across all Businesses, except for the Life Sciences Business.

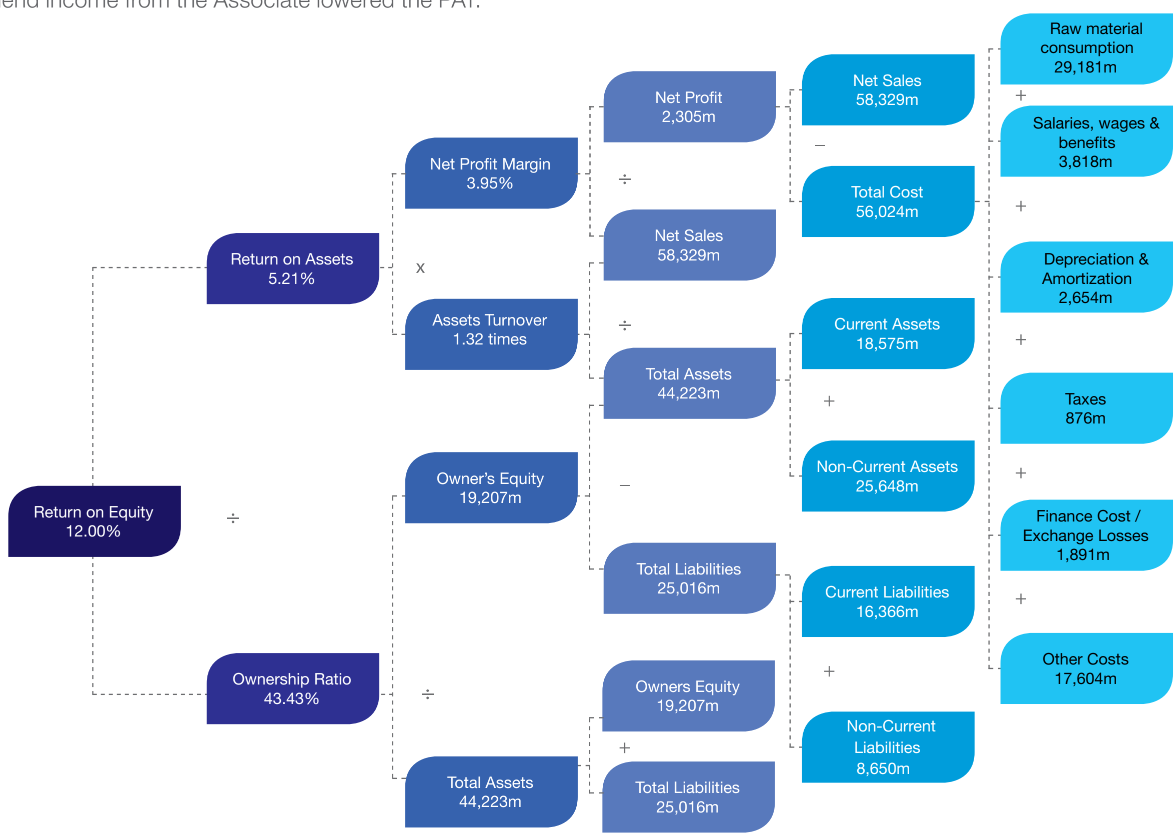
Operating result of the Company improved by 12% due to improved performances in the Polyester, Soda Ash and Chemicals and Agri Sciences Business driven through expansion of the product range and increased production capacity, coupled with increase in export market base and cost effeciencies.

The profit after tax (PAT) for the year ended June 30, 2019 at PKR 2,305 million was 25% lower from the SPLY. This decline was primarily driven by increased finance cost due to higher interest rates and higher debt from conversion of LC's on usance to sight to avoid exchange losses. Further, exchange losses on sight LC's following the rupee devaluation and lower dividend income from the Associate lowered the PAT.

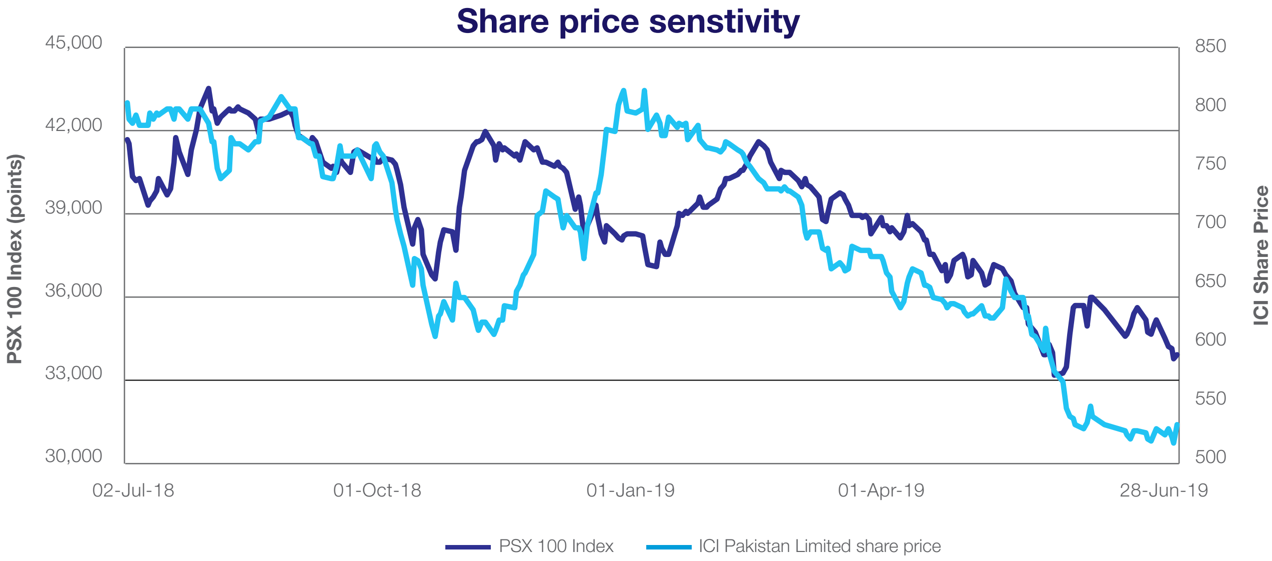
Tax expense for the year was higher as compared to the SPLY mainly due to unavailability of tax credits previously available on account of 75 KTPA Light Ash Plant expansion. The earnings per share (EPS) at PKR 24.96 is 25% lower than PKR 33.13 in the SPLY.

The total assets of the Company witnessed an increase of 2% due to capital expenditure on Mastebatches facility of Chemicals and Agri Sciences Business and Phase 2 of Soda Ash expansion project of 75 KTPA, partially offset by higher depreciation and ammortisation expense. The current assets were higher majorly due to inventory held as per the growing business needs and higher inventory value due to rupee devaluation

The ownership ratio increased by 4% as compared to the SPLY due to a higher increase in total equity as compared to total assets. Owner's equity increased due to unappropriated profit, partially offset by dividends paid during the year. Resultantly, the return on equity of the Company was recorded at 12%.



Share Price Sensitivity Analysis



During the financial year ended June, 30 2019 ICI Pakistan Limited underperformed the PSX 100 Index and its share price decreased from PKR 801.50 to PKR 532.47 . This was mainly due to economic instability, which affected the entire stock market. During the year, the Company reported profit after tax (PAT) of PKR 2,304 million translating into an EPS of PKR 24.96, which is 25% lower as compared to same period last year.

Few of the major feats that the company accomplished during the year are given below:

1) Heavy Capital Expenditure:

ICI Pakistan Limited continue to make strides in fulfilling its brand promise – Cultivating Growth. The Company's Soda Ash Business successfully commissioned expansion project's Phase one entailing a production capacity of 75 KTPA , further expanding the reach and production capabilities of the Business. The Company also marked an important milestone by establishing the MasterBatchs manufacturing facility under the Chemicals & Agri Sciences Business, which manufactures a colorant for use in plastics.

2) Diversification in new Business:

In order to make consistent progress towards the Company's corporate strategy of growth, the Company ventured into various expansionary and diversifying projects. The Company successfully commissioned a manufacturing facility of colorant for use in plastics, which provides a diverse product portfolio along with enhanced manufacturing capabilities to the Chemical and Agri Science Business for its Chemical Division.

The company entered into strategic alliances and expanded its product portfolio, the Polyester Business strengthened its position through breakthroughs and successes in expanding the export base with the introduction of specialized variants. The Life Sciences Business engaged Trouw Nutrition for marketing and distribution of its innovative livestock and poultry portfolios to expand the market share in nutritional market segments, The Chemical and Agri Sciences business has signed a strategic partnership agreement with Huntsman Textile to manufacture, formulate and distribute Textile Effects products and solutions in Pakistan.

During the year, the Company also made head-way in the establishment of a state-of-the-art facility to manufacture Morinaga infant formula along with its distribution, marketing and sale. This project, which is near to completion, is being pursued via a separately incorporated subsidiary under the name of NutriCo Morinaga (Private) Limited, in which the Company has majority shareholding of 51%. These expansionary projects will further strengthen the Company's position to leverage the opportunities present in Pakistan.

3) Improved performance:

Company reported operating profit for the year of PKR 4,935 million that is 12% higher than the same period last year with notable growth in the Soda Ash and Chemical and Agri Sciences Businesses. The financial performance of both businesses improved massively due to improved margins and higher sales volume and cost efficiencies, which improved operating results of the business to an unsurpassed level despite of constant cost pressures and uncertain economic environment. The Company reached its highest Operating profit, registering stupendous growth.

4) Ownership by Yunus Brother Group:

The acquisition of ICI Pakistan Limited by YBG in December 2012 has improved the prospects of the Company multiple folds. While making progress towards continuing growth, the company embarked on further expansion projects as explained above with endeavor to serve the local and International markets and living to its brand promise of cultivating growth.

YBG will continue to build upon the legacy of being one of Pakistan's leading groups today and endeavor to continue gaining momentum in the years to come.

Year in Review 2018-19

Q1

July – September 2018

- **July 27** Board of Directors Meeting
- **August 3** Urban Forest Tree Plantation Drive held in Karachi and Sheikhupura as part of the Pehchan Volunteer Programme
- **August 7** ICI Pakistan Limited wins award for 'Best Sustainability Report 2016-17' at the 'ICAP & ICMAP Best Corporate Sustainability Report Awards 2017' ceremony
- **August 13** ICI Pakistan Limited signs strategic Partnership Agreement with Huntsman Textile Effects
- **August 14** SOS Village Lahore - Pehchan Volunteer Programme
- **September 4** Board of Directors Meeting
- **September 25** Annual General Meeting

Q2

October – December 2018

- **October 1** ICI Pakistan Limited launches Explore Challenge, under the umbrella of its first-ever intrapreneurship programme
- **October 4** Inauguration of Hamqadam Community Clinic in Sheikhupura
- **October 5** ICI Pakistan Limited donates two 500KV diesel generators to the Khewra Municipal Committee to ensure continuous supply of clean water to the community
- **October 17** Dispatch of Final Dividend
- **October 25** Board of Directors Meeting
- **November 7** 5,000 Tree Plantation Drive is held at Nutrico Morinaga Plant in Sheikhupura
- **December 18** Free eye camp organised in Multan for cotton pickers

Q3 Q4

January – March 2019

- **January 1** The milestone of organising the 300th free eye camp is achieved at the Winnington Hospital in Khewra
- **January 15** The HR Graduate Recruitment Drive: Race to the Boardroom is conducted for the third year running
- **January 19** Board of Directors Meeting
- **January 28** Board of Directors Meeting
- **March 6** Dispatch of Interim Dividend
- **March 8** International Women's Day is celebrated across all locations under the banner of our diversity and inclusion programme, IMPACT

April – June 2019

- **April 3** Board of Directors Meeting
- **April 5** ICIP partners with Pakistan's top-ranked universities to finance the undergraduate degree of four female students under the IMPACT Scholarship Programme
- **April 24** Board of Directors Meeting
- **April 27** Board of Directors Meeting
- **April** Animal Health Division adds Trow Nutrition to its impressive roster of global partners
- **May 6** Successsful commissioning of the new, state-of-the-art Masterbatches manufacturing facility in Karachi
- **May 2** Gallup Great Workplace Award 2019 is unveiled during sessions at multiple sites
- **June 13** Board of Directors Meeting
- **June 14** Board of Directors Meeting

We Have Done It Again!

Gallup Great Workplace Award 2019
for the second year in a row

GALLUP GREAT WORKPLACE AWARD

2019 WINNER

ICI PAKISTAN LTD.

Awards and Achievements

2019 Gallup Great Workplace Award

Every year, Gallup nominates and solicits applications for the Gallup Great Workplace award from a select few companies from its extensive global database. A panel of workplace consultants and experts evaluate applicants to select the winners.

Members of the Executive Management Team (EMT), along with other senior colleagues, at the unveiling ceremony of Gallup award

For the second consecutive year, ICI Pakistan Limited has been named as one of the 2019 Gallup Great Workplaces for fostering a culture of engagement and inclusion that drives business results. It is the only company from Pakistan to be honoured with this recognition. This award has placed ICI Pakistan Limited amongst the top 40 world-class workplaces from the US, the UK, UAE, Indonesia and India, who have achieved exceptionally high levels of workplace engagement by investing in their people.

Last year, ICI Pakistan Limited was recognised for the first time by Gallup for showing tremendous progress, genuine dedication and a clear strategy on its engagement journey. The 2019 award shows that the Company has been able to sustain its employee engagement efforts and build a more meaningful employee experience.

Asia's Most Influential Companies Award

ICI Pakistan Limited has been recognised as one of "Asia's Most Influential Companies 2019" by the organisers of Asia Corporate Excellence & Sustainability (ACES) Awards. It is the only organisation from Pakistan to be honoured by the ACES.

ACES AWARDS
ASIA CORPORATE EXCELLENCE & SUSTAINABILITY AWARDS

The Company was chosen as a winner for its forward-thinking and innovative approach to business, strength in revenue and profitability, brand influence in the marketplace, culture of employee engagement and adherence to corporate sustainability principles.

The ACES Awards are organised by MORS Group, which champions revolutionary leadership and sustainability in companies operating across the Asian region. It is one of the most prestigious accolades that recognises inspiring leaders and sustainability advocates. Through ACES, the organisations and business leaders share a platform to celebrate their excellence, build connections and exchange new ideas, while showcasing Asia's best practices for sustainable growth.

ICAP & ICMAP Best Corporate & Sustainability Awards 2017

The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP) annually host the Best Corporate & Sustainability Awards, recognising excellence in corporate and sustainability reports. ICI Pakistan Limited's commitment to high standards of reporting practices is evident through the numerous awards that it has consistently won at these ceremonies.

In August 2018, ICI Pakistan Limited was honoured with first place in the "Best Sustainability Report Award 2017" for the Annual Report 2017-18. The report was lauded for its clarity and transparency, as well as upholding responsible reporting standards.

Muhammad Abid Ganatra, Chief Financial Officer, receiving the ICAP-ICMA award for the Best Sustainability Report 2017

The Explore Challenge was launched at multiple sites across the Company

Employees listen intently to details of the Explore Challenge at the launch ceremony

Innovation at Work

To be responsive to the challenges of change and to new and existing opportunities, ICI Pakistan Limited is committed to its core value of Innovation. To serve the customers better, the Company is constantly driven to come up with better, smarter and simpler solutions.

Technology and innovation are disrupting many industries across the globe and the Businesses of ICI Pakistan Limited are not immune to these disruptions. An ever-increasing competitive business environment makes it critical to discover innovative solutions to existing problems and identify new and unique opportunities. These developments, along with the increasing proportion of millennials in our workforce and their attitudes towards dynamism and innovation, have provided the necessary impetus to promote the core value of Innovation at ICI Pakistan Limited.

In October 2018, the Strategy, Business Development & Innovation (SBD&I) team launched the Explore Challenge, a Company-wide idea generation competition. In line with global best practices, the initiative was aimed at leveraging the external ecosystem to drive a sustainable cultural shift towards innovation. The programme's exciting launch included a week-long teaser campaign, followed by 13 events across 10 cities that engaged more than 900 employees over a period of two weeks.

The nominated Explore catalysts and team members played an important role in making the initiative a success

The 33 shortlisted teams participated in Innovation Workshops, organised in collaboration with The Nest I/O

The entire organisation rose to this team-based competition as more than 200 ideas were submitted for evaluation.

The Pharmaceuticals and Polyester Businesses led the participation with 62 and 61 idea submissions, respectively. In the first round of this competition, all teams were given a chance to pitch their ideas to a panel of judges, comprising of the Innovation Champions and some Senior Managers. The panel shortlisted 33 ideas for the next stage, while some ideas were shared with the Businesses and functions for further consideration. The shortlisted ideas were seen impactful in the areas of business and product development, process improvement, plant efficiency and employee engagement.

All shortlisted teams were assigned mentors and invited to attend a six-day Innovation Workshop, organised in collaboration with The Nest I/O - one of Pakistan's leading tech incubators. The workshops were held in Karachi and Lahore in February and March 2019.

In the competition's final round, the shortlisted teams refined their ideas and pitched them to the Executive Management Team (EMT) for selection of the top ten winning ideas. The winning teams were recognised and rewarded with exciting prizes.

The support of the EMT, Innovation Champions and Innovation Catalysts from across the organisation was key to the success of this initiative. This competition has helped to cultivate an innovative and entrepreneurial mindset among the employees, who gave an overwhelming response to the competition. In the coming months, the Company plans to launch various other initiatives under the umbrella of Explore to further build on the momentum for continuous improvement.

EXPLORE Challenge
The only limit is your imagination

Embracing Technology for Business Growth

ICI Pakistan Limited continually embraces innovation and technology to help the Company become more agile, maintain its leadership position and achieve sustainable success.

The Corporate IT team aims to drive change and act as an integral business enabler, ensuring visibility and compliance through innovative and sustainable information solutions, and by embracing the best infrastructure and technology.

Highlights of the year 2018-19

SAP Success Factors Onboarding Module

ICI Pakistan Limited has incorporated SuccessFactors (SF) within its HR modules, including the onboarding component. Previously, onboarding documents were sent to the personal addresses of employees through courier services. However, the use of SF onboarding module has eliminated the requirement to post and print these documents, which has also helped to save the related costs. Using advanced features of SharePoint Designer, the IT SharePoint team has also customised the look and feel of the onboarding site to enable a more interactive and user-friendly experience.

Cyber Security Month

The ever-changing business dynamics and advancement in technology has greatly impacted the way security controls are implemented. It has also escalated the need to address the challenge of constantly making business users aware of the cyber threats.

In this regard, the Corporate IT Information Security team planned and organised a Company-wide ‘Cyber Security Month’ to increase employee awareness about private and corporate data protection. The main idea behind this initiative was to make ICI Pakistan Limited’s employees more vigilant and aware of cyber threats that they may face as users of various applications over the internet, information systems and digital devices.

ICI Pakistan Limited’s official website secured with SSL Certificate

The Company’s official website is now secured via SSL (Secure Sockets Layer) certificate signed by DigiCert, a world-renowned IT security company.

The SSL certificate helps establish a secure connection between the user device and the server through a secure channel. It is an effective protocol to protect sensitive information, such as user credentials and personal/financial information. Valuable to both users and businesses, the SSL certificate provides a secure and safe browsing experience. It also boosts the ranking of the website in terms of credibility and increases the brand value by providing users with a sense of security. The SSL certificate eliminates breach attacks, hacking activities and also provides strong encryption to secure information on the website.

Advanced Threat Protection

Another major project completed by the Corporate IT team this year was the implementation of Microsoft Advanced Threat Protection to provide safe email communication to employees. The programme safeguards users’ data against malicious threats posed by email messages, links and collaboration tools.

Microsoft Advanced Threat Protection routes all messages and attachments to a special environment and then uses machine learning to detect malicious intent. It relays email attachments after complete verification using advanced security techniques. It further provides the verification of links in email messages and Office files, and dynamically blocks any malicious links. It also detects attempts to impersonate ICI Pakistan Limited's users and applies high-level impersonation detection techniques to avoid attacks on users' emails.

ICI Pakistan Limited Mobile App

Employees are now able to access common, work-related applications on their mobile devices using the ICI Pakistan Limited Mobile App. The application is available on the Google Play Store for Android devices. In the initial phase, user profile, e-Leave Management and Learning Event applications have been made available for all employees.

Masterbatches Project

In line with the core value of Creating Enduring Value, the Corporate IT team partnered with the Chemicals & Agri Sciences Business to implement end-to-end SAP functionality of all major business processes for the newly commissioned Masterbatches Plant. The Procure to Pay, Plan to Produce and Order to Cash functionality was incorporated in SAP in view of the business processes and possible scenarios.

Migration from File Server to MS SharePoint Online & OneDrive (Cloud Storage)

The Corporate IT team constantly strives to improve user experience to optimise business processes and help the employees carry out their daily tasks more efficiently. One major transition that took place this year was the migration from local file server to Microsoft SharePoint Online for corporate data, while Microsoft OneDrive was also introduced for other official personal data.

The SharePoint Online provides an effective solution to store high volume of data by using the cloud-based facility of Microsoft Cloud Storage. This cloud storage facility enables quick and simple access to data, while also offering enhanced data security and reduced need for the maintenance of physical on-premises data storage servers. After migration to Cloud, all data is completely auditable as per international standards (ISO/IEC 17788, ISO/IEC 17789).

Another major advantage that this cloud storage facility holds over local file servers is synchronisation across local machines and backup availability for all devices. The Microsoft OneDrive for Business Desktop client provides the facility of automatically synchronising data from a local machine to OneDrive. It also provides a platform to collaborate and work in teams over shared data, using powerful Microsoft applications and tools.

The Corporate IT team was able to ensure a smooth and successful transition to cloud storage, while also providing adequate training of employees through a user manual and video tutorial.

e-Leave Automation

The Corporate IT SharePoint team has integrated the e-Leave application with SAP HCM system to enable the automatic posting of approved leaves. The online leave management process will greatly facilitate departmental managers by eliminating the need to manually post leaves and also provide the employees clear visibility of their leaves balance on any handheld device. Previously, the departmental managers were responsible for posting employee leaves in SAP. Moreover, the interface of e-Leave application has also been upgraded and is now more user-friendly and compatible with any desktop, laptop or handheld device.

Governance & Compliance

Creating Sustainable Value

ICI Pakistan Limited is dedicated to creating long term, sustainable value based on strong principles of governance and accountability. Good governance is a business imperative and supports the Company's strategy to deliver enduring value for all stakeholders

This section includes the Board of Directors report, details of business performance and activities, as well as the Governance, Compliance and Risk Management policies.

Corporate Governance and Compliance

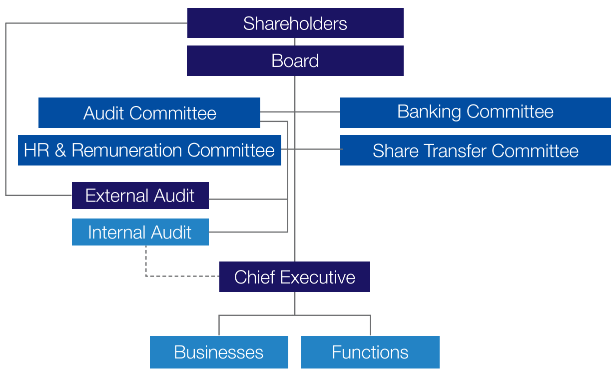
At ICI Pakistan Limited, good corporate governance is one of the most fundamental cornerstones of operations. The Company has a long history of adherence to high standards of ethical practice, and it continues to uphold these standards going forward.

The corporate governance structure of ICI Pakistan Limited is based on the Company's Articles of Association as well as statutory, regulatory and other compliance requirements applicable to companies listed on the Pakistan Stock Exchange (PSX). It is complemented by several internal procedures including a risk assessment and control system, as well as a system of assurances on compliance with the applicable laws, regulations and the Company's Code of Conduct..

Corporate Governance Statement

ICI Pakistan Limited is a public limited company established under the laws of Pakistan. The shares of the Company are listed on the PSX.

Corporate Governance Structure of ICI Pakistan Limited



Major External Regulations

- Companies Act, 2017 and other allied laws
- Rule Book of the Pakistan Stock Exchange
- Listed Companies (Code of Corporate Governance) Regulations, 2017 and Securities Act, 2015.
- CDC Regulations
- Other SECP Regulations, Circulars, Notifications, Guidelines etc.

Major Internal Regulations

- The Articles of Association of the Company
- Code of Conduct
- Significant policies
- Financial Remits

The Board of Directors is responsible for governing the organisation by establishing Board policies; setting goals, objectives and strategies that the Company is required to adopt; and formulating the policies and guidelines towards achieving those goals and objectives.

The Board is accountable to shareholders for discharge of its fiduciary function, while the Company's management is responsible for implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate the smooth execution of the day-to-day affairs of the Company, the Board entrusts the Chief Executive (CE) with necessary powers and responsibilities in this regard. The CE is in turn, assisted by an Executive Management Team comprising the Chief Financial Officer, Company Secretary and the Heads of Businesses and functions. The Board is also assisted by a number of sub-committees composed mainly of independent/ non-executive directors.

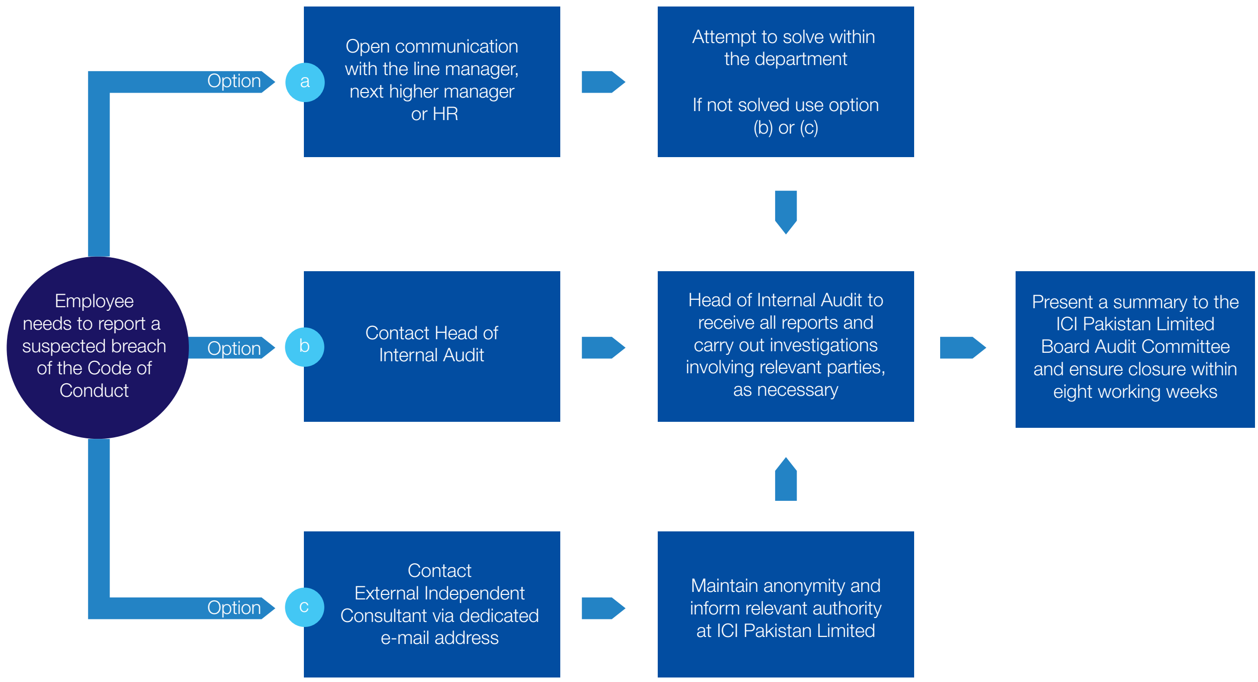
Code of Conduct

ICI Pakistan Limited continues to hold in high esteem the best practices of corporate governance and believes in widely propagating its values and ethics for strict adherence by all employees, contractors, suppliers and others while doing business for the Company. The Company's commitment to encouraging ethical and responsible practices is demonstrated by the fact that ICI Pakistan Limited had a comprehensive Code of Conduct in place well before the introduction of the Stock Exchange requirement. In order to apprise employees of the Code of Conduct, the Company organises training sessions and induction programmes on a regular basis to ensure compliance at all levels. Furthermore, upon joining the Company, all employees are required to read and understand the Code of Conduct, and sign a declaration of compliance with it. As a refresher on the Code, renewal of the declaration is also carried out electronically on a regular basis.

Speak Up (Whistleblowing Policy)

To account for any cases where the Code of Conduct has been violated, and to help facilitate strict adherence to it, employees have access to a whistle blowing programme called "Speak Up". Through the Speak Up programme, any employee can confidentially report suspected unethical dealings or other breaches of the Code by other Company employee's, via telephone or e-mail to the relevant HR manager or Head of Internal Audit. In addition, to further enhance anonymity, an

A Depiction of the Whistleblowing Process



Speak Up Reports During the Year	
Number of Speak Ups reported to Audit Committee during the year ended June 30, 2019	7
Number of Speak up investigations Completed and Cases closed	6

independent third party has also been hired (a renowned firm of Chartered Accountants), which can be approached for filing a complaint. All complaints are thoroughly investigated and the results of the investigation are communicated to the complainant (if the return address is provided) following which appropriate action is taken by the Company. This process is overseen by the Board Audit Committee.

Board Composition

The present Board of ICI Pakistan Limited comprises a well-balanced mix of executive, non-executive and independent directors. It has eight directors: two executive directors, four non-executive directors including one female director and two independent directors. The Chairman of the Board is a non-executive director. The positions of Chairman and Chief Executive are held by separate individuals with clearly defined roles and responsibilities.

At ICI Pakistan Limited, the audit sub-committee and an HR & Remuneration sub-committee of the Board were established well before the introduction of the Code of Corporate Governance; these committees are composed mainly of non-executive directors, including the Chairman. The terms of reference of these Committees are provided on Page 62 of this Report.

Internal Control

ICI Pakistan Limited has a sound system of internal control and risk management. The Board assumes the overall responsibility of overseeing the internal control processes. The Risk Management and internal control processes are designed to safeguard the Company's assets and to appropriately address and/or mitigate emerging risks being faced by the Company. The Company maintains a clear organisational structure with a well-defined chain of authority. Senior management is responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls. Comprehensive details regarding the Risk Management System are separately disclosed in the financial statements of the Company.

Insider Trading

The Company has a policy on insider trading and securities transactions. Closed periods are announced by the Company prior to the announcement of financial results during which "Executives" (as defined by the Board to be an employee drawing a basic salary of PKR 2.4 million or more annually) and some finance & connected staff are barred from dealing in the Company's shares. They can deal in the Company's shares only outside the closed periods. Any transaction carried out by an Executive in the shares of the Company has to be reported to the Company Secretary within two days of execution of the transaction with relevant details of purchase/sale of shares.

Competition Law

As embodied in the Code of Conduct, ICI Pakistan Limited supports the principles of free enterprise and fair competition. The Company competes vigorously but fairly with its competitors within the framework of applicable laws - all to provide better and increasingly useful products and more efficient services to the customers.

The Legal Department had conducted a comprehensive Competition Law Training for relevant employees in 2014-2015. We continue ensuring compliance with competition laws for relevant employees. Additionally, all employees are apprised of relevant competition laws in the Code of Conduct, for which each employee signs a declaration of compliance upon joining the Company and on a regular basis thereafter.

United Nations Global Compact (UNGC)

ICI Pakistan Limited remains committed to making the UNGC's Ten Principles part of its strategy, culture and day-to-day operations. The Ten Principles form a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Adequate Disclosure

ICI Pakistan Limited endeavour to continue to be transparent in its dealings with stakeholders. This is achieved through adequate and comprehensive disclosure of all significant developments via communications targeted to the shareholders and other stakeholders. These include financial statements, and other communications such as public announcements and press releases.

All critical accounting estimates, rules and procedures governing extraordinary transactions, or any changes in accounting policies along with their financial impact, are disclosed in the notes to financial statements. ICI Pakistan Limited follows the Companies Act, 2017, and applicable IAS and IFRS (International Accounting Standards and International Financial Reporting Standards). In addition, the Company makes an effort to provide as much supplementary information in the financial statements as reasonably possible.

As part of its effort to ensure that stakeholders are well informed about the Company's operations, an Investor Relations Policy has been formulated to ensure that the financial community, and other constituencies, such as analysts, shareholders and investors (both current and potential), are ensured timely access to all relevant information pertaining to the Company. which includes business updates, stock and financial performance, historical performance and future prospects.

Annual General Meeting (AGM)

The Company holds its AGM of the shareholders in light of the Companies Act 2017, Rule Book of Pakistan Stock Exchange Limited (PSX), Listed Companies (Code of Corporate Governance) Regulations, 2017 and its Articles of Association. ICI Pakistan Limited requests all Shareholders to participate in the AGM and other general meetings as and when convened. The Company also ensures that the Annual Report, containing the agenda and notice of AGM, is dispatched to every shareholder in electronic form at the registered address within the stipulated time.

During the last AGM of the Company, no issues were raised by the Shareholders present. Queries raised were responded to accordingly by present Board members, the Chief Executive and Chief Financial Officer. Queries raised during the last AGM of the Company pertained to the following topics: duty reduction on Polyester imports, impact of any changes in Free Trade Agreement with China on Polyester fibre import, increase in the operating working capital and challenges being faced in the Soda Ash and Agri Sciences Businesses.

Ownership & Control Structure

Complete disclosure of ICI Pakistan Limited's shareholding structure is given in the pattern of shareholding, pursuant to the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2017. The share capital is comprised of ordinary shares. No other class of shares is issued by the Company. During the year, one of the substantial shareholders of ICI Pakistan Limited (ICIP) i.e. Lucky Holdings Ltd. (LHL) underwent a corporate restructuring in order to achieve cost efficiencies and a more tax efficient structure. Pursuant to this arrangement, the 67,395,037 shares of ICIP held by LHL were transferred and stand vested in 5 newly constituted companies including Lucky Cement Holdings (Pvt), Gadoon Holdings (Pvt.) Ltd., Yunus Textile Holdings (Pvt.) Ltd, YB Pakistan Holdings (Pvt.) Ltd., Lucky Textile Holdings (Pvt.) Ltd. However, it is clarified that there is no change in total shareholding and the ultimate beneficial ownership of the shares remains the same since the aforementioned 5 (five) newly constituted companies (to which the shares of ICIP have been transferred) are wholly owned subsidiaries of the shareholders of LHL. The details of shareholdings are disclosed in the pattern of shareholding in the printed accounts of the Company.

Related Party Transactions

A complete and updated list of related parties has been maintained. All transactions with related parties are carried out on an unbiased, arm's length basis as per the Policy approved by the Board of Directors. A complete list of all Related Party Transactions is compiled and submitted to the Board Audit Committee every quarter. The Internal Audit Function verifies that all Related Party Transactions are conducted on an arm's length basis and releases a quarterly report to that effect to the Board Audit Committee. After review by the Board Audit Committee, the transactions are placed before the Board for their consideration and approval. All transactions with related parties, where majority of Directors of ICI Pakistan Limited are interested, are referred to the shareholders in a general meeting for ratification/approval. An approval in advance on an annual basis is also taken from the shareholders.

Material Interests of Board Members

The Directors are required to disclose, at the time of appointment and on an annual basis, the directorships or memberships they hold in other corporate bodies. This is in pursuance with section 205 of the Companies Act, 2017, which also requires directors to disclose all material interests. The Company uses this information to maintain an updated list of related parties. In case any conflict of interest arises, the matter is referred to the Board's Audit Committee and then to the Board.

Offices of the Chairman and CE

In compliance with the good governance practices, the position of the Chairman of the Board of Directors and the office of the Chief Executive are held by separate incumbents, with clear demarcation of roles and responsibilities.

Brief Roles and Responsibilities of Chairman and Chief Executive

The primary role of the Chairman is to ensure that the Board of Directors remains effective in its tasks of setting and implementing the Company's direction and strategy. The Chairman is responsible for assessing and making recommendations regarding the effectiveness of the Board, the committees and individual Directors in fulfilling their responsibilities, including avoidance of conflicts of interest. The Chairman represents the non-executive directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign the minutes of the Board meetings.

The Chief Executive is the senior most full-time executive of the Company to whom all Business and Functional heads report. He is responsible for presentation of the Company's aims and policies to the Government and all stakeholders.

The Chief Executive is responsible for the performance of the Company, in accordance with the Business strategy as adopted by the Board. The Chief Executive reports to the Board of Directors.

The responsibilities of the Chief Executive include:

- Formulating and following Board approval, successfully implementing Company policy.
- Directing strategy towards the profitable growth and operation of the Company.
- Developing strategic operating plans that reflect the long term objectives and priorities established by the Board
- Maintaining an ongoing dialogue with the Chairman of the Board to keep him fully informed of all significant developments.
- Putting in place adequate operational planning and financial control systems.
- Ensuring that the operating objectives and required standards of performance are understood by all Company employees.
- Monitoring of operating and financial results against the budget
- Taking remedial action where necessary and informing the Board of significant changes.
- Ensuring that the Company remains in compliance with all applicable laws.
- Building and maintaining an effective executive team and appropriate succession plans.

Evaluation of the Chief Executive's Performance

The performance of the Chief Executive is evaluated on a blend of quantitative 'value' and qualitative 'values' driven objectives. Quantitative value-driven objectives relate to growth and financial performance of the Company, while qualitative values relate to the Company's performance on sustainability parameters. Underpinning both these objectives is the "how" component, which measures what processes and policies were implemented and complied with.

Evaluation of the Board's Performance

The Board evaluates its performance on an annual basis, along with its sub-committees in line with the overall performance of the Company. The Board members make efforts to attend all meetings of the Board, and to actively participate in its proceedings, wherein discussions are held on various strategic issues. The Board ensures that the Company adopts the best practices of corporate governance in all areas of its operations and has a robust internal control system. The Board closely monitors the major capital expenditure projects including balancing, modernisation and replacement. The Board must also remain focussed on succession planning and compliance with all regulatory requirements throughout the year. The Board is fully cognisant of the Company's commitment to its sustainability strategy based on social, economic and environmental factors and has issued appropriate policy guidelines to ensure continued maintenance of performance in these areas.

In line with global best practices, ICI Pakistan Limited has developed and successfully implemented a methodology for self-evaluation of the Board's performance as an entity on the basis of the following factors i.e. Board composition, leadership and planning, Board effectiveness, Board accountability, strategy and performance, organisation, risk management, ethics and compliance.

The process for this evaluation entails evaluation proformas being circulated to the members of the Board; each member is required to return the duly filled proforma, including comments, to the Company Secretary, while maintaining secrecy and confidentiality. Differences of opinion and areas requiring improvement are duly identified for resolution. The results are compiled and, subsequently, shared in the next Board meeting with the intent to frame strategies for addressing the highlighted areas, and bringing about further cohesion and improvement in the Board's performance.

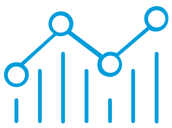
Internal and External Audit

The Internal Audit function of the Company plays a pivotal role in providing the Board with the required objectivity in evaluating and improving the effectiveness of risk management and related control systems throughout the Company. The Head of Internal Audit independently reports to the Board Audit Committee and administratively to the Chief Executive. A renowned firm of Chartered Accountants, KPMG Taseer Hadi & Co., has been hired to perform the internal audits within the Company. The Head of Internal Audit ensures that the audit plan, as approved by the Board Audit Committee, is effectively implemented in close coordination with KPMG Taseer Hadi & Co.

Internal audits are executed across all Businesses by independent internal auditors and all findings are reported to the senior management and the Board Audit Committee. The action plans are followed up rigorously to ensure that timely corrective action is implemented for the effective functioning of controls. Through the Audit Committee, the Board reviews the assessment of risks, internal control and disclosure procedures and suggested remedial actions, where applicable. The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities regarding the integrity of ICI Pakistan Limited's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, and the performance of the internal audit function. External auditors are appointed by the shareholders on a yearly basis at the AGM on the recommendation of the Board of Directors, while the partner in charge of Company's audit is rotated every five years as per the local regulations.

Significant Factors Affecting the External Environment

The performance of ICI Pakistan Limited is directly and indirectly impacted by changes in the political, economic, social, regulatory and technological environment. The Company continuously identifies, evaluates and monitors changes in the external environment. ICI Pakistan Limited's well-integrated and holistic strategy seeks to proactively manage the risks and take advantage of any arising opportunities.



Macroeconomic conditions

Local economic uncertainty, coupled with hike in inflation, rupee devaluation and increasing interest rates, resulted in restrained business activity. An increase in the interest rates led to higher financing costs for the Company, while the rupee devaluation increased the costs related to raw materials and packaging. However, as a result of various initiatives undertaken by the Government to support export-oriented sectors, business activities improved in the second half of the year. Further, the currently underway China Pakistan Economic Corridor (CPEC) should bode well for the economy with increased power availability and infrastructure development projects. On the global front, there was volatility due to uncertain economic conditions as a result of the ongoing trade war between the United States and China.

Social and Environmental

While the Government is committed to undertake economic reforms, Pakistan is faced with economic challenges that are anticipated to maintain an upward pressure on inflation and interest rates, whilst also keeping the rupee under stress. As a result, it is expected to adversely impact the business and investment climate. The slowdown in economy could result in rising inequality, weak job market and a decrease in the disposable income. Further, Pakistan is amongst the most vulnerable countries to be affected by climate change and water scarcity. Therefore, as a responsible corporate citizen, the Company's corporate social responsibility programmes will be critical to uplift the socio-economic status of communities.

Significant Changes from Prior Years

During the year, the Company faced a significant increase in the financing costs due to higher interest rates, while the devaluation of the Pakistani rupee also adversely affected the cost of production and overall profitability.

Regulatory

In recent months, the continued depreciation of Pakistani rupee against the US dollar has negatively impacted the financial results of the Company through erosion of margins and increase in the cost of inputs. In particular, the performance of Life Sciences Business was severely impacted as the prices of pharmaceuticals products are capped by the Ministry of Health. Further, a ban was also placed on the import and marketing of recombinant bovine somatotropin (rbST) injections – a US FDA approved product for the livestock segment.

Technological

There has been an increasing trend of digitalisation and automation of processes and systems across the globe. The Company has continued to embrace technology with the introduction of mobile applications for various business purposes, and is also leveraging digital platforms to promote learning and development of employees.

Risk Management

The ability to effectively identify, evaluate and manage risks is a vital element of success for all parts of the business.

At ICI Pakistan Limited, risk management occurs at the functional, Business and Corporate level to provide a three-dimensional view of risk. The overall responsibility of overseeing risk management processes, including risk management and internal control procedures, lies with the Board of Directors. The Company's risk management processes are designed to protect ICI Pakistan Limited's assets, safeguard shareholders' investment/interests and address possible risks to the Businesses, including any possible impact on business continuity. These documented processes are subject to regular review. The identified risks, which could potentially affect the achievement of strategic, operational, financial and/or compliance objectives, are promptly reported to the Board and senior management.

As a result, the risks are promptly mitigated to ensure efficient business operations.

ICI Pakistan Limited is built on a strong organisational structure with a well-defined chain of authority. The Company's senior management teams are responsible for implementing procedures, monitoring risks and assessing the effectiveness of various controls.

ICI Pakistan Limited employs a robust Enterprise Risk Management (ERM) framework, which is integrated across the organisation to ensure that all potential risks are proactively identified and addressed. The ERM framework utilises comprehensive interactive systems and processes, enabling the Company to systematically identify, evaluate and assess risks. The highlighted risks are prioritised according to their impact and likelihood, and remedial actions are devised accordingly.

Risk management is an ongoing need and, therefore, this annual process includes interim updates on the risks as well as remedial and/or corrective actions.

Our ERM framework encompasses the following elements:

- A transparent process providing necessary insight into risks faced by the Company
- A common language utilised for risk and its related actions – this facilitates clear communication and decision-making by ensuring a clear understanding across the board
- Clear accountability and governance structure in relation to risk management

Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
Changing economic conditions, government policies and law and order situation • Local competition • Risk of ad-hoc tariff adjustments on imports impacting local producers, such as ICI Pakistan Limited • Large scale, cheap imports at uneconomical prices or dumped imports by major international manufacturers	Strategic	Continued commitment to customer-centricity, product quality, innovation and supply chain efficiencies, along with a strong market footprint, can help ICI Pakistan Limited appropriately respond to challenges posed by weak economic and demand conditions. The Board and management endeavour to define and implement a clear strategy to overcome these strategic external risks by regularly benchmarking production efficiencies against the competitors to minimise costs. The Board and management continuously seek dialogue with policy makers through various business forums in the overall interest of domestic industries, and are actively vigilant with policies and proceedings of cases filed against anti-dumping. Training is also provided to update the concerned stakeholders about the law and order situation.	High
Exposure to liabilities arising from non-compliance with laws and regulations	Compliance	ICI Pakistan Limited closely monitors changes in the regulatory environment and adapt to all significant changes in a timely manner. The Company is dedicated to compliance with all legal and regulatory requirements with a special emphasis on conformity to the Code of Conduct. ICI Pakistan Limited operates under a comprehensive Competition Law compliance programme that includes training, monitoring and assessment.	Medium
Inability to attract, engage and retain high potential/promotable talent	Strategic	ICI Pakistan Limited's key focus remains on the growth and well-being of intellectual capital. The relaunch of ICI Pakistan Limited's value-driven competency framework (SuccessFactors) provides the roadmap for talent acquisition and development activities, ensuring that the right talent is available for delivery of strategic ambitions. Advancing the well-being and engagement of the workforce is a high priority and the Company considers it a commitment that encompasses employee satisfaction and competitive benefits. The Board and management place great emphasis on attracting, educating, motivating and retaining workforce, through tools such as the Performance and Development Discussion, organisational health surveys and ensuring robust succession planning in the Company.	Medium

Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
Fluctuation in exchange rates Continued depreciation of the Pakistani rupee against the US dollar has a negative impact on the financial results of the Company's Businesses through erosion of margins, particularly in the Life Sciences Business, where prices of pharmaceutical products are capped by the Ministry of Health.	**Financial**	ICI Pakistan Limited's centralised treasury function closely monitors and manages the exposure to foreign currency risk and uses various available mechanisms, such as locking forward contracts, minimising the foreign currency credit and resorting to natural hedging, wherever possible. Further mitigation is done through the introduction of generic brands, assessing the economic situation frequently for informed decision-making and continuous engagement with external parties to assess their viewpoint.	**Medium**
Interest rate risk An increase in interest rates will result in higher borrowing costs and impact the Company's profitability.	**Financial**	The Company continuously monitors and negotiates viable deals to minimise the interest rate risk. Wherever possible, the residual risk is passed on as part of the product pricing. Further, the Company tries to remain at a lower level of gearing to minimise the impact of financing costs. With its strong ability to generate cash flows, the Company tries to pay off its debts to minimise the impact of an increase in interest rates.	**Medium**
Overdependence on single source suppliers and major principals	**Operational/ Commercial**	The Company continuously engages its principals in a strategic view of the business in Pakistan. ICI Pakistan Limited emphasises the satisfaction of its suppliers and works hard to outperform their expectations. ICI Pakistan Limited safeguards the Company's position through secured contracts and continues to seize opportunities to launch its own range of products/brands to reduce dependency on the principals. The Company explores alternate suppliers and performs concrete and thorough research on their product ranges to meet any contingencies, if required.	**Low to Medium**
Product risk Adverse events and reporting in the press on the quality or performance of products	**Operational/ Commercial**	ICI Pakistan Limited maintains a continued focus on quality control at both the principal and business level (e.g. storage/transportation at correct temperatures, etc.). The Company also ensures detailed information is available on packaging and training needs of the staff are regularly monitored for reporting of adverse events. The Company also has defined standard operating procedures for crisis management and media handling. Moreover, ICI Pakistan Limited's customer complaint management system aids in conducting a timely review of the customer feedback. The Company further conducts gap analysis to improve our testing methodologies so as to comply with the core value of Customer Centricity.	**Medium**

Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
Commodity Risk A change in demand for seasonal imported goods versus the plan/outlook	**Operational/ Commercial**	The business plan is reviewed on an ongoing basis and in case of any changes in the market dynamics, the issues/scenarios are highlighted to the principal in advance to negotiate quantities and the prices.	**Low**
Failure to keep pace with technological advancements	**Strategic**	ICI Pakistan Limited's management highly values data security, automation of operations and technological advancement in the relevant industries. The Company has invested in a robust management reporting system, research and development, and lab infrastructure to improve in-house capabilities. ICI Pakistan Limited maintains close ties with customers and consults them to remain updated on the changes taking place in the industry. The Company's Business Development team regularly issues a news bulletin based on new developments in the local and global industry.	**Low**
HSE&S compliance risk The HSE&S risks in production and supply chain processes can adversely affect the Company's operations. These risks concern areas such as personal health and safety, product safety and operating eco-efficiency. An unlikely scenario can involve major incidents with high impact for the organisation as well as local communities, which may cause business disruption and reputational damage.	**Health & Safety**	For ICI Pakistan Limited, compliance with HSE&S standards is the license to operate. The Company continues to focus on energy conservation, waste and operational efficiencies and eco-efficiency footprint reduction. A detailed report on HSE&S performance and development is available in the report.	**Low**
Credit Risk The risk of default in payments by credit customers in the current challenging economic conditions, leading to adverse financial impact on the Company.	**Financial**	The Company's counterparty risk is sufficiently diversified with established limits for key customers. Credit reviews are regularly conducted to align the exposure in line with the changing conditions, while remaining within the bounds of overall risk appetite of the Company.	**Low**
Liquidity Risk The risk of Company being unable to fulfil its financial obligations due to non-availability of sufficient funds	**Financial**	The Company ensures optimum utilisation of cash generated by operations and has sufficient financial lines with various institutions to meet any funding requirements.	**Low**

*Risk exposure rating is based on the likelihood and impact of the risk on the entity as a whole, and translated as such, based on established criteria.

Board and Management Committees

Committees of the Board

Audit Committee with brief terms of reference

The Audit Committee ensures that the Company has a sound system of internal financial and operational controls. Chaired by an Independent Director, the Committee serves as the eyes and ears of the Board, assisting it in the discharge of its fiduciary responsibilities.

The Audit Committee reviews the periodical financial statements of the Company and announcements of results to the stock exchange. An important responsibility of the Committee is to recommend to the Board the appointment of external auditors, facilitate the external audit and discuss with the external auditors major observations arising from interim and final audits. In doing so, the Committee also reviews the Management`s response thereto.

Other main responsibilities of the Audit Committee include risk management; compliance with relevant statutory requirements; review of legal matters which may significantly impact financial statements; reviewing all related party transactions; monitoring compliance with the best practices of corporate governance, and investigating any violations thereof and, ensuring coordination between internal and external auditors.

While carrying out its duties, the Audit Committee has the authority to discuss directly with the management, internal auditors or external auditors any issue within its remit. The Committee may obtain outside legal or professional advice on the matter, if necessary. The Audit Committee comprises three members, who are Non-Executive Directors. The Chairman of the Committee is an Independent Director and the Head of Internal Audit acts as the Secretary to the Committee. The Chief Executive, Chief Financial Officer and representatives of internal auditors attend Audit Committee meetings only by invitation.

The Audit Committee meets at least four times a year. At least once a year, it meets external auditors independent of the CFO and the internal auditors.

Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee is a sub-committee of the Board and is responsible for reviewing and recommending the selection, evaluation and compensation of the Chief Executive, the Executive Management Team (including the CFO and Company Secretary) and the Head of Internal Audit. Additionally, it also reviews and recommends HR management policies and the succession planning process for the position of the Chief Executive and his direct reports.

The Committee also takes into consideration the recommendations of the Chief Executive on such matters as remuneration and performance of key management positions, in particular managers who report directly to the Chief Executive, and recommends the same for Board approval.

The Committee comprises five members; three Non-Executive Directors, one Executive Director and an Independent Director who is also the Chairman of the Committee. The General Manager Human Resource & Administration acts as the Secretary to the Committee. The Committee meets at least once a year.

Banking Committee

This Committee comprises two Executive Directors and one Independent Director, and has been constituted to approve matters relating to opening, closing and day-to-day operations of bank accounts. The resolutions passed by the Banking Committee are subsequently ratified by the Board.

Shares Transfer Committee

The Share Transfer Committee consists of two Executive and one Non-Executive Director. This Committee approves registrations, transfers and the transmission of shares. Resolutions passed by the Shares Transfer Committee are subsequently placed at Board meetings for ratification.

Management Committees

Executive Management Committee

The Chief Executive is the Chairman of the Executive Management Committee. The Committee comprises all Business and Functional Heads. This Committee meets once a month under the chairmanship of the Chief Executive and is responsible for strategic business planning, decision making and overall management of the Company.

HSE&S Management Committee

The Health, Safety Environment and Security Committee monitors Company-wide HSE&S practices. It oversees the health, safety, environment and security functions of the Company and is also responsible for ensuring that all of the Company's operations remain environmentally conscious and compliant with the prevalent regulatory framework. The Committee is chaired by the Chief Executive.

Succession Planning Forum

This forum is chaired by the Chief Executive and meets periodically to review the Company's succession planning and talent pipeline at all levels. This forum is supported by the following capability groups:

- Commercial Capability group
- Technical Capability group
- HR Capability group
- Finance and IT Capability group

Company Information

Board of Directors

Muhammad Sohail Tabba	Chairman (Non-Executive)
Muhammad Ali Tabba	Vice Chairman (Non-Executive)
Jawed Yunus Tabba	Non-Executive
Amina A Aziz Bawany	Non-Executive
Asif Jooma	Chief Executive
Khawaja Iqbal Hassan	Independent
Muhammad Abid Ganatra	Executive
Kamal A Chinoy	Independent

Audit Committee

Khawaja Iqbal Hassan	Chairman
Muhammad Ali Tabba	Member
Jawed Yunus Tabba	Member

HR & Remuneration Committee

Khawaja Iqbal Hassan	Chairman
Muhammad Sohail Tabba	Member
Jawed Yunus Tabba	Member
Asif Jooma	Member
Muhammad Ali Tabba	Member

Chief Financial Officer

Muhammad Abid Ganatra

Company Secretary

Nausheen Ahmad

Head of Internal Audit

Muhammad Ali Mirza

Executive Management Team

Asif Jooma	Chief Executive
Nauman Shahid Afzal*	Vice President, Polyester Business
Nausheen Ahmad	General Counsel, Company Secretary and Head of Corporate Communications & Public Affairs
Arshaduddin Ahmed	Vice President, Chemicals and Agri Sciences Business
Muhammad Abid Ganatra	Chief Financial Officer
Suhail Aslam Khan	Senior Business Consultant & Vice President, Soda Ash Business
Eqan Ali Khan	General Manager, Strategy, Business Development & Innovation
Aamer Mahmud Malik	Vice President, Pharmaceuticals Business
Fariha Salahuddin	General Manager, Human Resources & Administration

**Alphabetised by last name*

Bankers

Allied Bank Limited
Allied Bank Limited-Islamic Banking Group
Askari Bank Limited
Askari Ikhlas Islamic Banking
Bank Al Habib Limited
Bank Al Habib Islamic Banking
Bank Alfalah Limited
Bank Alfalah Limited – Islamic Banking Group
Bank of Khyber
Bank of Punjab
Citibank N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Habib Metropolitan Bank Sirat Islamic
Industrial and Commercial Bank of China Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
Standard Chartered Bank (Pakistan) Limited-Saadiq
United Bank Limited

Auditors

Internal Auditors
KPMG Taseer Hadi & Co.,
Chartered Accountants

External Auditors
EY Ford Rhodes
Chartered Accountants

Registered Office

ICI House, 5 West Wharf,
Karachi-74000
Tel: 111-100-200, (021) 32313717-22
Fax: 32311739
Website: www.ici.com.pk

Shares Registrar

FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S. Shahrah-e-Faisal,
Karachi.
www.famco.com.pk
Tel: (021) 34380101-5
Fax: (021) 34380106

Legal Advisor

Imran Mushtaq & Company
78-B, Mozang Road (opp. British Council), Lahore
Tel: (042) 36298184-5
Fax: (042) 36298186

Board of Directors

Muhammad Sohail Tabba
Chairman

Muhammad Sohail Tabba is a leading businessman in Pakistan, having gained vast experience in the manufacturing, energy, real estate and cement sectors, during an illustrious career spanning over two decades.

His association with the Yunus Brothers Group (YBG), one of the most prestigious business conglomerates and largest export houses of Pakistan, has successfully transformed the Group's textile concerns into leading global players. These concerns include names such as Gadoon Textile Mills Limited and Lucky Knits Private Limited where he serves as Chief Executive, and Lucky Textile Mills Limited where he serves as a Director on the Board.

Mr Tabba was appointed as a Non-Executive Director on the Board of ICI Pakistan Limited on December 28, 2012, and appointed as the Chairman of the Board of Directors of ICI Pakistan Limited on April 29, 2014. He is also the Chairman of Nutrico Morinaga (Private) Limited, a joint venture between ICI Pakistan Limited, Morinaga Milk Industry Company Limited, and Unibrands (Private) Limited, in which ICI Pakistan Limited holds majority shareholding. The Company entered into this joint venture to locally manufacture Morinaga infant formula at the state-of-the-art Morinaga manufacturing facility, the first to be established in Pakistan.

In addition, Mr Tabba is also the Chief Executive of Lucky Energy (Private) Limited, Yunus Energy Limited and LuckyOne (Private) Limited. He is the Chairman of Lucky Paragon Readymix concrete and a Director on the Board of Lucky Cement Limited - Pakistan's leading cement manufacturer and exporter.

In December 2016, Mr Tabba was appointed as a Director on the Board of Kia Lucky Motors Pakistan Limited (a subsidiary of Lucky Cement Limited).

Mr Tabba's philanthropic and social engagements include being the founding member of the ChildLife Foundation and the Italian Development Council. He also serves as a Director for the Tabba Heart Institute and the Aziz Tabba Foundation. Previously, he has also served on the Board of Governors at the Hamdard University, Pakistan.

Muhammad Ali Tabba
Vice Chairman

Appointed as Vice Chairman of ICI Pakistan Limited on December 28, 2012, Muhammad Ali Tabba has been the Chief Executive of Lucky Cement Limited since 2005, succeeding his late father. He started his career as a Director with the Yunus Brothers Group (YBG) in 1991 and has since successfully reformed and expanded the companies he heads within the Group. He also serves as the Chief Executive of Yunus Textile Mills Limited, a leading name in the home textiles industry with subsidiaries in the US, Europe, Canada and France.

Muhammad Ali Tabba is a distinguished leader and serves as a Board Member of the Trade Development Authority of Pakistan, the premier trade organisation of the country operating under the Federal Ministry of Commerce. He is also a Trustee of the Fellowship Fund for Pakistan (FFFP), which sponsors one top Pakistani scholar annually to the Woodrow Wilson International Centre for Scholars, a Washington DC-based think-tank. In addition to these important roles, Mr. Tabba has also served as the Chairman of Pakistan Business Council (PBC), a business advocacy forum comprising of leading private-sector businesses and has been appointed as a Board member of Pakistan International Airlines Corporation Limited (PIACL). He has been nominated to the Board of the Pakistan-India Joint Business Council (PIJBC), which promotes trade between the two countries. Mr. Tabba is also the former Chairman of the All Pakistan Cement Manufacturers Association (APCMA), a regulatory body of cement manufacturers in Pakistan.

Muhammad Ali Tabba is a generous philanthropist with extensive engagements in many community welfare projects. He serves on the Board of Governors of numerous renowned universities, institutions and foundations. He is the Vice Chairman of a not-for-profit organisation, the Aziz Tabba Foundation (ATF), that works extensively in the fields of education, health and housing. The Foundation runs a state-of-the-art cardiac hospital, the Tabba Heart Institute and a kidney centre, the Tabba Kidney Institute.

Recognising his commitment to the social development sector of the country, in 2010, the World Economic Forum (WEF) bestowed the title of Young Global Leader (YGL) on Mr. Tabba in recognition of his outstanding services and contributions. For his distinguished services rendered in the field of entrepreneurship, public service and philanthropy, in 2018, the Government of Pakistan conferred Mr Tabba with the Sitara-e-Imtiaz, the country's third highest honour and civilian award.

Amina Abdul Aziz Bawany
Non-Executive Director

Appointed as a Non-Executive Director on the Board of Directors of ICI Pakistan Limited on December 28, 2012, Amina Abdul Aziz Bawany holds a postgraduate degree in Early Years Education with over ten years' experience in the education sector. She holds a key oversight position within the Yunus Brothers Group (YBG) and possesses a versatile skill set with experience in customer relations and sales, and is known for her attention to detail and excellent communication skills.

She is also on the Boards of various charities that successfully raise funds for the medical and educational needs of the underprivileged citizens of Pakistan.

Jawed Yunus Tabba
Non-Executive Director

Appointed as a Non-Executive Director on the Board of Directors of ICI Pakistan Limited on April 29, 2014, Mr. Jawed Tabba has rich experience in the textile industry and is currently the Chief Executive of Lucky Textile Mills Limited, which is amongst the top five home textile exporters from Pakistan. He has been instrumental in managing the textile concerns of the Yunus Brothers Group and has transformed Lucky Textile Mills into one of the premier textile companies in Pakistan. Under Mr Tabba's leadership and guidance, Lucky Textile Mills has been a story of rapid expansion and diversification in the textile industry. He is also the Chairman of the Shares Transfer Committee of the Board of Lucky Cement Limited.

His untiring efforts have helped him acquire deep insight and expertise into the export and manufacturing activities. Mr. Tabba also manages the real estate project LuckyOne, which is one of the largest malls in Karachi. LuckyOne is currently touted as a multi-faceted, first of its kind regional shopping mall, which is revolutionising the shopping experience in Pakistan.

Mr. Tabba is also extensively engaged in community welfare projects, which include the Aziz Tabba Foundation. The Foundation works extensively in the field of social welfare, education, health and housing.

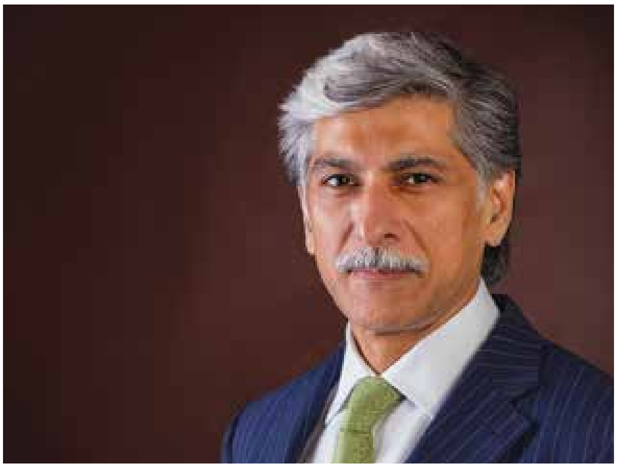
Board of Directors

Asif Jooma
Chief Executive

Asif Jooma started his career in the corporate sector with ICI Pakistan Limited in 1983, and has over 30 years of extensive experience in senior commercial and leadership roles. Following his early years with ICI Pakistan Limited and subsequently Pakistan PTA Limited, Mr Jooma was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he returned to ICI Pakistan Limited as Chief Executive in February 2013.

A Bachelor of Arts in Developmental Economics from Boston University, Mr Jooma has previously served as President of the American Business Council, President of the Overseas Investors Chamber of Commerce and Industry (OICCI) and Chairman of the Pharma Bureau. He has also served as a Director on NIB Bank Limited, Engro Fertilizers Limited and Executive Committee member of Board of Investment (BOI) – Government of Pakistan. Mr Jooma serves on the Board of Systems Limited and Pakistan Tobacco Company, and is the Chief Executive of NutriCo Pakistan Private Limited as well.

He is on the Board of Governors of the Lahore University of Management Sciences (LUMS) and is also a Trustee of the Duke of Edinburgh's Awards Programme. Previously, he has also served on the Board of Indus Valley School of Art and Architecture (IVSAA). Mr Jooma has attended Executive Development Programmes at INSEAD and Harvard Business School.
Mr. Jooma is also a certified Director, from Pakistan Institute of Corporate Governance.



Khawaja Iqbal Hassan
Independent Director

Khawaja Iqbal Hassan was appointed as an Independent Director on the Board of ICI Pakistan Limited on January 18, 2013.

Mr. Hassan graduated cum laude from the University of San Francisco in 1980 with majors in Finance and Marketing. He started his career with Citibank N.A. where he held key positions in Saudi Arabia, Turkey and Pakistan. After leaving Citibank in 1994, Mr. Hassan co-founded Global Securities Pakistan Limited, a former joint venture firm of UBS and then established NIB Bank Limited, which was subsequently majority-acquired by Temasek Holdings of Singapore. He has served as Chief Executive Officer of both institutions.

Mr. Hassan served as a member of the Board of Directors of the State Bank of Pakistan. He is presently on the Board of Governors of the Karachi Grammar School. He is also on the Board of Engro Corporation Limited, Layton Rahmatullah Benevolent Trust (LRBT), Cardio Vascular Foundation and Tauheed Trust. He has previously served on the Boards of Civil Aviation Authority of Pakistan (CAA), Pakistan Steel Mills Limited, Habib Bank Limited, National Fullerton Asset Management Company Limited, Citicorp Investment Bank Pakistan, The Pakistan Fund, Global Securities Pakistan Limited, NIB Bank Limited, The Lahore University of Management Sciences (LUMS), The Central Depository Company of Pakistan Limited and The Pakistan Centre for Philanthropy (PCP).

Mr Hassan is former Vice Chairman of the Pakistan Bankers' Association and has served as Chairperson, Banking Sector Committee on Reform of Pakistan's Banking Companies Ordinance. He has also been a member of the Prime Minister of Pakistan's Task Forces on Foreign Exchange Reserves Management, Corporate Tax Reform and Capital Markets Reform.

In 2007, Mr Hassan was awarded the Sitara-i-Imtiaz by the Government of Pakistan for his meritorious contribution to national interests.

Kamal A Chinoy
Independent Director

Mr Kamal A. Chinoy is Chief Executive of Pakistan Cables Limited. He graduated from the Wharton School, University of Pennsylvania, USA.

He serves on the Board of Directors of ICI Pakistan Limited, International Industries Limited, International Steels Limited, NBP Fullerton Asset Management Limited (NAFA), Askari Bank Limited and Atlas Power Limited as well as being Chairman of Jubilee Life Insurance. He is also Honorary Consul General of the Republic of Cyprus.

Mr Chinoy is a member of the Executive Committee of the International Chamber of Commerce (ICC) Pakistan and served as President of the Management Association of Pakistan (MAP). He also serves on the Board of Governors of Army Burn Hall Institutions.

He has previously served as the Chairman of the Aga Khan Foundation (Pakistan). He has also served as a Director of Pakistan Centre for Philanthropy, Pakistan Security Printing Corporation, Atlas Insurance and First International Investment Bank (an Amex JV). Mr. Chinoy has also served on the Undergraduate Admissions Committee of the Aga Khan University and the University of Pennsylvania Alumni Committee for Pakistan.

He is an adviser to Tharpak, a consortium of international companies interested in developing the Thar coal field. Mr. Chinoy is also a Certified Director, having been certified by the Pakistan Institute of Corporate Governance.

Muhammad Abid Ganatra
Executive Director & CFO

Appointed as a Director on the Board of Directors of ICI Pakistan Limited on December 28, 2012, and as the Chief Financial Officer of the Company in April 2013, Mr. Abid Ganatra has been associated with the Yunus Brothers Group since 1994. He has more than 20 years of diversified experience in senior management positions with an emphasis on financial management, operational management, capital restructuring, mergers and acquisitions, corporate and legal affairs as well as taxation.

Mr. Abid Ganatra is a fellow member of the Institute of Chartered Accountants and the Institute of Cost and Management Accountants of Pakistan. He holds a Bachelor's in Law and a Master's in Economics. Mr. Ganatra is also a certified Director, from Pakistan Institute of Corporate Governance.

Executive Management Team

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Nausheen Ahmad
General Counsel, Company Secretary &
Head of Corporate Communications and Public Affairs

Suhail A Khan
Senior Business Consultant &
Vice President, Soda Ash Business

Nauman Shahid Afzal
Vice President, Polyester Business

Aamer Mahmud Malik
Vice President, Pharmaceuticals Business

Arshaduddin Ahmed
Vice President, Chemicals & Agri Sciences Business

Fariha Salahuddin
General Manager, Human Resources & Administration

Eqan Ali Khan
General Manager, Strategy, Business Development & Innovation

Report of the Directors

for the year ended June 30, 2019

The Directors are pleased to present their report, together with the audited financial statements of the Company, for the year ended June 30, 2019

Overview

The net turnover of PKR 58,329 million for the year under review was 19% higher than PKR 49,108 million recorded for the year ended June 30, 2018. The sales revenue growth is attributable to growth across all Businesses, except for the Life Sciences Business.

The net turnover of the Polyester Business grew by 30% on account of increased demand and higher prices across the petrochemical chain. Soda Ash Business revenues increased by 32% on the back of increased sales volume and higher selling prices. The Pharmaceuticals and Animal Health Businesses recorded a decline of 5% in sales, mainly due to slow market owing to political instability and ban on import and marketing of recombinant bovine somatotropin (rbST) injections – a US FDA approved product for the livestock segment. The net turnover of the Chemicals & Agri Sciences Business grew by 4% compared to the same period last year (SPLY) owing to strong performance of the Agri Sciences Division, mainly in the Agro Chemicals segment.

The operating profit for the year at PKR 4,935 million was 12% higher than the SPLY, with improved performances in the Polyester, Soda Ash and Chemicals & Agri Sciences Businesses by 39%, 32% and 146% respectively, which compensated for the decline in performance of the Life Sciences Business. The Polyester Business showed promising growth of 39% in operating profit in comparison to last year due to improved margin over feedstock. In the Soda Ash Business, operating results grew by 32% in comparison to the last year due to a growth in sales volume on the back of full year production being available following the 75,000 tonnes per annum Light Soda Ash expansion. The Life Sciences Business showed a decline in the operating result because of a ban on rbST injections as explained above, and 32% devaluation of rupee against the US dollar leading to a significant increase in raw and packing material prices. The Chemicals & Agri Sciences Business showed improved performance driven by higher margins and cost optimisation in the Agro Chemicals segment.

During the year, the Company successfully commissioned the Masterbatch manufacturing facility, thus, taking yet another strategic step towards fulfilling its growth aspirations by enhancing the product portfolio of its Chemicals Business. This new, state-of-the-art manufacturing facility will cater to the expanding demand of colourants and additives used for plastics.

The Profit After Tax (PAT) for the year ended June 30, 2019 at PKR 2,305 million was 25% lower then the SPLY. This decline was primarily driven by increased financing cost due to higher interest rates and higher debt from conversion of Usance LCs to sight to avoid exchange losses. Further, exchange losses on sight LCs following rupee devaluation and lower dividend income from Associate lowered the PAT. The Earnings per share (EPS) at PKR 24.96 is 25% lower compared to PKR 33.13 for the SPLY.

On a consolidated basis, including the results of the Company's subsidiaries, ICI Pakistan PowerGen Limited, Cirin Pharmaceuticals (Private) Limited and NutriCo Morinaga (Private) Limited, PAT for the year was PKR 2,537 million of which PKR 11 million was attributable to non-controlling interests, which translated into an EPS of PKR 27.34, which was 23% lower than the SPLY. During the year, the Company recognised PKR 526 million as a share of profit from NutriCo Pakistan (Private) Limited, as compared to PKR 586 million for the SPLY.

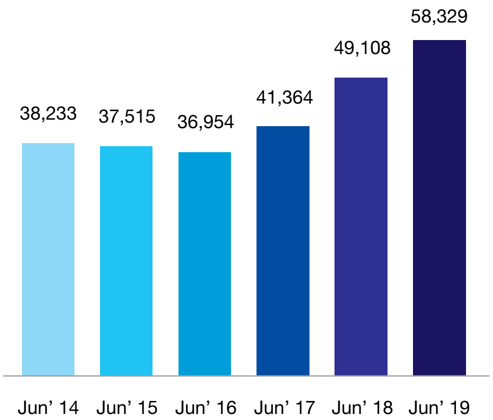
اردو کیلئے آخری صفحات ملاحظہ کریں۔

Financial Performance

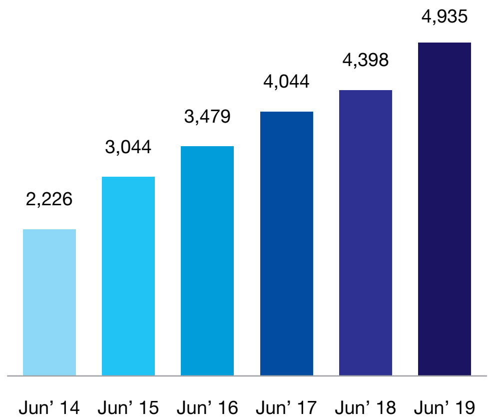
PKR million	June 2019	June 2018	Increase/ (Decrease) %
Net Turnover	58,329	49,108	19%
Gross Profit	9,452	8,554	9%
Operating Result	4,935	4,398	9%
Profit Before Tax	3,181	3,650	-17%
Profit After Tax	2,305	3,060	-7%
Earnings Per Share (PKR)	24.96	33.13	-7%

Six years Financial Performace at a Glance

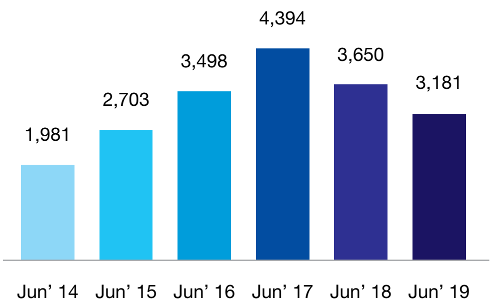
NSI (PKR m)



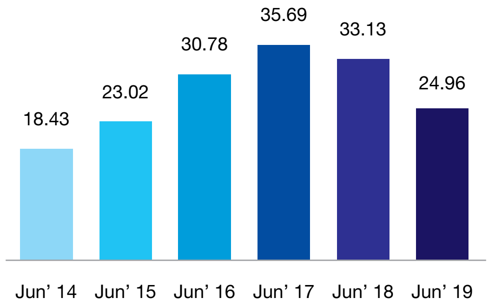
Operating Result (PKR m)



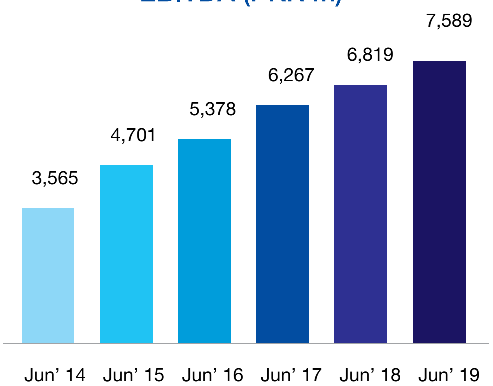
Profit Before Taxation (PKR m)



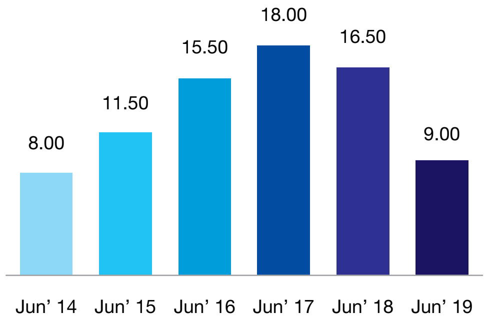
Earnings per Share (PKR)

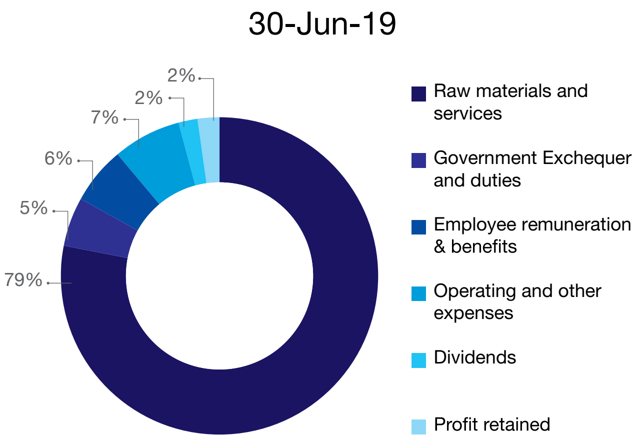


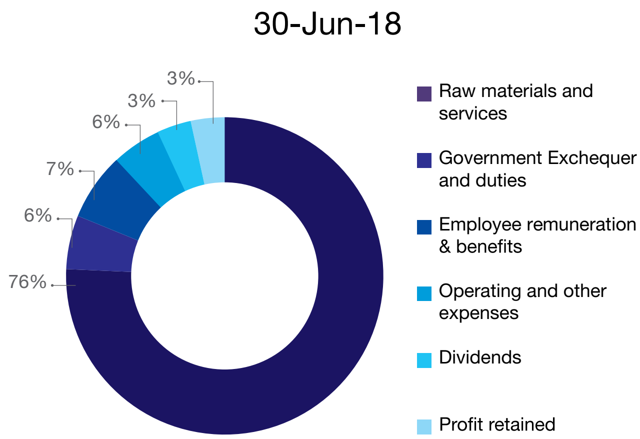
EBITDA (PKR m)



Dividend (PKR per Share)







Value Addition and its distribution

PKR' 000

		June 30, 2019	%	June 30, 2018	%
Net Sales		**58,328,849**		49,107,580	
Sales Tax		**3,502,977**		2,988,700	
Net Sales including sales tax	A	**61,831,826**	**99%**	52,096,280	99%
Other operating Income		**408,768**	**1%**	626,979	1%
		62,240,594	**100%**	52,723,259	100%
Raw Materials and Services	B	**48,872,247**	**79%**	40,366,711	75%
Government Exchequer and duties	C	**3,045,921**	**5%**	2,683,872	5%
Employee remuneration & benefits	D	**3,817,715**	**6%**	3,587,353	7%
Operating and other expenses	E	**4,199,799**	**7%**	3,025,619	6%
Dividends		**1,200,668**	**2%**	1,662,462	3%
Profit Retained	F	**1,104,244**	**2%**	1,397,242	4%
		62,240,594	**100%**	52,723,259	100%

Dividend

In view of the Company's earnings, the Board of Directors has recommended the Final Cash Dividend in respect of the financial year ended June 30, 2019, at the rate of 45% i.e. PKR 4.50/- per share of PKR 10/- each, subject to the approval of the Shareholders at the forthcoming Annual General Meeting. This, including the interim dividend of PKR 4.5/- per share already paid, makes a total dividend of PKR 9/- per share.

Health, Safety, Environment and Security (HSE&S)

ICI Pakistan Limited has a long-standing HSE&S commitment: to ensure the highest levels of health and safety for its employees, customers and contractors, and protection of the environment. The Company's focus has been on assessing the effectiveness of the existing regulatory framework and approaches for the management of hazards and risks within the Businesses to ensure that they are sufficiently robust and protect workers, the public, from accidents and ill-health. During the year under review, one reportable injury incident occurred for a full-time and supervised contractor employee, while one incident was reported for Independent Contractors.

ICI Pakistan Limited continued to deliver high performance in safety. The Soda Ash, Polyester, Chemicals & Agri and Life Sciences Businesses stood at: 19.2, 2.76, 2.1 and 0.46 million man-hours without lost time injury, respectively. The total reportable injury rate for employees and supervised contractors was 0.10, while it stood at 0.28 for independent contractors.

The understanding of employees on ICI Pakistan Sustainability requirements and its compliance is guided through four documents, namely the ICI Pakistan Management System, Occupational Health Manual, Corporate Engineering Procedures and Information Notes for Managers. These documents are based on global best practices. Sustainability at ICI Pakistan Limited is led by the top leaders and its performance is discussed in Executive Management Team and Board meetings. The critical HSE&S procedures have been reviewed in accordance with the global developments. The aim is to provide all employees with updated information and to help them understand the HSE&S Management System at ICI Pakistan Limited. The basic document for this purpose is the Information Notes for Manager Series, which is a guideline for managers to ensure HSE&S compliance in their respective areas of business.

The Learning Events database has proved to be an effective tool to proactively identify the hazards and risks associated with them. To further improve this system, a mobile application was introduced this year for the employees to help identify potential risks, eliminate hazards and overcome gaps related to HSE&S.

The operations of ICI Pakistan Limited are compliant with both local and international standards. The Company is amongst the pioneers to report sustainability compliance in line with the United Nation Sustainable Development Goals (SDGs). A company-wide campaign on SDGs requirements and training of relevant employees was done this year. The sustainability related projects for 2018-19 were based on the SDGs requirements as well. ICI Pakistan Limited is not only concentrating on the implementation of SDGs requirements at a company-level, but plans to contribute to multiple organisations and government bodies, such as Ministry of Planning, Development and Reforms, for preparation of Pakistan's Voluntary National Review (VNR) report.

The Health Assessment Performance Index (HAPI) and Hygiene Performance Index (HYPI) are two unique programmes implemented at all ICI Pakistan Limited sites. These programmes relate to the health assessment and monitoring of employees' exposure to various hazards. In 2018-19, the Company reviewed its Occupational Health Manual to update it according to international standards. The concept of HAPI and HYPI is to minimise the risk of occupational diseases at the workplace. The collected data is monitored even after the retirement of employees. The bi-annual assessment of employee's health, which included audiometry and spirometry tests, continued this year as well. No occupational illness was reported in 2018-19.

Trainings at all levels on HSE&S are considered to be of primary importance for employees and contractors. This year, training course modules on high hazardous activities were reviewed in conjunction with the operational requirements and 17,766 man-hours of training were completed by external and internal HSE&S specialists.

To create a healthy competition and increase employee ownership for HSE&S activities, the Chief Executive 'Best HSE Initiative Award' continued in 2018-19. This form of recognition has been immensely helpful in creating greater employee awareness and engagement for identification and elimination of significant hazards, which has helped to improve the HSE&S performance of the Company.

The Environmental Performance Management (EPM) database was modified to enhance the reporting of KPIs for health, safety, environment and energy. The performance reports can now be extracted directly from the database. Deviations from 2020-21 targets and initiatives of previous years can also be highlighted, analysed and discussed with each Business. This year, a reduction in the Operational Eco-Efficiency (OEE) footprint remained a high priority for ICI Pakistan Limited. A focus on energy conservation, waste reduction, water conservation and National Environmental Quality Standards (NEQS) compliance through implementation of sustainability plans continued this year as well.

All Businesses reported compliance with NEQS, including for ongoing projects of Nutrico Morinaga and Masterbatches project.

For more detailed information on HSE&S and Sustainability performance, please see page 143 of the Sustainability Report.

Innovation at Work

In 2018-19, the core value of Innovation was reflected by the launch of Explore Challenge, a companywide team-based Idea generation competition among employees. This initiative helped to cultivate an innovative and entrepreneurial mindset among employees, who gave an overwhelming response to the competition by sharing more than 200 ideas related to business growth, process improvement, cost optimisation and sustainability. The shortlisted teams also attended a six-day Innovation Workshop, organised in collaboration with The Nest I/O – one of Pakistan's leading tech incubators. The panel of judges then selected the top ten winning ideas, which were recognised and rewarded, and will be executed in the coming months.

Community Investment (Corporate Social Responsibility)

ICI Pakistan Limited has a long history of supporting and partnering with communities to improve lives across the country. The Company recognises that corporate social responsibility (CSR) initiatives in the communities where it operates, create positive impact for the people and improve their lives.

The CSR initiatives of the Company are carried out through the ICI Pakistan Foundation, a registered Trust run and managed by a Board of Trustees. In the year 2018-19, ICI Pakistan Limited committed PKR 30 million for CSR projects in line with its sustainability agenda. The Foundation supports a broad range of initiatives and projects in the areas of health, education, women empowerment and environment.

The progress on CSR projects and initiatives supported by ICI Pakistan Limited is as follows:

Education

Vocational Training

The Ladies Welfare Centre (LWC), established in 1973 by ICI Pakistan Limited to empower young women from the Khewra community, continues to flourish. The Centre also offers internships and teacher training programmes, currently employing five instructors, all of whom are former students. In Karachi, the Roshan Lyari programme was launched to promote literacy and enhance capacity-building skills within the Lyari youth community. The programme offers short-term vocational training courses of fashion designing, stitching and tailoring, beauty and makeup, and MS Office to the community youth, with 75% of them being women.

Primary Education Support

For the past 17 years, the Polyester Business's CSR team has overseen the Govt. Boys and Girls Primary School in Tibbi Hariya, Sheikhupura. Currently, 120 students are enrolled at the school.

The Foundation's long-term support of the Govt. Boys and Girls Primary School, Kakapir Village, Karachi, has included the 2008 renovation of the entire school building, including provision of new classroom furniture and start of sixth grade classes. More than 200 students are enrolled at the school, which has helped the community's female students continue their education.

Higher Education Support

The ICI Pakistan Foundation provided funds to upgrade the Karachi-based Murshid Hospital School of Nursing and Midwifery's Nursing Skills Lab with sophisticated training equipment, which includes life-sized working models that enable nursing students to practice vital medical techniques. The Foundation's support also upgraded the school's library and faculty computer lab. These improvements have now allowed the Nursing School to upgrade its three-year diploma programme to a college-level four-year degree programme; raising education standards for future nurses.

In continuation of the engagement with Murshid Hospital School of Nursing and Midwifery, the Foundation awarded 16 merit-based scholarships to needy students enrolled in the two-year Community Midwifery Diploma programme.

The Foundation continues to provide funds to the Pakistan Agricultural Coalition (PAC) for the establishment of an agricultural technical institute to aid in agricultural research and impart quality education to farmers.

Health

After the establishment of a successful mother and child healthcare community clinic in Khewra in 2016, a similar clinic for the Sheikhupura community was formally inaugurated in October 2018. The clinic has proven to be a valuable addition to the local healthcare infrastructure.

The Foundation's longest-running monthly eye care programme continues to operate sustainably and reached the milestone of completing the 300 camps in January

2019. This eye care programme has benefitted thousands of deserving patients from Khewra and beyond for more than 27 years. Further, a one-day camp was also organised at the Company's Cotton Research Farm, Multan.

In October, a ceremony was also held to donate two generator sets to the Khewra local administration to ensure continuous supply of clean water to the community.

The ICI Pakistan Foundation has pledged a three-year support to the Lyari General Hospital Paediatric Emergency OPD unit.

Community

To engage ICI Pakistan Limited's employees with various community-based CSR initiatives, the Pehchan Volunteer Programme was launched in June 2018. The programme is guided by the Company's CSR policy. Under the Pehchan programme, in line with the Company's culture, values, and brand promise of Cultivating Growth, the Company enables employees to devote up to two working days (or 16 working hours) annually on Company time in pursuit of volunteer work. The Pehchan activities organised this year include tree plantation drives, blood donation camps, Independence Day celebrations at SOS Village and The Citizens Foundation Rehbar programme. Nearly 2000 saplings were planted during the year in Khewra, Sheikhupura and Karachi.

Environment

Given the growing pressure on the environment, the Company continues to participate in tree plantation drives and utilise biodegradable envelopes for the mailing of the Company's annual reports and other corporate publications to stakeholders.

Women Empowerment

In line with ICI Pakistan Limited's commitment to promote women empowerment, diversity and inclusion at the workplace, the Company partnered with Pakistan's top-ranked universities to launch the Impact Women's Scholarship. The scholarship will finance the undergraduate degree of four female students at these universities, while also offer mentoring and internship opportunities at ICI Pakistan Limited.

For more detailed information on CSR and community investment initiatives, please see page 149 of the Sustainability Report.

Human Resources

ICI Pakistan Limited believes that all employees have a role to play to help the Company achieve a sustainable growth trajectory. The Company is committed to invest in its people to provide them professional growth opportunities and develop them into future leaders.

The SAP SuccessFactors, a complete suite of modules covering the entire employee lifecycle, has been introduced at ICI Pakistan Limited. In 2018, ICI Pakistan Limited introduced a new automated Performance & Development Discussion System (P&DD) on the SAP SuccessFactors. The P&DD is an enhanced performance management system that offers many additional functionalities, along with speed, flexibility and process simplicity.

This year, for the second consecutive year, ICI Pakistan Limited was honoured with the Gallup Great Workplace Award – the highest honour reserved by Gallup for the world's most distinguished workplaces. Last year, the Company was recognised for the first time by Gallup for showing tremendous progress, genuine dedication and a clear strategy on its engagement journey.

Embracing technology and digitalisation is essential to increase organisational agility and to address the needs of a growing millennial workforce. The Company continued with Race2theBoardroom – a gamified Graduate Recruitment Drive – to attract and hire the top talent as Graduate Recruits.

In line with its core value of Passion for People, the Company continued to undertake learning and development initiatives for the employees. More than 13,900 training man-hours were dedicated for various leadership and functional programmes. The learning module on SAP SuccessFactors was also revamped with the launch of 'iLEARN, a virtual learning centre, to provide the employees a greater opportunity to self-develop. This new initiative will offer a personalised experience to each employee, with courses ranging from specialised subjects to soft-skill trainings offered by renowned global professionals.

The Company's flagship programmes of 'HR for Non-HR Managers' and 'Finance for Non-Finance' continued this year to build a better understanding of HR processes and financial acumen among employees.

The Leadership Development Roadmap at ICI Pakistan Limited continues to be a key ingredient to accelerate the capability building of employees by providing them a structured and integrated talent development framework.

The annual Succession Planning Meetings and Capability Groups were conducted to support the development of a talent pipeline. During last year, 15% of the employees had the opportunity for career movements within the organisation.

As an equal opportunity provider, ICI Pakistan Limited takes great pride in its commitment to fostering diversity and inclusion, and valuing the contributions of its diverse workforce. Under the umbrella of Impact Programme, several initiatives have been taken with a special focus on increasing female representation in the organisation. As a result, the representation of female population across the Company has increased to 6.27%.

For more detailed information on Human Resources, please see page 145 of the Sustainability Report.

Risk Management

Managing risk is one of the fundamentals of sustainable growth and development. At ICI Pakistan Limited, the Board of Directors has the overall responsibility of overseeing risk management processes, and internal control procedures.

The Company's risk management processes are designed to safeguard assets and address possible risks to the Businesses, including the possible impact on business continuity. These processes are documented and regularly reviewed. Any identified risks that could potentially affect the achievement of strategic, operational, financial and/or compliance objectives are promptly reported to the Board and senior management for timely action where required, to ensure that the Company's operations continue smoothly.

At ICI Pakistan Limited, a clear organisational structure with a well-defined chain of authority is in place. The senior management teams are responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls.

The Company employs a robust Enterprise Risk Management (ERM) framework, which is integrated within the organisation to ensure that the risks are identified and addressed in a timely manner. The ERM framework is based on comprehensive, interactive systems and processes, which enable the Company to systematically identify, evaluate and assess risks. All highlighted risks are prioritised according to their impact and likelihood, with remedial actions devised accordingly.

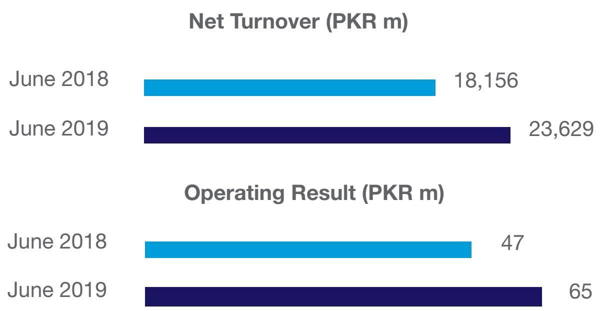
Risk management is an ongoing need and, therefore, this annual process includes interim updates on both the risks and remedial and/or corrective actions.

ICI Pakistan Limited's ERM framework encompasses the following elements:

- A clear and transparent process providing necessary insights into the risks faced by the Company;
- A common language utilised for risk and its related actions – this facilitates clear communication and decision-making by ensuring understanding across the board;
- Clear accountability and governance structure in relation to risk management.

Business Updates

Polyester Staple Fibre Business (PSF)



Global economic conditions remained challenging during the year under review, However, as a result of various initiatives undertaken by the Government to support export-oriented sectors, business activities improved in the second half of the year. As a consequence, the Business strengthened its position through breakthroughs and successes in expanding the export base with the introduction of specialised variants into the United States and Turkey.

The year 2018-19 remained volatile due to uncertain global economic conditions as a result of the ongoing trade war between the United States and China. In the last quarter of the year, a bullish trend in crude oil prices was observed due to improved relations between the US and China, and extended production cuts by OPEC and its allies. Furthermore, imposition of sanctions on Iran and Venezuela by the US and rising tensions in the Middle East also added to the price increase. On average, the crude oil price rose by 2% against the SPLY (USD 59.7 vs USD 58.4/bbl).

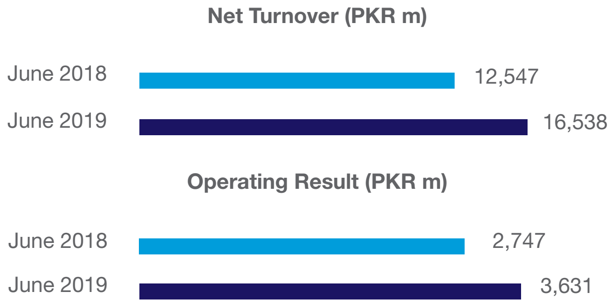
The supply-demand gap, along with an increase in crude oil prices, pushed up the Paraxylene price by 18% and PTA by 22% compared to the SPLY. However, the average MEG price experienced a decline of 25% against the SPLY, which is at its lowest level in the last three years. This was mainly due to higher inventory levels and stable supply. Due to an increase in raw material prices, the regional PSF prices exhibited a similar trend. The fuel prices also followed an upward trajectory, with a hike of 14%, 22% and 35% observed in gas/RLNG, coal and furnace oil prices, respectively. Consequently, the energy cost also rose by 21% against the SPLY. An increase in regional PSF prices, along with rupee devaluation and higher inflation, pushed up the domestic PSF price by 32% as compared to the SPLY.

Local economic uncertainty, coupled with hike in inflation, rupee devaluation and increasing interest rates, resulted in restrained business activity.

Despite the low trading activity, the Business managed to close the year with only 1% reduction in sales volume. The impact of this reduction was fully offset by PSF price increases resulting in a net turnover growth of 30% against the SPLY.

Going forward, the crude oil prices are expected to remain firm due to an agreement between OPEC and its allies on supply cuts. This will impact the prices of the whole petrochemical chain, except for MEG as its prices are expected to fall or remain stable owing to a surplus market supply. Further, changes in the Federal Budget 2019-20 and implementation of 17% sales tax on zero-rated sectors will have an adverse impact on the working capital and borrowing cost, and could dampen the overall business activity.

Soda Ash Business



During the year under review, the net turnover of the Soda Ash Business grew by 32% over the SPLY due to higher sales volume and increase in selling prices (arising out of cost-push, mainly rupee devaluation). The total sales volume, including exports, remained 13% higher than the SPLY.

The domestic soda ash market witnessed growth across almost all the segments. The Glass segment remained the driver of growth, while the Silicate segment also grew on the back of increased silicate usage in the detergent manufacturing and packaging industry. The performance of the Glass segment was robust with both capacity expansions and restart of operations at some of the closed units. The Bazaar and Detergent segments grew in line with the GDP, while the Paper segment shrunk slightly due to sluggish downstream demand. The demand for refined sodium bicarbonate continued to be strong in the animal feed and bakery segments.

The operating results for the period grew by 32% over the SPLY, mainly due to a growth in the sales volume on the back of full-year impact of commercial production being available from the 75,000 tonnes per annum plant expansion.

The Business was able to close the year with record domestic sales. This was achieved despite the challenging environment during the year that witnessed steep rupee devaluation, sluggish downstream market, closure of Indian market post-Pulwama attack (200% custom duty imposed on all imports from Pakistan) and overall depressed domestic economic conditions. More importantly, the Business was able to divert export volume from India to Bangladesh. The Business developed the Bangladesh market as an alternative export market on an emergent basis.

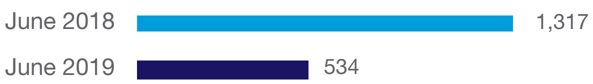
The devaluation of the rupee has enhanced export competitiveness, however, the outlook for the domestic market remains uncertain due to fluctuating and steep movement in the exchange rate. The recent round of devaluations has led to a considerable increase in inflation and erosion of disposable income. As a result, the overall consumption levels have decreased, thus, leading to sluggish market conditions.

The Government's ambitious project of "Naya Pakistan Housing Scheme" is expected to fuel the future growth as it will positively impact all segments, particularly Glass. These new urban centres would help increase the consumption of soda ash in manufacturing of other products, such as soap, detergent, textile, paper, poultry and confectionery items.

Life Sciences Business

Net Turnover (PKR m)

Operating Result (PKR m)



During the period under review, the Life Sciences Business delivered net sales of PKR 10,058 million, 5% lower than the SPLY. This was mainly due to a slow market owing to political instability and a ban on the import and marketing of recombinant bovine somatotropin (rbST) injections – a US FDA approved product. The operating result of PKR 534 million was 59% lower than the SPLY, mainly due to increasing costs of raw materials, rupee devaluation and a rise in inflation.

The operating result for the Pharmaceuticals Business was 54% lower than the SPLY, driven by increased cost of doing business as a result of 32% devaluation of the rupee, coupled with a significant increase in international raw and packing material prices and domestic inflation. An across-the-board price increase allowed by the Drug Regulatory Authority of Pakistan (DRAP) in January 2019 was both delayed and insufficient to offset the above increase in costs.

While the external regulatory and fiscal environment has not been conducive, the Business has been focussing on improving internal efficiencies through a series of initiatives, including capacity expansion, manufacturing process improvement, distribution network re-alignment, new product development and overall cost rationalisation. The internal business processes and controls around operating working capital management have also been improved to minimise the financing costs for the Company.

On the sales front, the Business continued to drive volume growth and gain market share. A number of steps were taken to improve sales force productivity. The size of salesforce was also increased to not only improve the current market coverage, but to prepare the teams for new product launches in the ensuing year.

The above initiatives on both external and internal fronts are designed to gear up the Business for sustainable, competitive and profitable growth in the coming years.

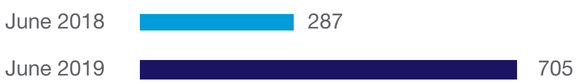
The Animal Health Business posted a lower operating result by 64% as compared to the SPLY, owing to the ban on the import and marketing of Somatech recombinant bovine somatotropin (rbST) injections – a US FDA approved product. This product had accounted for a significant portion of the Animal Health portfolio. Excluding Somatech, the Animal Health Business posted 12% growth in operating results over the SPLY. Challenging trends in both the livestock and poultry markets, such as low farm gate milk prices in Punjab, high mortality in broiler, low prices of marketable and day-old chicks, and liquidity crunch, adversely affected the Business performance as Management exercised prudence in managing the credit exposure. The recovery of credit from poultry customers remained a major challenge, but the Business managed to make the recoveries. The CAVAC poultry vaccine portfolio continued to deliver strong performance, paving the way for future expansion of poultry vaccines portfolio. Furthermore, the Business engaged Trouw Nutrition for marketing and distribution of its innovative livestock and poultry portfolios to expand the market share in nutritional market segments.

The Life Sciences Business remains focussed on improving lives by providing innovative and quality healthcare products for both Pharmaceuticals and Animal Health segments.

Chemicals & Agri Sciences Business

Net Turnover (PKR m)

Operating Result (PKR m)



The Chemicals & Agri Sciences Business achieved a net turnover of PKR 8,109 million for the year ended June 30, 2019, which is 4% higher than the SPLY. The operating result of the Business was recorded at PKR 705 million as compared to PKR 287 million in the SPLY, witnessing a growth of 146%.

The Business results were positively impacted by the Agri Sciences Division, which delivered a strong operating performance, mainly in the Agro Chemicals segment on the back of higher margins and cost optimisation. However, the performance of Chemicals Division remained under stress owing to tight margins and lower than expected demand, especially in the Polyurethanes business. This is mainly attributable to the uncertainty related to devaluation of the rupee and increasing interest rates, which have negatively impacted consumer demand and overall economic activity in the sector.

In the last quarter of FY 2018-19, the Masterbatches manufacturing project successfully commissioned operations. This project is another strategic step towards the fulfilment of the Company's growth aspirations and will enhance the product portfolio of the Chemicals & Agri Sciences Business.

Going forward, the Business will continue to create enduring value for existing and new customers, by attaining operational excellence and embracing innovation, whilst remaining focussed on robust business results.

Finance

The Company's balance sheet as of June 30, 2019, remains on a strong footing, with a current ratio of 1.13 (2018: 1.17) and a quick ratio of 0.47 (2017: 0.52).

The net turnover of PKR 58,329 million for the year under review is 19% higher than the SPLY, mainly attributable to higher revenues across all Businesses, except for the Life Sciences Business.

The gross profit for the year under review is 10% higher than the SPLY. This is principally due to increased sales volumes, improved margins and an overall efficiency in operations.

The sales and distribution expenses are 7% higher than the SPLY, whereas the Administrative and general expenses for the year are 12% higher than the SPLY. The rise in these expenses is essentially due to increased staff costs, higher royalty charges, increased outward freight and higher publicity and advertising expenses, in line with the Company's expansion and growth aspirations.

The Company continued its financing facilities, both long-term and short-term, from various banks during the year to manage working capital funding and business expansion. This, coupled with significant increase in the policy rate by the State Bank of Pakistan during the year, resulted in a 127% higher finance cost than the SPLY. Furthermore, during the year, the Pakistani rupee depreciated by around 32% against the US dollar, resulting in exchange losses of PKR 436 million, being 2% higher than the SPLY (PKR 429 million as of June 30, 2018). These factors significantly impaired the overall performance of the Company.

Other operating income is 35% lower than the SPLY mainly due to a lower dividend from the associated company of NutriCo Pakistan (Private) Limited.

The effective tax charge for the year is higher by 48% than the SPLY due to non-availability of tax credits, which were available during the SPLY on the Light Soda Ash expansion project.

The Profit After Tax (PAT) amounting to PKR 2,305 million is 25% lower than the SPLY.

The Earnings per share (EPS) of PKR 24.96 for the year is 25% lower than the SPLY.

Future Outlook

The economic challenges facing the country are anticipated to maintain an upward pressure on inflation and interest rates, whilst also keeping the rupee under stress, which is expected to adversely impact the business and investment climate. Following the recent bailout package by IMF, the austerity measures in fiscal and economic policies could pose a challenge for growth momentum. However, the currently underway China Pakistan Economic Corridor (CPEC) should bode well for the economy with increased power availability and infrastructure development projects.

The performance of the Soda Ash Business is expected to remain strong as the Dense Ash expansion comes online. Moreover, the Company is expected to gain future growth momentum due to improved manufacturing and commercial execution of the Pharmaceuticals Business, improved performance of the Agri Sciences Business and, commissioning of the Masterbatches project during the period under review.

The Company remains focussed on serving its customers, strengthening and building stakeholder relationships, expanding and diversifying its product offering, and exploring opportunities for both organic and inorganic growth, in line with its brand promise of Cultivating Growth.

Acknowledgment

The results of the Company are a reflection of the unrelenting commitment and contribution of its people, and the trust placed in the Company by its customers, suppliers, service providers and shareholders. The Company acknowledges and thanks all stakeholders for the confidence reposed in it.

Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants retired and being eligible, have offered themselves for reappointment for the new financial year. As recommended by the Audit Committee, the Board has approved the proposal to appoint M/s EY Ford Rhodes Chartered Accountants as the statutory auditors of the Company, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

Related Party Transactions

During the year, the Company carried out transactions with its related parties. Details of these transactions are disclosed in note 38 to unconsolidated financial statements attached therein.

Compliance with the Code of Corporate Governance

The Company has taken all necessary steps to ensure Good Corporate Governance. As part of Compliance of the Listed Companies Code of Corporate Governance Regulations, 2017 ("CCG"), the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from these has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- Key operating and financial data for the last 10 years is summarised on page 28.
- Outstanding taxes and levies are given in the Notes to the Financial Statements.
- The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices.

Investment in Retirement Benefits

The value of net assets available for benefits with respect to staff retirement funds operated by the trustees of the funds, as per their financial statements on June 30, 2019 were as follows:

		30-Jun-19	30-Jun-18
		Value (PKR '000)	Value (PKR '000)
1	ICI Pakistan Management Staff Pension Fund	907	1,235
2	ICI Pakistan Management Staff Gratuity Fund	496	572
3	ICI Pakistan Management Staff Defined Contribution Superannuation Fund	830	796
4	ICI Pakistan Management Staff Provident Fund	1,016	1,307
5	ICI Pakistan Non-Management Staff Provident Fund	480	443

Directors' Attendance

During the period under review, eight (08) Board meetings, four (04) Audit Committee meetings and three (03) Human Resource Remuneration Committee (HR&RC) meetings were held. Attendance by each Director/Member/CFO/Company Secretary of the respective Board/Sub-Committees was as follows:

Name of Director & Secretary	Board of Directors Meetings	Audit Committee Meetings	HR & Remunerations Committee Meetings
Mr. Muhammad Sohail Tabba	8	-	3
Mr. Muhammad Ali Tabba	8	4	3
Mr. Jawed Yunus Tabba	8	4	2
Mrs. Amina A Aziz Bawany	7	-	-
Mr. Asif Jooma	8	-	3
Khawaja Iqbal Hassan	7	4	3
Mr. Muhammad Abid Ganatra – Director & CFO	8	-	-
Mr. Kamal A Chinoy	7	-	-
Ms. Nausheen Ahmad – Company Secretary	8	-	1
Ms. Fariha Salahuddin ** Secretary to HR&RC	-	-	1
Mr. Muhammad Ali Mirza – Secretary to the BAC	-	4	-

**Ms. Fariha Salahuddin has been appointed as General Manager Human Resources and Administration w.e.f. December 10, 2018. Only one meeting of the HR&R Committee was held after her appointment in December 2018, which she attended.*

Directors' Remuneration

A formal Director's Remuneration policy approved by the Board is in place. The policy includes transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and CCG. As per the said policy, Directors are paid a remuneration of PKR. 75,000 for attending each meeting of the Board or its sub-committees.

Board Evaluation

During the year, the Board and its sub committees have undertaken a formal process of evaluation of their performance. The overall performance of the Board and its sub-committees measured on the defined parameters for the year was satisfactory.

Directors' Training

The majority of the Board members have the prescribed qualification and experience required for exemption from training programmes of Directors pursuant to Regulation 20 of the CCG. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

Composition of the Board

In line with the requirements of the CCG, the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board.

The current composition of the Board is as follows:

Total number of Directors:
(a) Male: 7
(b) Female: 1

Composition:
(i) Independent Directors: 2
(ii) Non-executive Directors: 4
(iii) Executive Directors: 2

Committees of the Board

Audit Committee

Khawaja Iqbal Hassan	Chairman
Mr. Muhammad Ali Tabba	Member
Mr. Jawed Yunus Tabba	Member

HR & Remuneration Committee

Khawaja Iqbal Hassan	Chairman
Mr. Muhammad Sohail Tabba	Member
Mr. Muhammad Ali Tabba	Member
Mr. Jawed Yunus Tabba	Member
Mr. Asif Jooma	Member

Banking Committee

Mr. Asif Jooma	Chairman
Mr. Muhammad Abid Ganatra	Member
Khawaja Iqbal Hassan	Member

Share Transfer Committee

Mr. Jawed Yunus Tabba	Chairman
Mr. Asif Jooma	Member
Mr. Muhammad Abid Ganatra	Member

Risk Assessment Framework

Appropriate disclosure of Company's risk framework and internal control system have been made on Pages 58 to 61.

Pattern of Shareholding

In April 2019, Lucky Holding Limited (LHL) through a Scheme of Arrangement had divested its entire shareholding of 67,395,037 shares i.e. 72.97% into its 5 newly constituted associated companies namely Lucky Cement Holdings (Private) Limited, Gadoon Holdings (Private) Limited, Yunus Textile Holdings (Private) Limited, YB Pakistan Holdings (Private) Limited and Lucky Textile Holdings (Private) Limited.

However, it is clarified that there is no change in total shareholding of the principal shareholder and the ultimate beneficial ownership of the shares remains the same since the aforementioned 5 (five) newly constituted companies (to which the shares of ICIP have been transferred) are wholly owned subsidiaries of the shareholders of LHL. The Board of ICIP remains the same.

As at June 30, 2019, these 5 new companies together with Gadoon Textile Mills and Lucky Textile Mills Limited held 84.94% shares, while institutions held 7.42%, and individuals and others held the balance 7.64%.

A statement showing the pattern of shareholding in the Company along with additional information as at June 30, 2019, appears on page numbers F62 to F64.

The highest and lowest market prices of ICI Pakistan Limited's shares during 2018-19 were as follows:

Highest	December 20, 2018	PKR 815
Lowest	June 27, 2019	PKR 517

During the year, Mr Asif Jooma, the CE conducted a CDC transaction through Pakistan Stock Exchange by selling 50,000 shares on November 26, 2018 at the rate of PKR 725/- per share. The other Directors, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the financial year.

Group Financial Statements

The audited financial statements of the ICI Group for the year ended June 30, 2019 are attached. The ICI Pakistan Group comprises of ICI Pakistan Limited, ICI Pakistan PowerGen Limited, Cirin Pharmaceuticals (Private) Limited and NutriCo Morinaga (Private) Limited.

Muhammad Sohail Tabba
Chairman

Asif Jooma
Chief Executive

Dated: July 25, 2019
Karachi

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017

for the year ended June 30, 2019

This statement is being presented to comply with the Listed Companies Code of Corporate Governance Regulations 2017 (Regulations) (CCG) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

ICI Pakistan Limited ("the Company") has applied the principles contained in the Regulations in the following manner:

1. The total number of directors are 8 as per the following:
   a. Male: 7
   b. Female: 1

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Khawaja Iqbal Hassan Mr. Kamal A Chinoy
Executive Directors	Mr. Asif Jooma Mr. Muhammad Abid Ganatra
Non-Executive Directors	Mr. Muhammad Sohail Tabba Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba Mrs. Amina A Aziz Bawany

3. The Directors have ensured that none of them is serving as a director on more than five listed companies, including ICI Pakistan Limited.

4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures besides being placed on the Company's website.

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

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 and Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Companies Act, 2017 and Regulations.

9. The Company is compliant with the section 20(1) of the CCG as more than half of the Directors along with the Company Secretary have either completed the Director's certification from authorised institutions or have the prescribed qualification and experience pursuant to Regulation 20 of the CCG.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of Regulations.

11. CFO and CE duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

Audit Committee		**HR & R Committee**
Khawaja Iqbal Hassan	(Chairman)	Khawaja Iqbal Hassan
Muhammad Ali Tabba	(Member)	Muhammad Sohail Tabba
Jawed Yunus Tabba	(Member)	Muhammad Ali Tabba
	(Member)	Jawed Yunus Tabba
	(Member)	Asif Jooma

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:

a) Audit Committee:	04
b) HR and Remuneration Committee:	03

15. The Board has outsourced the internal audit function to M/s KPMG Taseer Hadi & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. They are involved in the internal audit function on a full time basis. The Head of Internal Audit coordinates with the internal auditors and reports directly to the Board Audit Committee.

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

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Muhammad Sohail Tabba
Chairman

Asif Jooma
Chief Executive

Dated: July 25, 2019
Karachi

Review Report

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of ICI Pakistan Limited for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

EY Ford Rhodes
Chartered Accountants

Date: August 9, 2019
Karachi

Business Performance

Committed to Cultivating Growth

ICI Pakistan Limited has laid solid foundations for future growth, with major expansion projects and investments across its diversified portfolio. Over the last seven and a half decades, the Company has shown an unwavering commitment to deliver enduring value and serve Pakistan.

This section outlines the performance and growth of ICI Pakistan Limited's four core Businesses during 2018-19.

Soda Ash

The Soda Ash Business of ICI Pakistan Limited remains synonymous with quality and longevity, having been a steady contributor to the national economy since 1944, when soda ash production first commenced at the Khewra Plant.

The Plant's original capacity of 18,000 tonnes per annum (TPA) has increased to 425,000 TPA, and with further ongoing expansion, it is expected to become a half million tonne site.

Since its inception 75 years ago, the Business has continued to grow from strength to strength. As production capabilities have evolved, so have the various markets and applications for soda ash. Today, soda ash consistently ranks as one of the top ten inorganic chemicals produced in the world and is an essential raw material to a variety of industries.

The Soda Ash Business caters to approximately 70% of the country's total requirement for this commodity. The domestic consumers of soda ash in Pakistan rely upon ICI Pakistan Limited as a trusted and reliable supplier for high quality soda ash.

ICI Pakistan Limited utilises indigenous raw materials to ensure substantial foreign exchange savings through import substitution. The soda ash produced at the Khewra Plant is now regularly exported, earning valuable revenue for the national exchequer.

The Phase 2 of 150,000 tonnes per annum Light Ash capacity expansion at the Soda Ash Plant, being expansion of 75,000 tonnes per annum, is now underway

The HSE department of the Soda Ash Business organised a fire-fighting training, in collaboration with the Rescue Team 1122

Market Overview

In 2018-19, the soda ash market witnessed mixed trends in view of fluctuations, steep movement in the exchange rate, sluggish downstream market and overall depressed domestic economic conditions. The impact varied across segments with Silicate and Glass segments providing the much needed stimulus.

Downstream expansions in the Glass segment and restart of operations at some of the closed units fuelled the growth. The Silicate segment witnessed growth vis-a-vis its increased usage in detergents and packaging. The Bazaar segment, which had historically been the driver of growth, remained flat. Likewise, the Detergent segment, which had shown robust growth in the past, remained slow due to depressed consumer spending. The Paper segment witnessed contraction due to unfavourable market conditions. On the other hand, the market for refined sodium bicarbonate showed solid growth, mainly fuelled by the Poultry segment as the demand for poultry products continued to rise.

Key Developments

In 2018-19, despite the challenging environment the Soda Ash Business was able to record highest-ever total sales figure in a fiscal year, closing the year at 424,297 tonnes. This was achieved through proactive planning and prudent inventory management.

This robust sales performance was driven by downstream expansion in the Glass segment and better product availability, following the successful commissioning of the

The Soda Ash Business team and distributors at the 2019 conference in Ho Chi Minh, Vietnam

The Motorway Police held a training session on defensive driving for the Khewra community ladies

Three distributors were awarded the 'Golden Jubilee Award' at the Distributors Conference 2019 in Ho Chi Minh, Vietnam

75,000 TPA capacity expansion of the Soda Ash Plant that came online in February 2018. The timely product availability of products reflects the ambition of the Business to remain a supplier of choice for both existing and new customers.

After the cessation of exports to India in purview of the geo-political situation, the Soda Ash Business was able to develop Bangladesh as an alternate export market on an emergent basis.

Customer Engagement

In line with its commitment to build sustainable partnerships and the core value of Customer Centricity, the Soda Ash Business hosted its Distributors Conference in the vibrant city of Ho Chi Minh, Vietnam. The Distributors Conference is a signature event of the Business to develop a deeper understanding of its partners and fortify a stronger relationship with them. Besides recognising the top distributors, this event also provided a platform to appreciate the business partners who have been associated with the Company for more than 20 years. The participants commended the efforts of the host team and thoroughly enjoyed the experience. To improve its customer service and adopt a green supply chain strategy, the Soda Ash Business has also rolled out the Bulkers Project to supply the product to customers in bulk quantities.

Challenges

In the coming year, the global soda ash prices are expected to show a mixed trend. The future prices of soda ash would largely be dependent on China's output as strict environmental checks have pushed the manufacturing costs higher, while there has also been a reduction in the demand due to lower downstream operating rates. On the domestic front, the expansions of soda ash players have come online, which is expected to put pressure on the prices and volumes. Therefore, the key challenge would be to find a sizeable export market for the additional supply in the market.

For raw materials, the devaluation of the Pakistani rupee, coupled with rising freight costs, will be an ongoing concern that will require active management. The fluctuating and steep movement in the exchange rate makes planning increasingly complex, especially in times of economic uncertainty. The Soda Ash Business will continue to tackle this challenge head-on and make the necessary adjustments, as and when required.

Future Outlook

Going forward, in 2019-20, the country's economic growth is largely dependent on the outcome of stabilisation reforms being introduced under the International Monetary Fund (IMF) package. Stability in the currency exchange market is also much warranted. It remains to be seen whether the "Naya Pakistan Housing Scheme" initiative announced by the Government of Pakistan can help provide the much needed growth impetus to the economy. The announcement of the Government to establish new urban centres should also help stimulate demand. If these projects materialise, higher growth rate is anticipated for the Glass, Detergent and refined sodium bicarbonate segments. Growth of the domestic soda ash market is directly correlated with the GDP performance. Hence, the overall economic environment of the country will determine the robustness of the soda ash market in the year ahead.

Polyester

The Polyester Business is a leading player in Pakistan's textile market providing Polyester Staple Fibre (PSF), a vital raw material that contributes to the growth of the local textile industry. Over four decades ago, ICI Pakistan Limited introduced PSF in Pakistan. Since then, the Business has continued to meet the growing demands of the local textile industry by providing various specialised fibre variants to enrich the industry's product offering. Today, the Polyester Business continues to strengthen its position and brand not just in the domestic market, but also internationally. It has formed strategic global partnerships for new innovative products to ensure that it is well-equipped to meet the ever-changing demands of the global marketplace.

The Polyester Business team hosted its 7th Customer Conference in Tbilisi, Georgia

Market Overview

Two key raw materials are required for the manufacturing of Polyester Staple Fibre (PSF), both of which are derivatives of crude oil; pure terephtalic acid (PTA) and mono-ethylene glycol (MEG). PSF is an essential raw material for the textile value chain as it is consumed by the spinning industry for the manufacturing of different polyester yarns. The yarn is then, subsequently, converted into a variety of value-added fabrics by the downstream industry. This fibre, which so closely resembles cotton in its applications, is not grown in the fields but is a part of the petrochemicals chain. Therefore, crude oil plays an integral role in determining the price structure of PSF.

During the year, crude oil prices presented a downward trend as US inventories increased and the US-China trade war sparked fears of a global economic slowdown. Due to falling crude prices and bearish market conditions, the average price of feedstock, including Paraxylene (PX), PTA and MEG, also decreased.

Another commodity that affects the PSF market is cotton; a natural fibre and key substitute of PSF. During the fiscal year, the global cotton prices maintained a downward trend due to low global demand for the crop. The domestic cotton prices, however, increased on average due to poor supply of fine quality cotton.

Key Developments

During the year, the regional PSF prices fell owing to the US-China trade war and decreasing raw material prices.

The year 2018-19 remained volatile in comparison to the last year due to uncertain global economic conditions as a result of the ongoing trade war between the United States and China. Crude oil prices were higher on average compared to the SPLY as OPEC and its allies tightened crude oil supplies to balance the market. The supply-demand gap, along with an increase in crude oil prices, pushed up the Paraxylene price by 18% and PTA by 22% compared to the SPLY. Due to an increase in raw material prices, the regional PSF prices exhibited a similar trend. An increase in regional PSF prices, along with rupee devaluation and higher inflation, pushed up the domestic PSF price by 32% as compared to the SPLY.

The anti-dumping duty placed by the United States on China, India, Taiwan and Korea, has created opportunities for the Business to tap the export market potential. Throughout the year, the Polyester Business participated in various meetings, conferences and seminars held by the Ministry of Textile, Commerce and Finance. In these meetings, the discussions were focussed on the PSF tariff structure and export promotion initiatives such as Duty and Tax Remission Scheme (DTRE), where the Business highlighted various areas of development and provided relevant recommendations.

For decades, Terylene Semi-Dull PSF, the Polyester Business's flagship product, has been the preferred choice for Pakistan's textile industry. However, the global demand dynamics and trends have evolved drastically over the years and created new avenues for the Business. To avail the opportunities presented by the global market, the Business has introduced a number of specialty products based on a four-tier strategy; health and hygiene, sustainability, versatility and traceability. These products include low tenacity Terylene Black, Terylene Clean (GRS Certified Optical Bright and Semi-Dull fibre), Terylene powered by SILVERbac (antimicrobial fibre) and a few others.

Since its launch in 2015, Terylene Black (black polyester fibre) has continued its positive trajectory in the local market and it now holds a significant market share. The brand has also established itself in the United States and Turkey, and has made further in-roads into the export market with the introduction of low tenacity black PSF. Terylene Clean is a GRS-certified recycled polyester staple fibre that is made from recycled PET bottles, thereby, helping to make a positive impact on the environment. The resulting product manifests efficient performance, durability and affordability. The Polyester Business also successfully introduced antimicrobial fibre in the country, in conjunction with a renowned UK based company. This product, known as Terylene powered by

The Polyester Business team and Parkdale representatives at the Techtextil North America 2019, one of the leading textile trade shows in the US

During the year, the Polyester Business team developed new polyester fibre variants in line with its commitment to innovation and customer centricity

SILVERbac, is certified by International AntiMicrobial Council and has the property of being odourless, non-leaching and eco-friendly.

As part of brand development initiatives and in a bid to position Terylene as a specialty fibre, the Polyester Business participated in TechTextil 2019. The TechTextil is one of the leading textile trade shows in the US that assembles all vertical aspects of the textile industry. At this event, ICI Pakistan Limited launched “Terylene Clean”. The trade show gave the Polyester Business a platform to showcase its brands internationally, develop industry contacts and engage with a number of current and future global partners.

Customer Engagement

To develop a closer relationship with customers, the Polyester Business organises a Customer Conference after every two years. This year, the event was hosted in Georgia and provided the Business an invaluable opportunity to engage with customers on a personal level and share key industry updates. As a result of these engagements, the Polyester Business of ICI Pakistan Limited has forged strong relationships with its customers, some of which have been continuing for as long as 37 years.

Challenges

The regional PSF industry remained under pressure as the addition of increased production capacities in China further aggravated issues in an oversupplied industry. The oversupply resulted in increased competition from the Chinese exporters, who illegally dumped the product to liquidate inventories.

On the domestic front, there was marginal growth in textile exports despite the Pakistani rupee devaluation and measures taken by the Government to promote exports. Local economic uncertainty, coupled with a hike in inflation, rupee devaluation and increasing interest rates, resulted in restrained business activity.

Future Outlook

Going forward, the crude oil prices are expected to remain firm due to an agreement between OPEC and its allies on supply cuts. This will impact the prices of the whole petrochemical chain, except for MEG as its prices are expected to fall or remain stable owing to a surplus market supply. Further, changes in the Federal Budget 2019-20 and implementation of 17% sales tax on zero-rated sectors will have an adverse impact on the working capital and borrowing cost, and could dampen the overall business activity.

The US Department of Agriculture (USDA) anticipates that cotton production will exceed consumption, raising world stocks by an estimated one million bales. The world cotton production is expected to rise 6.8% to 22.5 million bales due to an increase in the planted area. Additionally, it is expected that China will continue to gradually expand imports following years of significant limitations on import access, applied to facilitate the disposal of surplus government-held stocks.

Domestically, the cotton market will be influenced by the quality of lint cotton as well as the extent and timing of monsoon rains across Pakistan. Another key factor affecting the performance of domestic PSF industry will be the Government’s provision of necessary tariff protections to the industry. The Company will continue to engage with relevant Government bodies to pursue the required tariff protection for the domestic PSF industry.

Regardless of the challenges that may arise on both domestic and international fronts, the Polyester Business remains prepared to deal with possible future challenges, and possesses the essential skills and organisational talent to capitalise on growth prospects in the textile industry.

Life Sciences

ICI Pakistan Limited's Life Sciences Business comprises two Divisions, namely Pharmaceuticals and Animal Health. These Divisions continue to take steady steps towards the mission of improving lives. The Life Sciences Business is committed to making a positive impact on the lives of millions across Pakistan, providing options for improved health and well-being and enhanced veterinary, livestock and poultry farming practices.

The Pharmaceuticals team hosted the Marketing Summit 2019 for strategic alignment and engagement of the Sales & Marketing teams

Pharmaceuticals Division

Market Overview

In 2018-19, the pharmaceuticals industry of Pakistan registered sales of PKR 388 billion (around USD 2.9 billion). The industry currently comprises 616 companies, with 24 of them being multinational corporations. The top 100 pharmaceuticals companies account for approximately 97% of the industry's market share.

The industry's performance over the last five years (2013-2018) has shown steady growth at a Compound Annual Growth Rate (CAGR) of 12%. This consistent growth momentum can be explained by socio-economic factors such as changing lifestyles, increased awareness of health issues, growing population and a high occurrence of acute illnesses.

Key Developments

The Pharmaceuticals Division achieved net sales income of PKR 7,378 million for the fiscal year 2018-19. A major highlight of the year for the Division was the Evolution Index Score (EI), which has crossed the 100 mark for the first time in four years. From October 2018, the Division has now delivered an EI of more than 100 consistently for the last eight months, leading to a gain of market share. The latest growth is 19% at IMS with an EI of 105 and market share gain of 0.2%.

The vision of Pharmaceuticals Division of ICI Pakistan Limited is to become the "most trusted, quality-conscious and innovative pharmaceuticals company''. The Division aspires to become one of the top ten pharmaceuticals companies in Pakistan. By achieving its mission to ''improve lives and provide innovative and quality healthcare products'', the Division will be aiming to drive sustainable, competitive and profitable growth.

This year's performance was a result of various strategic initiatives undertaken by key functions of the Division. This year, several strategic marketing initiatives were deployed, including the launch of a new promotional grid, strengthening the focus on fifty priority brands to leverage customer segment synergies and enhancing the capabilities of the sales team. A new Brand Planning Framework has also been introduced to ensure that the Division becomes an insight-driven, competitor-aware and future-ready organisation. In view of the competitive environment, the Pharmaceuticals Division is initiating multiple, new product lines through its Launch Excellence Process to ensure that each new launch is a well-planned success.

The Commercial Excellence function is focussed on streamlining the sales efforts on high potential customers through an improved Segmentation and Targeting Model. A new Sales Call Model, called "Best Sell Outcome", has also been introduced to become more competitive in key message delivery, leading to improved selling outcomes. A new incentive scheme has been introduced for the field force to drive business impact by increasing the variable component of pay structure to bring in greater agility and motivation.

The Distribution and Sales Operations function has taken major initiatives to improve efficiencies as well. The Distributor Optimisation project has been deployed to reduce complexity, whilst maintaining national reach of products. Similarly, the sales focus has shifted to retail sales in order to increase ICI Pakistan Limited's footprint and improve its profitability. The Division has also introduced new platforms for Demand Review Meetings and Sales and Operations Review Meetings to improve product availability and inventory management. The launch of the daily sales report is set to provide the Division a more granular picture of daily performance.

Overall, the Pharmaceuticals Division has witnessed a remarkable transformation during the year, with a focus on improving capabilities and creating a culture of performance and accountability, while driving market share gain and delivering an Evolution Index (EI) of greater than 100.

Customer Engagement

The Division is also keen to construct the Medical of the Future. In addition to its traditional role of governance, this function will now serve as an expert interface and provide high quality engagement with customers. By enhancing medical capabilities, the Division

During the year, sessions and workshops were held to integrate the Sales and Marketing teams of the Pharmaceuticals Division

A view of the Cirin Plant at Hattar

expects to mobilise advocacy and increase the engagement levels with key opinion leaders of the industry.

Staying true to the core value of Customer Centricity, the Pharmaceuticals Division is transitioning to a multi-channel marketing model from a single channel model. The idea is to create digital platforms that will provide valuable customer experience at every step of the customer journey. As a result, the customers will benefit from high quality information about the products and diseases, in line with their content delivery preference.

To strengthen the footprint at the retail level, the Trade Marketing team has been set up. This team will be focussed on enhancing the availability, visibility and engagement at the pharmacy and chemist level. The team will also be working on a joint business planning approach with key retail customers and chain pharmacies to create win-win strategies.

Challenges

The Pharmaceuticals Division faced a highly genericised and competitive business landscape this year. Due to regulatory restrictions, the pricing for the pharmaceuticals industry in Pakistan remained amongst the lowest in the region, which affected the profitability of the manufacturers. Further, the devaluation of the Pakistani rupee, coupled with a significant increase in international raw and packing material prices and domestic inflation, adversely impacted the business operations. An across-the-board price increase allowed by the Drug Regulatory Authority of Pakistan (DRAP) in January 2019 was both delayed and insufficient to offset the above increase in costs.

Future Outlook

The Pharmaceutical Division made substantial progress in 2018-19 by leveraging best practices and forging greater synergies between different segments and portfolios. The Division will continue to roll-out its revamped strategy and concentrate efforts to establish new portfolios such as cardio-metabolic, nutraceuticals and Merpen, which will play an integral role in the future growth trajectory of the business. Similarly, the Division is all set to continue to drive top-line growth by building strong brands and a sustainable retail sales model. The goal is to reduce reliance on institutional sales to secure better margins for the business and create a framework that has a long-term positive impact.

To achieve this, the Division will continue to diversify and further enhance its marketing channels for greater reach and effectiveness. Moreover, keeping in view the current business environment, the Division will leverage digital tools to create customer experiences that will help build stronger brands with greater credibility and improved customer equity.

In line with the Division's strategy to deliver high quality products and cater to the growing market needs, ICI Pakistan Limited is investing resources to enhance the manufacturing facilities of the Pharmaceuticals Division. The upgradation and capacity expansion of the sterile area at the Hattar Plant has been completed, while the expansion of the Cephalosporin area at the facility is also planned. The Hawkesbay facility is also undergoing a phase of expansion in the liquid manufacturing area. For Nutraceuticals, the Division plans to manufacture and market more products that will lead to a higher capacity utilisation of the facility and an improved outlook for the segment as a whole.

The Pharmaceuticals Division intends to continue implementing strategies and best practices to drive a turnaround and deliver greater value to stakeholders in the coming financial year.

The Animal Health Division organised a Farmer's Choice Dealer Conference in Thailand to engage key customers

In collaboration with the Thar Foundation, medicines were administered to livestock to improve animal health in the region

Animal Health

Market Overview

The Animal Health Division is serving the livestock and poultry segments as part of the overall agriculture sector. In 2018-19, the livestock sector recorded an impressive growth of 4%, contributing 60.5% to the overall agriculture sector and 11.2% to the GDP.

In Pakistan, the expansion and profitability of the Livestock sector has been affected by lack of modernisation and technological advancements. However, an increase in input costs, competitive milk prices and improved awareness about productivity has resulted in the shift of farmers from indigenous to high yielding crossbreed animals and an increase in commercial farming. The focus on modernisation and diversification is also emerging in new commercial and corporate dairy entrants.

The product categories of the Division's Livestock segment include anthelmintics, antibiotics, intra-mammary and intra-uterine products, antiprotozoal, bovine genetics, bypass fat, reproductive hormones, nutritional portfolio (including restoratives), Silage and Vanda.

The product categories of the Poultry segment include Antibiotic Growth Promoters (AGPs), antibiotics (imported and locally manufactured), biologicals, disinfectants, enzymes and nutritional products.

The livestock sector has the potential of phenomenal growth as Pakistan is geographically close to the Middle East and South-East Asian countries. Both of these regions are deficient in livestock products and depend on imports from other countries, which presents a sizeable export opportunity for Pakistan. These exports comprise of many products including hides, bones and bone products, live animals and wool. In the fiscal year 2018, the sector earned foreign exchange of USD 105 million through meat exports while at the same time, the livestock sector is the source of earning for 8 million rural families.

During the recent year, efforts for improving nutrition, breeding and health management, biosecurity and genetics were carried out for improvement in the livestock sector. Similarly, massive vaccination campaigns were conducted to lower the outbreak incidence.

Poultry is one of the most important and vibrant segment of Pakistan's livestock sector. Pakistan has become the eleventh largest poultry producer in the world, with an annual production of 1.16 billion broilers. The poultry industry of Pakistan is making a tremendous contribution in bridging the gap between supply and demand of meat protein. With the continuous depletion of red meat supply, poultry is the cheapest available animal protein source for the masses and an effective check on the spiralling animal protein prices. The poultry industry generates direct and indirect employment for more than 1.5 million people of Pakistan.

The poultry development strategy is based on disease control, intensive production, processing, value-addition and improving poultry husbandry practices through technological advancements. The commercial layer, breeder and broiler stocks showed an estimated growth of 7%, 5% and 10%, respectively, while rural poultry developed at 1.5% in comparison to 2017-18. A growth rate of 9.1% was seen in poultry meat production, while egg production increased by 5.6% (19 billion) during 2018-19 as compared to the previous year.

Business Performance and Key Developments

Despite a challenging year after imposition of a ban on the import and marketing of recombinant bovine somatotropin (rbST) injections – a US FDA approved product, the Animal Health Division posted net sales of PKR 3.7 billion. The Livestock segment made a major contribution (66%) to the top-line, while the Poultry segment delivered robust growth of 17% over the same period last year (SPLY).

The Farmer's Choice portfolio crossed the milestone of PKR 2.26 billion in sales and has become a major contributor to the revenues of Animal Health Division. This is in line with the Division's strategy to focus on locally produced portfolios, reduce dependence on foreign principals and mitigate the impact of Pakistani rupee devaluation. The Farmer's Choice Vanda crossed the PKR 1.5 billion mark, which was followed by the Farmer's Choice poultry antibiotics range that posted a health growth of 30% over the SPLY.

There is an emerging trend of imported animals (cross-bred) with higher milk production. The dairy industry is in transition to

The Animal Health Division team at the International Buffalo Congress 2019

A seminar was held for prominent commercial and corporate dairy farm owners, managers and procurement specialists to announce the partnership between ICI Pakistan Limited and Trouw Nutrition

manage these high-yielding animals to meet their specialised nutritional requirements. To leverage this market opportunity, the Animal Health Division has launched the Trouw Nutrition specialised portfolio of calf milk replacers, energy boosters, Toxin binders and post-parturient solutions, which are globally used to manage the needs of these animals.

Customer Engagement

Through customer engagement activities, the Animal Health Division puts into practice the Company's core value of Customer Centricity on a regular basis. In 2018-19, the Division organised more than 1,000 professional meetings and 1,900 farmer gatherings. These sessions engaged over 35,000 farmers and 12,500 professionals. Farm economics was a recurring topic at the farmer gatherings, while the gathering of professionals focussed on sharing information about the management of any disease outbreak. The Division also organised conferences and meetings for key customers to build and enhance relationships.

The Animal Health Division team also participated in the Pakistan Poultry, Dairy and Livestock Expo held in Karachi, the Livestock, Fisheries and Agri Business Expo, Swat, and the Eurotier in Germany.

Challenges

During the year, Pakistani rupee devaluation and resultant increase in input costs negatively impacted the margins. As a result of persistent price increases to mitigate the cost impact, low-priced generics made an entry into the market.

The Punjab Feed Act, 2016, was implemented in 2017 with full regime, but regional players continued to market low-quality feed to farmers. However, the Government has now taken corrective measures and aggressive actions against these players. The feed manufacturing licences of 32 companies were cancelled during the year.

The availability of free medicines and de-wormers at the Civil Veterinary Dispensaries (CVDs) in Punjab has affected the product demand in these categories. The entry of organised feed manufacturers in the cattle feed segment has changed the market landscape as new entrants are offering extended credit to traders to gain market share. The Division is actively engaged with dealers to avoid loss of market share.

With an increase in awareness on Anti-Microbial Resistance (AMR) and restrictions on the use of Antibiotic Growth Promoters (AGPs) through the amendment of Punjab Feed Act, the use of AGPs has been limited to starter and grower feed applications.

The poultry industry of Pakistan also continued to face the challenge of mismanagement of demand and production. As a result, the prices of marketable chicken and day-old chicks remained lower than the cost of production. These losses to broiler and breeder farmers has led to a liquidity crunch as well.

Future Outlook

Despite the aforementioned challenges, the Animal Health Division is poised to deliver strong results in the future. The recent launch of Trouw Nutrition portfolio, both for livestock and poultry, is a stepping stone towards establishing ICI Pakistan Limited as a top solutions-provider in the dairy farm, animal nutrition, salmonella control and poultry gut health segments. The market for poultry vaccines has responded well to the CAVAC range and the Poultry segment has initiated specialised sales efforts for greater market penetration. Moreover, the Division is looking forward to enhancing its partnership with Mervue Laboratories Ireland through the addition of a new poultry nutrition portfolio to improve the performance of broiler farmers.

In the Livestock segment, the restructuring of portfolio is planned to improve customer engagement and expand market share, especially by building the Farmer's Choice portfolio. The agreement with Trouw Nutrition for feed formulation know-how and dairy farm development support will allow the Animal Health Division to grow its market share by providing high quality and value-added products to the customers.

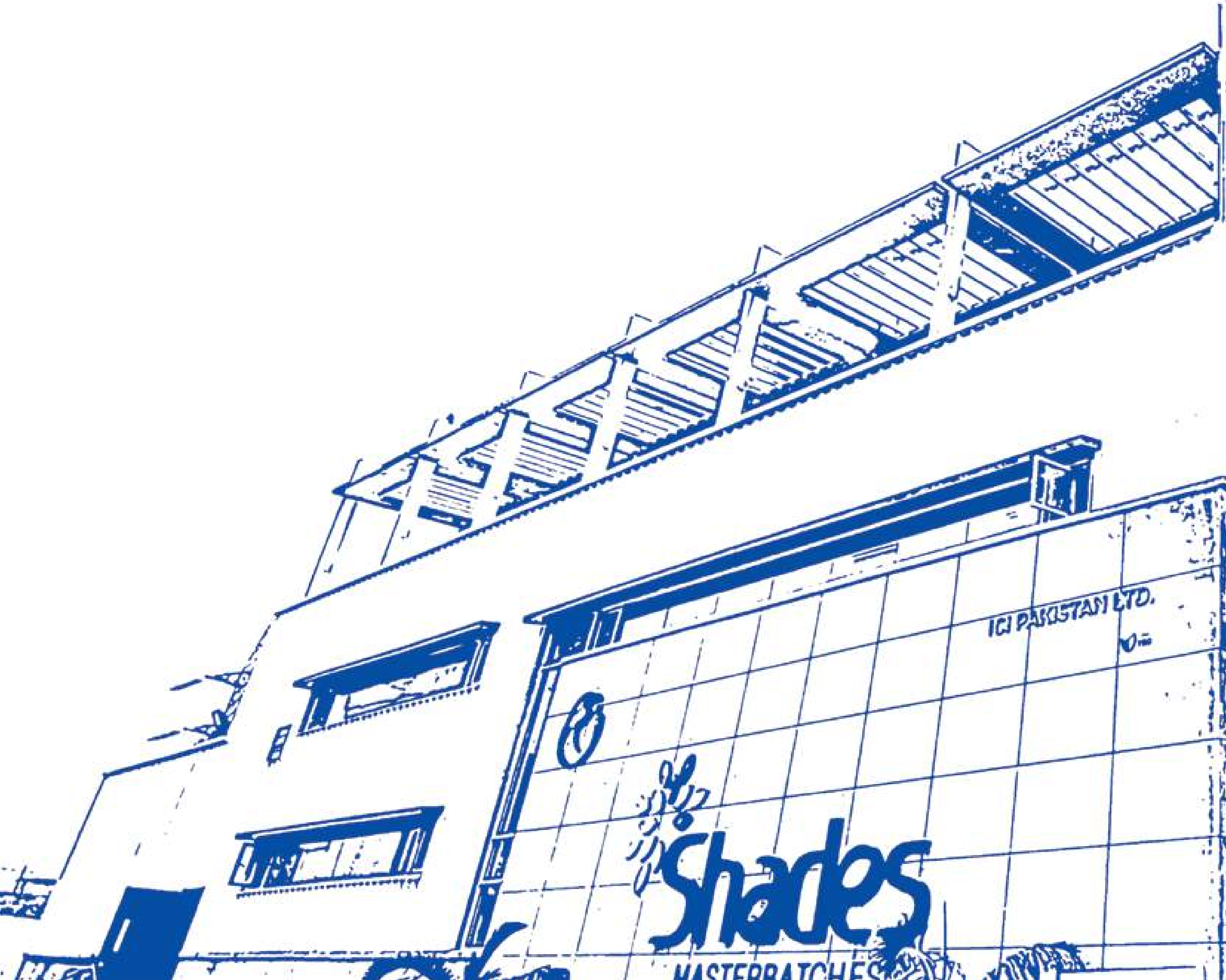
Overall, despite a challenging external environment, the Animal Health Division is well prepared to capitalise on the growth opportunities with its enhanced product portfolio.

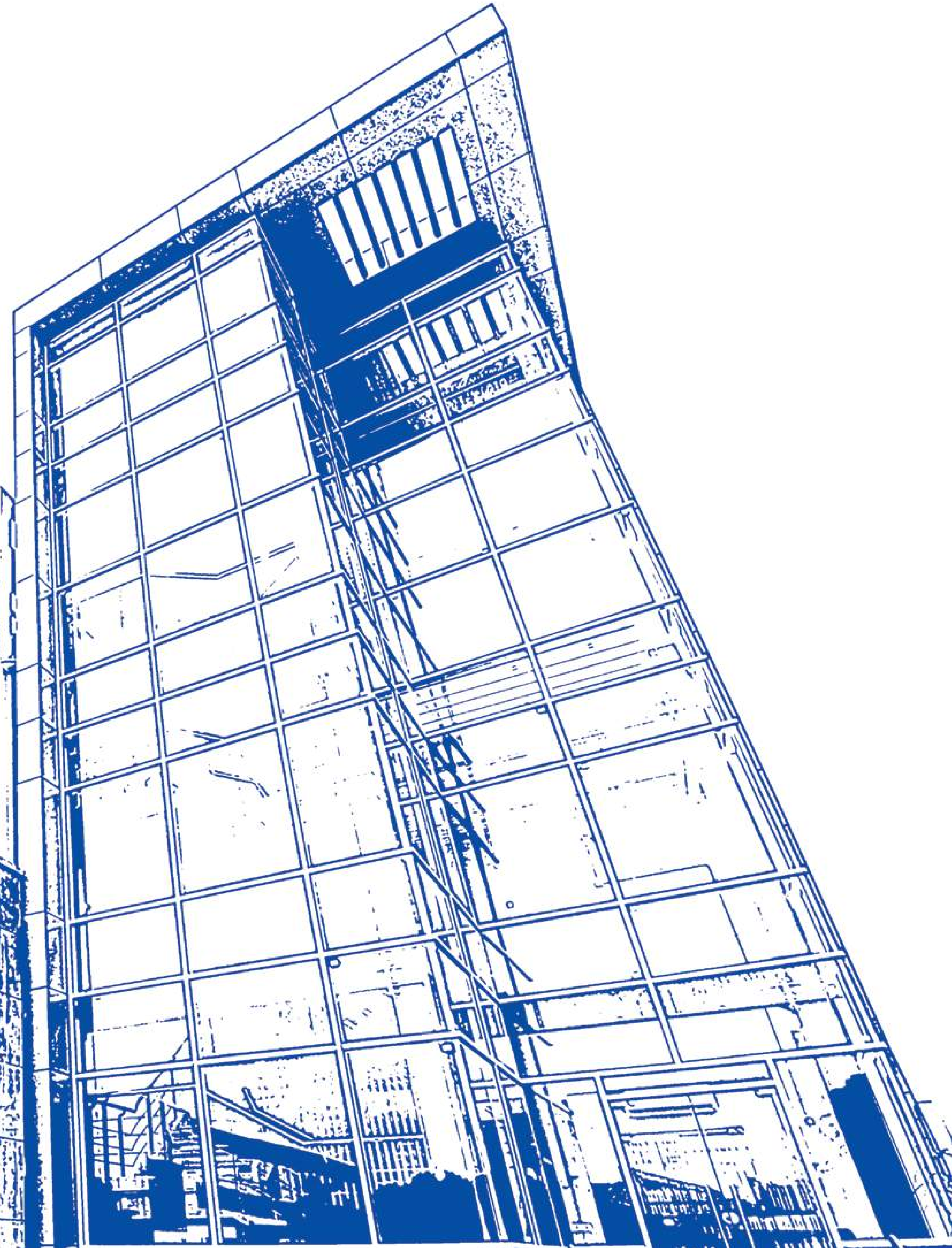
Chemicals & Agri Sciences

The Chemicals & Agri Sciences Business has been influencing lives across Pakistan for decades. The Business consists of five Divisions: General Chemicals (GC), Polyurethanes (PU), Specialty Chemicals (SC), Masterbatches and Agri Sciences.

The Chemicals Divisions (GC, PU, SC and Masterbatches) imports, manufactures and markets products and variants from international trading partners for industrial use. The Agri Sciences Division contributes to the agriculture sector, the lifeline of Pakistan's economy, by offering highest quality seeds, Agro Chemicals and micronutrients.

Through innovative approaches, the Business continues to contribute significantly to the growth aspirations of the Company. Today, the products of the Chemicals & Agri Sciences Business are used across practically every industry in Pakistan, and continue to enhance the many comforts of modern life.





General Chemicals

Market Overview

The General Chemicals (GC) Division is the trading arm of the Business – importing, blending, and distributing important chemicals to various sectors across the country, including food and beverages, paints and coatings, pharmaceuticals, hospitality industry, edible oil manufacturers, agricultural sector and many others.

Key Developments

In 2018-19, despite the challenging business environment, the Division witnessed significant top-line growth in Industrial Chemicals owing to a structured approach to increase the customer base, strong focus on customer centricity and new product development. The segment's growth surged on the back of partnerships with new suppliers and tapping of new industries, such as the Pharmaceuticals, Packaging and Food & Flavour industry.

Customer Engagement

The General Chemicals Division's ongoing customer focus is reflected in its initiatives to enhance relationship with them. During the year, the Division co-sponsored the 5th Pakistan Coating Show 2019 at the Lahore International Expo Centre. It is one of the most premier events for the paints, inks, coatings, adhesives and sealants industries in Pakistan. By co-sponsoring the event, the General Chemicals Division demonstrated its commitment to increase brand visibility and engagement with the customers.

The Expo served as an excellent opportunity to showcase the Division's competitive edge, enhance the Company's image and share market knowledge with the customers. The Division fully leveraged the opportunity to exhibit its products and technologies to existing and potential customers.

Challenges

The fluctuating and steep movement in the exchange rate and overall economic instability negatively impacted the imports and business environment. Further, a prolonged

The leadership team of ICI Pakistan Limited and Huntsman Textile Effects at the signing ceremony of the strategic partnership agreement between the two companies

monsoon season, destruction of wheat crops and water shortage for agricultural fields during the herbicide season also adversely affected the business.

Future Outlook

The Division has a clear plan in place to continue achieving excellent growth, while maintaining its focus on being customer centric and a partner of choice for the suppliers.

Specialty Chemicals (SC)

Market Overview

The Specialty Chemicals Division serves diverse industries, including textiles, food service and construction sector. The extensive portfolio of specialty products includes the segments of Adhesives, Textile and Consumer Chemicals, all of which are vital to numerous industries of Pakistan.

During 2018-19, ICI Pakistan Limited partnered with Huntsman Textile Effects to enhance its product portfolio and increase footfall in the market. The market, aided by the Government's zero-rated regime and subsidised energy rates, continued to show promise. However, cost competitiveness, energy crisis, economic uncertainty and depreciation of Pakistani rupee applied continuous pressure on the local Textile segment.

In the Construction industry, the local dispatches of cement decreased by 7% in the initial nine months of the fiscal year compared to the last year. The downward trend in the local construction market could also be witnessed in the Adhesives market, which shrank by 18% due to the economic slowdown. However, a turn for the better is expected owing to projects under the China-Pakistan Economic Corridor (CPEC) and Government-housing scheme initiatives.

In the Consumer Chemicals, the glass bottles segment saw a significant decline even though the overall growth rate of the beverage industry was steady. In the food industry, retail sales of processed food are expanding at approximately 10% per annum and are currently estimated at around USD 1.4 billion, including USD 325 million worth of imported goods.

Key Developments

During the year, the performance of all segments remained below par owing to the market conditions and economic slowdown. In Consumer Chemicals, the Division compensated for the strenuous economic conditions by focussing on new business development in processed food, dairy and HORECA segment, and customer relationship management. Moreover, increasing regulations by the Punjab Food Authority were also witnessed within this segment.

In the Adhesives segment, substantial work was done in developing a stable distribution network to effectively serve different territories of the country. As part of next year's strategy, the Division also plans to enter value driven segments.

The Textile segment went through a major overhaul as ICI Pakistan Limited partnered with Huntsman Textile Effects. As a result of this collaboration, huge market potential was unlocked. A vast array of workshops and training seminars were arranged for the customers and the Division's teams, which facilitated a smooth transition of the portfolio and also helped to develop the relationship.

Customer Engagement

During the year, the Textile team conducted seminars in the three major cities of Lahore, Karachi and Faisalabad. These events helped to raise awareness amongst the existing and prospective customers regarding ICI Pakistan Limited's partnership with Huntsman Textile Effects.

Moreover, the Adhesives team conducted engagement sessions for distributors to regain mindshare. These events provided an opportunity to interact with the customers and also update them about various business initiatives. Furthermore, the team also participated in the Textile Expo, which provided an excellent opportunity to showcase its products and technologies to new and potential customers, and strengthen ties with the existing customer base.

Challenges

Throughout the year, the Speciality Chemicals Division faced substantial challenges in the market. Pakistan's low share in the export market of textiles remained a challenge. Moreover, the devaluation of Pakistani rupee resulted in economic uncertainty and decreased the purchasing power of consumers, thus, affecting all segments of the Division.

Following the rupee depreciation, the cost of importing machinery has surged for the textile industry and, consequently, the cost of exportable goods has also increased. However, the Government's efforts to boost exports with the introduction of zero-rated regime and agreements with China have benefitted the value-added segment. These developments have provided the Division an opportunity to gain market share in an otherwise volatile segment.

In Consumer Chemicals, the end of zero-rated regime has led to a significant price differential between the packed and loose milk. The 10% tax on concentrated milk has also adversely affected the segment. In the beverage industry, there has been an increase in the consumption of PET bottles as compared to the glass bottles. The food industry also slowed down owing to higher input costs on account of currency devaluation, rise in energy costs and commodity prices.

Future Outlook

Going forward, the Speciality Chemicals Division will focus on technical and commercial innovation to gain market share by creating value for its existing and new customers. ICI Pakistan Limited has entered into a partnership with Huntsman Textile Effects, which will offer the Speciality Chemicals Division an enhanced product portfolio to reach out to a large customer base. Further, the Division aims to rationalise its product portfolio to improve its focus on value driven products and markets. This will allow it to specialise in specific materials and customers.

Following the setup of a new Chemicals Training Centre facility at West Wharf, Karachi, the Division plans to strengthen its research base and focus on new product development. To support customer engagements, the Division will continue to conduct seminars and customer trainings. Currently, it is evaluating potential collaborations with suppliers and other organisations for value-addition as well.

Polyurethanes

Market Overview

The Polyurethanes (PU) Division remains a major supplier to key customers, with a strong focus on product quality and service at the heart of its operations. During the year, methylene diphenyl diisocyanate (MDI) prices remained volatile; the first half of the fiscal year observed an unprecedented decline in the prices before an upturn in the second half and again a decline in the last few months, amid uncertain demand and supply situation.

Due to strong relationships with key customers, the Division successfully managed to maintain its market presence despite an increase in competition.

Customer Engagement

The Polyurethanes Division co-sponsored the Polyurethane Pakistan 2019 held at the Lahore International Expo Centre in May this year. The Expo served as an excellent opportunity to showcase the Company's products and technologies to existing and potential customers from across the globe.

In January 2019, the Polyurethanes Division held a Customers' Conference in Turkey to celebrate over three decades of presence in the Polyurethanes market. The conference provided a valuable opportunity for customer engagement and gain new market insights.

Challenges

The Polyurethanes Division faced several challenges during the year, including an overall economic slowdown, exchange rate fluctuations and a decline in MDI prices, which eroded its margins.

Future Outlook

Going forward, the Division plans to explore new business opportunities to continue to deliver enduring value for all stakeholders. It will focus on gaining market share by further improving the customer experience.

Masterbatches

Market Overview

Over the last few years, the market for Masterbatches has shown solid growth in Pakistan and this trend is expected to continue in the future as well. Driven by Pakistan's plastics Industry, the demand for Masterbatches has shown robust growth on a year-on-year basis. An increase in plastic consumption is dictated by many factors, including the rapid rate of urbanisation, changing lifestyles, growth in youth population and an emerging middle-class population. Plastic continues to be the preferred choice for packaging due to its unique qualities of being price competitive, more presentable, easy to handle and durable compared to other alternate materials.

With smart plastic technologies being demanded and developed for various applications across diverse industries, the importance of Masterbatches becomes more pressing for product manufacturers and plastic converters. It also provides new opportunities for product development and innovation to create value across the plastic and packaging industries and, thereby, establishing a strong market foothold.

Key Developments

In July 2017, the Board of Directors of the Company had approved a proposal to establish a facility to manufacture Masterbatches, a colourant and additive for plastics. In May this year, ICI Pakistan Limited announced the successful commissioning and launch of commercial operations at its new, state-of-the-art Masterbatches manufacturing facility in West Wharf, Karachi.

Through its Masterbatches brand, Shades, ICI Pakistan Limited is offering a wide product range of standard and specialised colours and additives. The solutions offered by ICI Pakistan Limited will cater to various industries such as packaging, construction, tents and tarpaulin, food, appliances, fibre/yarn, automotive and consumer goods. With a leading-edge manufacturing facility and research and development laboratory, ICI Pakistan Limited is well positioned to continuously innovate and develop high quality, specialised solutions for customers. The Company's well-trained and highly qualified technical staff will also be providing ongoing customer support.

Customer Engagement

In keeping with the promise of "Bringing Substance to Life", the market development initiatives of Masterbatches are focussed on offering innovative, premium quality and strong value-based products to the customers. The market has given an encouraging response to the products and solutions offered by the Masterbatches Division, which provides it an opportunity to capture a sizeable market share in the coming years.

Challenges

The economic slowdown, coupled with rising interest rates and rupee devaluation will not only adversely impact the cost of production and working capital, but could also lower the consumer demand.

Future Outlook

Compared to other regional markets, Pakistan's plastics industry is still in an infant stage. The per capita consumption of plastic is one of the lowest in the region, which offers high potential for new product development and growth of the Masterbatches Division. The size of plastics industry is driven by multiple sectors across the economy, which provides a platform for sustainable growth of the Masterbatches business.

A view of the new, state-of-the-art Masterbatches facility at West Wharf, Karachi

Team members of the Agri Sciences Division at the Business Partner's Conference

Agri Sciences Division

Market Overview:

Agriculture is the lifeline of Pakistan's economy accounting for 18.5 per cent of the Gross Domestic Product (GDP), employing 39% of the labour force and providing raw materials for several value-added sectors. It is also an important source of foreign exchange earnings, thus, playing a central role towards national development, food security and poverty reduction. The growth and output of the agriculture sector is dependent on several external factors, including the environment, farm economics and weather.

During 2018-19, the agriculture sector achieved negative growth rate of 0.85% against a target of 3.8%. According to the Economic Survey 2018-19, the country missed agriculture growth target because of insufficient availability of water, which led to a drop in the cultivated area, and lower fertiliser off-take. The crop sector experienced negative growth of 4.43% against a target of 3.6% due to a decline in the growth of important crops (-6.55%), such as rice, cotton and sugarcane.

Meanwhile, the Seeds segment was dominated by the open pollinated variety (OPV) seed market with more than 73% market share. Within the Seeds segment, a growing trend of hybridisation has been observed. Major crops such as wheat, sugarcane, cotton and rice continue to be the primary contributors to the agriculture sector.

The pesticides industry has continued to focus largely on the Insecticides segment. The awareness levels about herbicides and fungicides, albeit increasing gradually, are still low.

Key Developments

The Agri Sciences Division comprises of the Seeds and Agro Chemicals segment. Despite the challenges faced by agriculture sector, both of these segments witnessed significant growth during the last year.

During 2018-19, the Agri Sciences Division focussed on consolidating its Agro Chemicals and Seeds portfolios. Seven new products were launched, including four in the Agro Chemicals segment and three in the Seeds segment. Another significant development was the collaboration with a Chinese firm for the research and production of new varieties of rice hybrids to launch the best-suited varieties in Pakistan.

The Seeds segment performed well during the year as the sales of sunflower seeds was higher than last year owing to a subsidy extended by the Punjab Government and an aggressive marketing campaign by the Division. The segment also focussed on enhancing and developing the alternate main product in the form of hybrid corn seeds, which proved to be a success. During the year, the segment was also able

Training sessions for dealers were held to launch “Eros”, a new Agro Chemicals product

Farmers’ gathering and awareness sessions on improving farm productivity were organised by the Agri Sciences team

to consolidate its position in the vegetable seeds segment. The Agro Chemicals segment delivered strong performance on the back of its key brands Ulala, Lancer Gold and Total.

Customer Engagement

The Agri Sciences Division continues to focus on improving farm economics by understanding the commercial and technical needs of customers on a regular basis. A series of training sessions were conducted for customers across Pakistan to impart technical knowledge and share the latest research pertaining to farm management.

The Division’s sales and development teams regularly updated farmers on the latest production technologies and more efficient farm management practices during individual calls, and through farmer gatherings across the country. In the agriculture industry, the dealers play a key role to ensure the availability of product to farmers. The Division undertook a series of business partner conferences to ensure close customer contact and improve partnerships through various trainings.

Challenges

During the period under review, the key challenges faced by the Agri Sciences Division included overall slow economic growth, shortage of water especially in Sindh and South Punjab, high input prices due to devaluation of the Pakistani rupee and a decrease in global agricultural commodity prices. As a result, the farmers were unable to invest in farm inputs for improved productivity. Further, abrupt changes in weather patterns also negatively affected the crop yields.

The unorthodox market practices, along with the agriculture industry’s complex supply chain model, continued to pose a major challenge. The farmers have limited access to formal credit and, therefore, lack the financial capacity required to enhance the quality and yield of the crops.

Future Plans

The Agri Sciences Division is geared to achieve aggressive growth in the coming years by rolling out strategic initiatives. The value chain of the Agri industry is being evaluated to explore opportunities for intervention to improve the return on investment for farmers. The Division is committed to consolidate its position in the existing brands and portfolio diversification to cater to the growing needs of farmers. The Seeds segment will be strengthened by developing a footprint in new products. At the same time, the Agro Chemicals segment will drive business development with a pipeline of new partners and products.

In summary, the Agri Sciences Division is well positioned to deliver value-added products to farmers, enabling it to expand the business and generate value for all stakeholders.

Sustainability Performance

A Pioneer in Sustainability

As a responsible corporate citizen, ICI Pakistan Limited have always remained at the forefront of creating a future that is more sustainable and equitable for the coming generations. The Company aims to integrate sustainability into every area of business – for the benefit of customers, shareholders, employees and the world around it.

This section contains a comprehensive report on the Company's sustainability strategy, KPIs, annual and long-term targets and performance.

According to a global study, Pakistan is the seventh most vulnerable country to climate change.

As a pioneer in adopting environment-friendly business practices, and in line with its values and brand promise of Cultivating Growth, ICI Pakistan Limited has always remained at the forefront of taking collective action and thinking innovatively to combat climate change.

This page is made from residual cotton of the textile industry. It does not require trees to be cut down nor does it involve toxic bleaching.

In addition, this report includes a bookmark made of Banyan seed paper; it is a 100% sustainable product and ends up germinating into a plant at the end of its life.

Help us grow 11,000 plants for a cleaner and greener Pakistan.

Table of Contents

Message from the Chief Executive

Dear Stakeholders,

As one of the most admired and respected companies in Pakistan, ICI Pakistan Limited has always been a thought leader and innovator in the area of sustainability. It is driven by the inner moral compass that goes beyond self-interest. The Company believes that a focus on sustainability ensures long-term success; it drives business growth, innovation, helps to attract talent and shows its responsibility towards the planet.

Over a decade ago, ICI Pakistan Limited pioneered the voluntary adoption of sustainability reporting. The Company's sustainability reporting is now aligned with the GRI Standards, whilst also showing a direct link between its sustainability efforts and the UN Sustainable Development Goals (UNSDGs). In recognition of the Company's transparency and insightful sustainability reporting, it was also awarded the 'Best Sustainability Report' by ICAP-ICMA last year.

As a growing and socially responsible business, I believe that ICI Pakistan Limited has a crucial role to play in promoting greater awareness and action about UNSDGs, such as climate change, economic inequality, innovation and responsible consumption. The Company has made tangible progress in its commitments to becoming a more sustainable organisation. As ICI Pakistan Limited celebrates the 75th anniversary of successful operations in Pakistan, this is an opportune time to pledge to act even more responsibly to make the planet sustainable for the future generations.

This year, in line with the core values and brand promise of Cultivating Growth, the Company continued to embark on major expansion projects and investments across its businesses. I am pleased to report that ICI Pakistan Limited has achieved the milestone of 24 million safe man-hours, which highlights the robustness of its HSE&S systems. Enhancements to the Environmental Performance Management (EPM) database and the launch of Learning Event mobile application showcase the Company's commitment to embracing digitalisation to further improve its safety record. Safety remains its license to operate and there will be no compromise on this principle. It is my personal ambition to make ICI Pakistan Limited the safest company to work in the country.

The highly talented and motivated people at ICI Pakistan Limited share the commitment of leading sustainability and giving back to the community. In the Explore Challenge, the Company's first-ever Company-wide idea generation competition, several initiatives related to the conservation of energy and water, and developing innovative products that meet consumer needs and reduce its environmental impact, were shared with the management team. I feel privileged to lead such passionate people and appreciate their dedicated efforts to bring change from the grassroot level.

With the launch of Pehchan Volunteer Programme, volunteering has been institutionalised at ICI Pakistan Limited. As a 'Pehchan Volunteer', more than 400 people have committed over 1150 voluntary hours to give back to the local communities. Therefore, in the truest sense, the Company's people have practiced the brand promise of Cultivating Growth outside the office space as well.

As part of the Sustainability strategy, ICI Pakistan Limited has always considered communities to be the fundamental building blocks of society. Most notably, this year's initiatives have expanded the reach of the Hamqadam community clinic to Sheikhupura, ensured continuous supply of clean water to Khewra, and also supported women empowerment under the Impact Programme.

In this publication, I am pleased to share with you a closer look at how ICI Pakistan Limited is becoming an agent of change, empowering communities and paving the way for Pakistan's brighter future. The Company has been a proud member of the community for 75 years and looks forward to continuing to make a strong impact in the communities it serves.

I hope you find ICI Pakistan Limited's actions and vision for a better world inspiring. Together, there is so much more to learn from each other and do, to improve the sustainability of businesses and contribute to the UNSDGs.

Warmest regards

Asif Jooma,
Chief Executive

Sustainability Performance 2018-19 Highlights

Product Stewardship

launch of Terylene Clean, GRS-certified Polyester Staple Fibre product

250,000+

community members benefit directly and indirectly from the corporate social responsibility programmes each year

12 million litres

of water saved per year

24+ million

safe man-hours

Gallup Award

for "Great Workplace" in 2018 and 2019

No occupational illness

reported in 2018-19

17,500+

man-hours invested in employee training on health and safety

Occupational Health Manual

reviewed based on the global best practices

350 tonnes

of emissions eliminated due to green supply chain strategy of Soda Ash Business

90%

water consumption reduced at points where altered nozzle faucets have been installed

22%

reduction in waste recorded as compared to the previous year

Learning Event App

launched for easy logging, marking of learning events and prompt communication of any significant events

Creating Shared Value

In line with the core values and brand promise of Cultivating Growth, ICI Pakistan Limited believes in delivering sustained growth and creating enduring value for all key stakeholders. The Company's triple-bottom line concept of the sustainability framework is focussed on creating shared value, based on social, environmental and economic parameters.

Key Inputs

Social

- 1,400+ employees across multiple sites
- Pioneer in adopting principles of Sustainability (health, safety and environment)
- Employee and leadership development
- Partnerships with communities and universities
- PKR 30 million allocated to corporate social responsibility (CSR) programmes last year
- Strong culture of corporate governance and business ethics

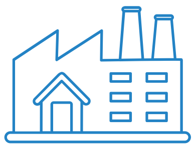
Environmental

- Reduced environmental impact of operations
- Tree plantation drives
- Improvement in biodiversity

Economic

- Project investments
- Delivered strong and healthy return of equity
- 7,000+ vendors

Supply Chain



Manufacturing

Value Creation and Addition

The Company's sourcing and manufacturing processes are sustainable, safe and continuously optimised

ICI Pakistan Limited manufactures, markets and produces high-quality and innovative products

Key Outputs/Impact

Social

- 24+ million safe man-hours
- Around 14,000 hours dedicated to learning and development of employees
- Gallup Great Workplace Award 2018 and 2019
- Farmer and customer awareness sessions
- Impact Women's Development Programme
- 250,000+ direct and indirect beneficiaries of CSR programmes
- 18 CSR projects funded in 2018-19

Distributors

Costomers

Environmental

- Project Green (tree plantation drive in Khewra) covers 41.30 acres and has around 300,000 thriving plants
- 33% improvement in biodiversity compared to 2003
- 2,113+ birds of 82 species and 293+ species of plants are found at our site in Khewra, as per WWF Flora and Fauna Study 2018
- 350 tonnes reduction of carbon emissions from the green supply chain strategy of Soda Ash Business
- Donation of two generator sets to ensure continuous supply of 100,000 litres of clean water daily to the Khewra community

Economic

- PKR 3.04 billion contributed to the national exchequer in taxes and duties
- 90% payout ratio to shareholders
- 7,000 + vendor relationships
- PKR 2.54 billion consolidated profit after tax

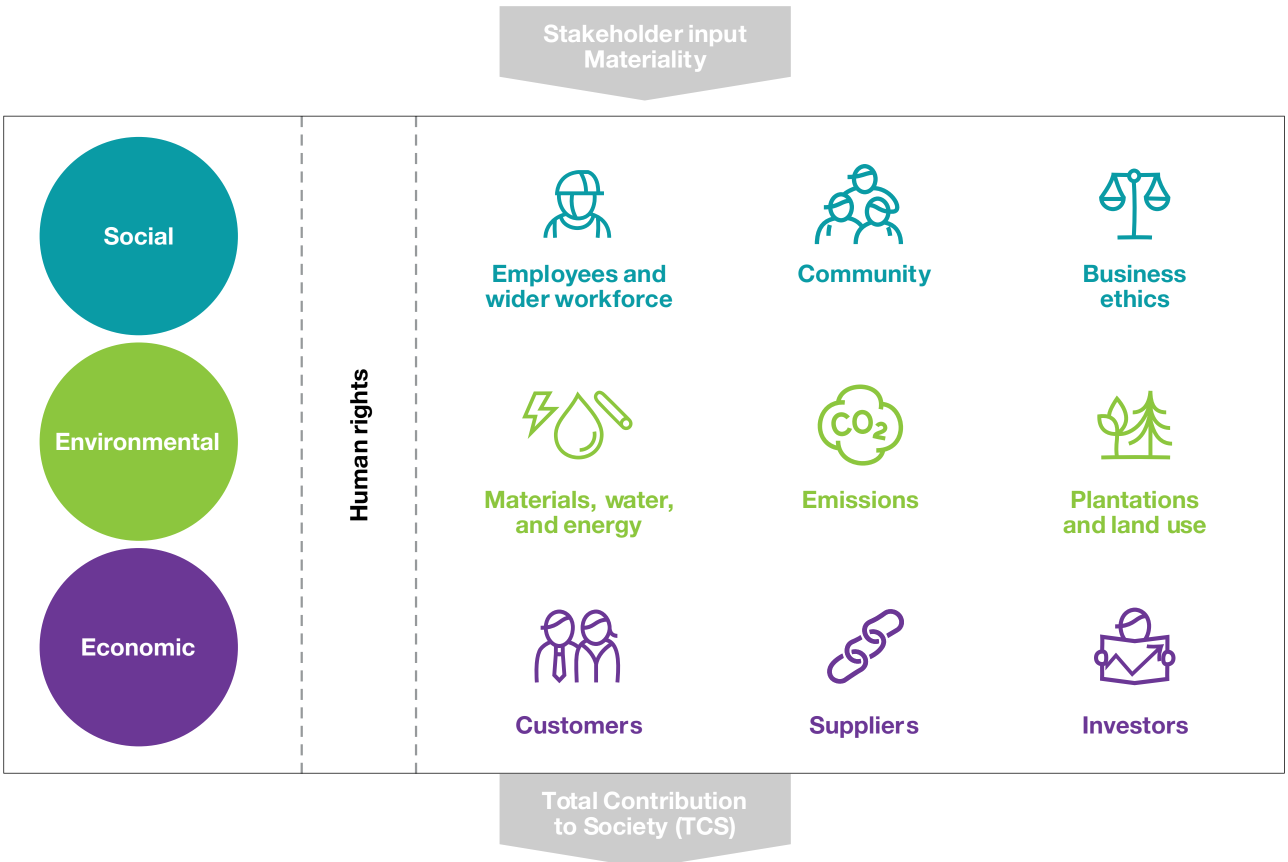
The Company maintains a strong focus on supporting and investing in communities

ICI Pakistan Limited's brand promise of Cultivating Growth creates sustainable value for all stakeholders

Sustainability Strategy

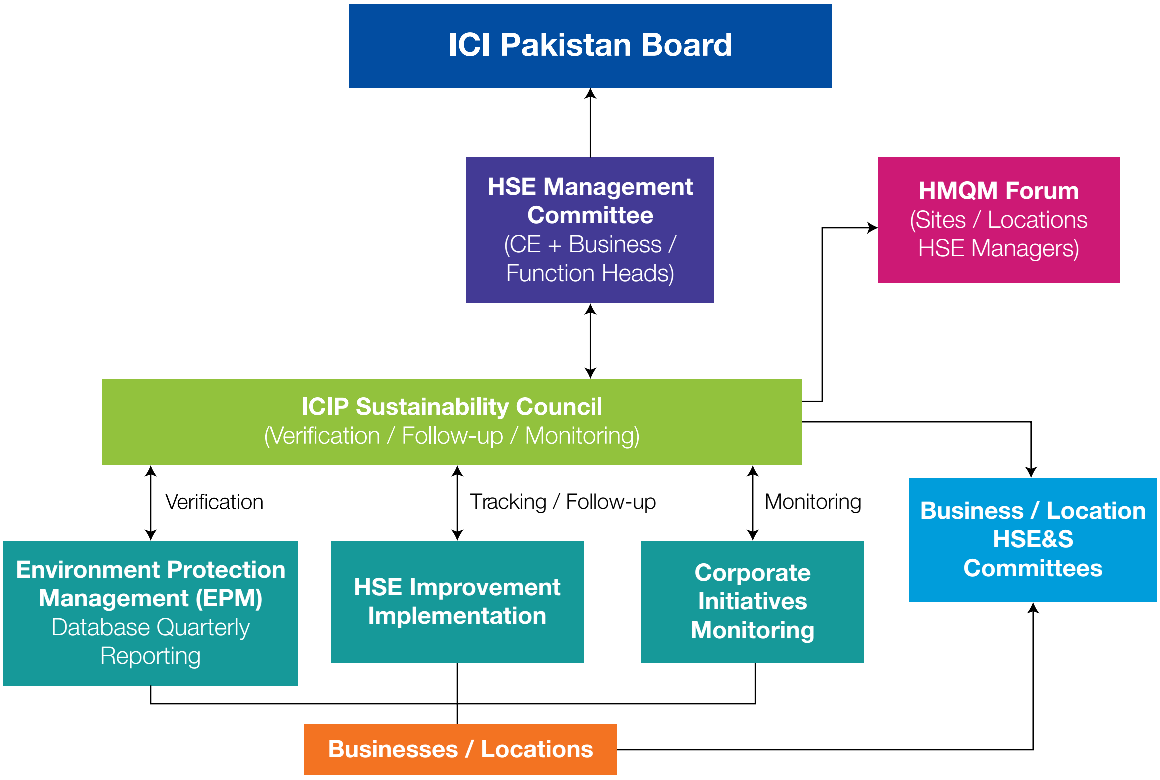
ICI Pakistan Limited is committed to reducing its environmental impact on the planet by delivering more sustainable products and solutions to customers.

Sustainability is integrated in all areas of the Company's operations – for the benefit of customers, shareholders, employees and, in fact, the world around it.



ICI Pakistan Limited's triple-bottom line concept of sustainability framework based on social, environmental and economic parameters

Structure and Operation of the Sustainability Process at ICI Pakistan Limited



Sustainability Council

The Sustainability Council is a multi-disciplinary team from all Businesses and functional areas of the Company. The Council was established to foster sustainable growth of ICI Pakistan Limited.

The Council's objective is, therefore, to assist the Board in fulfilling its oversight responsibility to shareholders with regard to the Company's sustainability practices. The Council's scope includes development, implementation and monitoring of the Company's Health, Safety, Environment and Security (HSE&S) policies and practices.

Responsibilities of the Council

- Define sustainability KPIs, measurement matrices, and establish sustainability targets.
- Review partnerships and relationships, both current and proposed, with stakeholders, i.e., customers, regulators, communities, shareholders and suppliers.
- Formulate and execute communication strategies relating to the Company's sustainable growth.
- Introduce new and innovative technologies that will further the goal of sustainability within the Company, and implement actions to protect such technologies.

In accordance with requirements of the ICI Pakistan Limited HSE&S Management System, all Businesses and functional locations are required to monitor and report parameters that directly affect the Company's Operational Eco-Efficiency (OEE) footprint. Besides this, all Businesses are also required to report their health and safety performance. The reporting is governed through a state-of-the-art application called the Environmental Performance Management (EPM) database.

The Corporate Health, Safety, Environment and Security (HSE&S) department functions as an independent authority within the organisation and is the custodian of the EPM database. The Corporate HSE team analyses data to extract trends for each sustainability KPI and benchmarks performance against the baseline. These trends are then presented to the Sustainability Council for review. After discussion, the Council agrees on a suitable mechanism for control of the KPIs based on global sustainability guidelines. The Council also briefs the Company's Executive Management Team (EMT) regarding the OEE footprint, potential technological requirements and the financial impact that these may have on the Company and its communities.

This reporting cycle culminates with realistic targets and plans being set for individual KPIs, covering the current year as well as the next five years. Quarterly meetings are held to ensure that all KPIs remain on track to achieve the set targets.

Adopting the Sustainable Development Goals

ICI Pakistan Limited's brand promise of Cultivating Growth is at the heart of all that it does and aligns well with the SDGs for a brighter and more exciting future.

While the Company supports all seventeen SDGs, it is prioritising its actions where it can create the most impact.

Demonstrating Leadership in Sustainability

Pakistan Leadership Conversation on SDGs

In line with its core values of Integrity & Responsibility, as well as Delivering Enduring Value, ICI Pakistan Limited began the practice of voluntary sustainability reporting in 2008. The Company regularly engages with the government, civil society and other businesses to promote the adoption of UN SDGs and sustainability principles in all aspects of operations.

In December 2018, ICI Pakistan Limited participated in a panel discussion on the "Use of Sustainability Reporting data for Voluntary National Review (VNR)" at the Pakistan Leadership Conversation (PLC). The event was organised by a leading company in collaboration with the Planning Commission Government of Pakistan, United Nations Development Programme, Pakistan Stock Exchange and Corporate Social Responsibility Centre Pakistan. It provided the panelists and participants an opportunity to discuss the alignment of business strategies with the UN SDGs and the significance of reporting on the implementation of UN SDGs.

In October 2018, the Corporate HSE&S team of ICI Pakistan Limited had also attended a national consultation on Pakistan's voluntary national review (VNR) preparation for the UN SDGs, held at the Pakistan Secretariat, Islamabad. The conference was aimed at identifying opportunities to collaborate with the private sector to complement efforts of the government to achieve SDG targets and implement the 2030 agenda in Pakistan. The event was part of Planning Division's drive to work towards strengthening policies to mobilise multi-stakeholder support and partnerships for the implementation of UN SDGs across the country.

General Counsel, Company Secretary and Head of CCPA, Nausheen Ahmad, at the national consultation on Pakistan's voluntary national review preparation for the UN SDGs

The HSE&S teams of Corporate and the Polyester Business represented ICI Pakistan Limited at the "World Day for Safety and Health at Work"

Celebrating the "World Day for Safety and Health at Work"

On April 25, 2019, the Centre for Improvement of Working Conditions & Environment (SAA CIWCE) and Labour & Human Resource Department Government of Punjab, in collaboration with GIZ (Germany), organised a "World Day for Safety and Health at Work'' event in Lahore.

ICI Pakistan Limited was represented by the HSE&S teams of Corporate and the Polyester Business, along with more than 350 other participants from the industry, regulatory authorities and institutions. The event provided the Company an opportunity to share its insights about embedding health and safety-related processes in the organisational culture, and the challenges and solutions that need to be considered for its effective implementation.

ICI Pakistan Limited nominated as SDG leader for SDG-12

Under the "SDG Leadership Programme" of Centre of Excellence in Responsible Business (CERB - Pakistan Business Council), ICI Pakistan Limited has been nominated as an SDG Leader for SDG 12: Responsible Production and Consumption. The SDG Leadership Programme aims to invest in building business networks and a learning environment to encourage businesses to adopt sustainable business practices.

As an SDG Leader, ICI Pakistan Limited will be collaborating with the CERB over a two-year period to share its experience of implementing sustainability principles, raise awareness about SDGs and encourage decision-makers to better understand the business case for adopting responsible business practices.

About the Report

This is the eleventh annual Sustainability Report of ICI Pakistan Limited and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

This report also contains a reference to the UN SDGs. ICI Pakistan Limited began the practice of voluntary sustainability reporting in 2008, and this continues to be an important part of the Company's commitment to sustainable practices and transparency.

Report Boundary

The report covers the four core Businesses and corporate functions of ICI Pakistan Limited, including manufacturing sites, corporate offices and regional/Business offices. The data in this report does not cover subsidiaries or associated companies of ICI Pakistan Limited.

Employee data includes management and non-management staff. Community investment is handled by the ICI Pakistan Foundation, which is a separate legal entity registered as a Trust. All monetary amounts in this report are given in Pakistani rupees, unless otherwise indicated.

Reporting Period

The reporting period corresponds with the Company's financial year 2018-19 (from July 1, 2018 to June 30, 2019). The cycle of reporting is annual.

Report Content

This report provides information on topics that have been assessed to be material to the Company, based on significance of impact on the economy, environment and society, and are significant for stakeholder interests and decision-making. The content of this report has been developed keeping in consideration the GRI 101 Foundation (2016) Reporting Principles, which include principles that govern both the content and quality.

Developed in accordance with the Company's Sustainability strategy (outlined in this document), this report also presents Key Performance Indicators (KPIs) relating to the material topics that have been set internally by the Company's sustainability reporting governing body, the Sustainability Council. The KPIs shared in this report were set during 2016-17 and presented for the first time in that year's report, alongside presenting achievements on the previous five years' targets.

The five-year target will serve to guide the Company in its sustainability efforts going forward. However, given the Company's growth and expansion, as well as the changing economic and political landscape, these targets may be subject to review and revision going forward. There has been no change in material topics and topic boundary from the previous year.

Data Collection

The data to compile this report has been obtained from our financial management reporting systems, the Corporate HR Information Management System, and the Company's Environmental Performance Management (EPM) database, which is a tool for the collection and reporting of Health, Safety, Environment & Security (HSE&S) parameters.

ICI Pakistan Limited's reporting cycle takes place on a quarterly basis and related information is gathered and input by the respective Businesses and functions for review by the Corporate Health, Safety, Environment and Security (HSE&S) department. The Corporate HSE Manager is responsible for the overall data of ICI Pakistan Limited. The data pertaining to integrity management, employment practices, sourcing and community investment is compiled and monitored by the Sustainability Council members responsible for each area. Where limitations in collecting data exist, appropriate explanations have been added to the report..

Assurance

Independent review of this report was conducted by CSRCP Pakistan, in accordance with GRI Standards requirements and principles of inclusivity, materiality and responsiveness. A statement from the independent external reviewer is included at the end of this sustainability report, and outlines the scope of the assurance, activities carried out and opinion.

Contact Us

To share any feedback or comments related to the Sustainability Report, please email at:
sustainability.council@ici.com.pk

IFor any further information, please contact the following:

Muhammad Zafar Farid
Corporate Health, Safety and Environment (HSE) Manager
MuhammadZafar.Farid@ici.com.pk

Muhammad Waqas
Manager Corporate Communications and Public Affairs
Muhammad.waqas@ici.com.pk

Muhammad Ibraheem Shah
Assistant Manager Corporate HSE
ibraheem.shah@ici.com.pk

Hammad Ahmad
Trainee Engineer - Corporate HSE
Hammad.ahmad@ici.com.pk

*A soft copy of this report and additional information on the Company, including the business units and products, is available on the website at **www.ici.com.pk***

Materiality Assessment

ICI Pakistan Limited focusses its sustainability efforts on those areas which are deemed to be of the greatest value to the Company's continued growth, performance and success, and could potentially have a significant impact on the economy, environment, communities and other vital stakeholder groups. This section shares information on these critical or material topics and aims to explain how they have been chosen and why they are critical to the Company's operations.

Material topics for sustainability performance have been identified based on several factors, including alignment with the Company's strategy, objectives, vision, values and brand promise (Cultivating Growth); the past practice of the Company; and internal analysis, debate and discussion on issues raised by the multi-functional Sustainability Council. Material topics are also chosen based on stakeholders' concerns and feedback, general relevance and likely impact in the broader social, economic and environmental context, such as the markets in which the Company operates, energy availability, environmental issues and climate change.

List of Material Topics and their Boundaries

Area	Material Topic	Boundary
Economic	Economic Performance	ICI Pakistan Limited
	Indirect Economic Impacts	Local community
	Market Presence	ICI Pakistan Limited
Environmental	Energy	ICI Pakistan Limited, Customers
	Water	ICI Pakistan Limited, Local community, Customers
	Emissions	ICI Pakistan Limited, Suppliers, Local community
	Effluents & Waste	ICI Pakistan Limited, Suppliers, Local community
Social	Employment and labour relations	ICI Pakistan Limited
	Training and Education	ICI Pakistan Limited
	Occupational Health and Safety	ICI Pakistan Limited
	Diversity and Equal opportunity	ICI Pakistan Limited
	Non-Discrimination	ICI Pakistan Limited
	Local Communities	ICI Pakistan Limited, Local community

Relevance of Material Topics to ICI Pakistan Limited

ECONOMIC

Economic Performance: Deemed to be material as disclosures under this topic relate directly to the Company's value creation agenda as embodied by its vision, values, and brand promise of Cultivating Growth. ICI Pakistan Limited is committed to providing enduring growth and value for the stakeholders, and this growth and value can be quantified and assessed accurately through the complete, audited financial statements of the Company, which are attached with this report. In addition, economic performance carries implications for all other material topics reported upon.

Indirect Economic Impacts: Disclosures under this topic illustrate the Company's economic impacts on a wider socio-economic front than if it were simply to take the customers and suppliers into consideration. ICI Pakistan Limited's intent to support growth and development is not limited to the Company. Additionally, the Company considers itself as a responsible corporate citizen and, therefore, it is important to monitor and measure its ongoing indirect economic impact in the wider context.

Market Presence: The Company's presence in the market has a significant impact in terms of the provided employment opportunities, numbers and level of professionals employed, regional employment prospects, and compensation and benefits provided. Information in this regard is, therefore, highly relevant to the Company's operations and its value creation agenda.

ENVIRONMENTAL

Energy: Due to energy shortages in the country, this topic is deemed material as energy costs directly impact the cost of doing business and manufacturing products. More efficient energy usage is, therefore, not only vital in terms of the environment, but also because it can provide the Company a competitive edge in terms of the cost factor.

Water: This is deemed a material topic based on not only the water usage requirements of the Company's operations, but also the current state of water availability in the country. According to a recent report by the International Monetary Fund (IMF), Pakistan ranks third in the world among countries facing acute water shortage. The United Nations Development Programme (UNDP) and the Pakistan Council of Research in Water Resources (PCRWR) have also warned that the country will reach absolute water scarcity by 2025.

Emissions: Emissions control relates directly to climate change and the impact of gaseous emissions on the ozone layer. As a manufacturing concern, this is of vital importance. Disclosures in this regard also provide an overview of the Company's compliance to national and governmental regulations, such as National Environmental Quality Standards (NEQS).

Effluents and waste: As a manufacturing concern, this is an important topic as it has an impact not only on the Company's operations, but also on local communities where waste is generated and disposed of. The management and minimisation of waste materials is also important with respect to biodiversity of the relevant areas.

SOCIAL

Employment and labour relations: The employment topic is critical to ICI Pakistan Limited and is driven by its core value of Passion for People. ICI Pakistan Limited aspires to be an employer of choice and recognises that development of employees in terms of training and education, growth opportunities, compensation and benefits are of utmost importance. The Company maintains a strong focus on providing skills and value to employees, while its policies and employment practices ensure an environment that encourages diversity, engagement, personal growth and professional development. To attract, retain and bring out the best in its people, ICI Pakistan Limited invests in leadership and development training and offers rewarding careers where employees are able to continuously learn and grow.

Training and Education: Closely linked to the material topic of employment, training and education remains an ongoing focus for ICI Pakistan Limited, in pursuit of the Company's ambition to be an employer of choice, recruiting and retaining the brightest talent. Training, education and development of its people is, therefore, a topic of critical importance to the Company. It is an area where ICI Pakistan Limited works on a continual, ongoing basis, with formal training, development and growth opportunities, effective, timely, performance appraisal and feedback systems, and by creating an open culture that encourages feedback and discussion.

Occupational Health and Safety: This topic carries tremendous significance in relation to ICI Pakistan Limited as health and safety are a primary concern and an overarching responsibility of the Company under its values (Passion for People; Integrity and Responsibility) and the HSE&S policy. The topic affects not only direct employees of the Company, but also contractors, suppliers and members of the communities.

Diversity and Equal Opportunity: As an equal opportunity provider, ICI Pakistan Limited takes great pride in its commitment to fostering diversity and inclusion, and valuing the contributions of its diverse workforce. The Company's commitment to diversity and inclusion is driven by its core values (Passion for People; Integrity and Responsibility), the brand promise of Cultivating Growth and Code of Conduct.

Non-discrimination: ICI Pakistan Limited is committed to ensuring fair, free of bias and equal treatment of employees. This belief is driven by its core values (Passion for People; Integrity and Responsibility), the brand promise of Cultivating Growth and Code of Conduct.

Local communities: Disclosures on this topic, which take into account initiatives for the development of communities, are important because they provide an overview and impact of these initiatives. As a result, various stakeholders can assess the value added by such initiatives.

Stakeholder Engagement

ICI Pakistan Limited's approach to engaging with key stakeholders is underpinned by the Company's core values of Customer Centricity and Passion for People, in line with its vision to be the partner of choice and brand promise of Cultivating Growth.

Being a pioneer in responsible stewardship, the Company continuously engages with key stakeholders to build strong relationships, better understand the material issues that affect them and align its sustainability strategy with their needs to create shared value.

Major initiatives carried out during the year for stakeholder groups include:

Shareholders/Investors

AGMs and EoGMs were carried out as required to inform and obtain consent of the shareholders. The Board members and senior management of the Company were also available at these occasions to answer queries and address any concerns of the shareholders, investors and analysts. An Investor Relations Policy is also in place to govern the timely, accurate and comprehensive release of information for shareholders and investors.

Employees

To cascade the corporate strategy and share updates about key business initiatives, Chief Executive communication sessions are held bi-annually at ICI Pakistan Limited. Each Business Head also organises town hall and skip-level meetings to ensure strategic alignment across the Company and create a culture of engagement. For the second consecutive year, ICI Pakistan Limited has received the prestigious Gallup Great Workplace Award and this recognition was celebrated with all employees through engagement sessions. ICI Pakistan Limited's first-ever intrapreneurship programme, the Explore Challenge, also received an overwhelming response from the employees.

Customers

Customer-centricity is one of the Company's key values and all Businesses are committed to the success of their respective customers. The Businesses continued to focus on multiple customer engagement initiatives, including regular customer meetings, customer visits to the manufacturing facility, technical assistance and the Distributors/Customers Conference to further strengthen their strong business relationships.

Local community

In 2018-19, new projects were launched in addition to the ongoing, longstanding initiatives that benefit local communities, particularly in the areas of healthcare provision, education/vocational training and women empowerment. Throughout the year, employees continued to take part in various activities organised under the Pehchan volunteer programme. Some of these activities included tree plantation in Sheikhupura and Khewra, blood donation and generation of funds for low-income schools.

The Company's core groups of stakeholders are identified by the Business and functional teams, based on the nature and scope of their operations. These are endorsed by the EMT and the Sustainability Council as significant groups to engage with, and engagement objectives and strategies are formulated and carried out accordingly.

Customer engagement is monitored at the level of each Business by surveys and feedback collected through various channels. Community engagement is maintained and monitored by the CSR teams in each Business, and through effective coordination with labour unions at the Plants and manufacturing sites. Employee engagement is driven across the Company at a corporate level. The Chief Executive (CE) communication sessions are conducted Company-wide as a platform for employees to cascade the business strategy, performance and key updates. The Company's annual employee engagement survey, as well as performance appraisal and management systems, serve as vital channels for feedback and monitoring of progress against the set engagement targets. In each area of stakeholder engagement, concerns and suggestions are registered and actions outlined accordingly.

Government and other regulatory bodies

During the year, the Company worked with government and regulatory bodies to provide inputs, both directly and through relevant platforms and forums, on draft legislations and regulations, where required. Additionally, ICI Pakistan Limited makes it a practice to share information on industry-related matters which could potentially impact the business and economic landscape of the country.

Media

During the year, wherever possible, ICI Pakistan Limited entertained media requests to interview the Chief Executive with regard to the Company's operations, plans, future outlook and economic prospects. A clearly streamlined process is also in place to share timely and prompt updates on the Company website regarding any disclosure of material information, such as financial results, acquisitions, expansions, or new partnerships and product launches. The channels of communication open to the media and the general public include email, as well as social media platforms. The Company significantly leveraged its social media presence in 2018-19 to better inform the media and the general public about its operations and key initiatives.

Civil Society/NGOs

In response to ongoing socio-economic gaps, the ICI Pakistan Foundation continued to fund and partner with reputed NGOs and other non-profit organisations to support community development initiatives in the areas of health, education, environment and women empowerment.

Academic Institutions

ICI Pakistan Limited's employees also participated in multiple guest speaker sessions and recruitment drives in different universities across Pakistan. These events provided the employees an opportunity to share their professional experiences and mentor the students.

Key Stakeholder Groups

Stakeholder group	Engagement frequency	Mode of consultation	Topics identified by stakeholders	ICI Pakistan Limited's response
Shareholders/ Investors	Regular	Corporate Finance, Company Secretary, Corporate Communications and Public Affairs Department, analyst briefings, meetings	Ongoing economic viability, growth prospects, petrochemical market situation, new projects and expansions	Commitment to ongoing growth and value creation; continuing transparency of financial and other information; timely public disclosures; clarifications, if any required
Employees	Regular	CE Sessions, internal events, annual engagement survey, discussions, internal communications	Training and education; career development;	Career roadmap launched; increased transparency of HR processes; focus on capacity-building trainings
Customers	Regular	Technical Support Services, surveys, field visits, advisory services	Cost, quality and product availability	Customer capacity-building, expanding/increasing product offerings, efficiencies in supply chain, HSE-related support to customers for optimisation of systems, efficiencies and energy conservation.
Suppliers	Regular	Code of conduct compliance, surveys, visits	Favourable terms and conditions	The suppliers are given ample opportunity for discussion & negotiation. ICI Pakistan Limited strives to provide fair and market compatible rates
Local Community	Regular	Via manufacturing site employees, CSR teams	Manufacturing sites' impact; employment prospects; community development	Understanding and ensuring all legal and regulatory requirements are complied with.
Government and other regulatory bodies	Regular/Case Basis	Relevant Business or functional representatives, meetings with officials, submissions of data for review and compliance	Compliance with regulations and laws	Understanding and ensuring all legal and regulatory requirements are complied with. Engaging with the Government to address matters impacting the business.
Media	Occasional	Press Releases, one-on-one media engagement	Information on the operations of the Company, growth prospects and sustainability practices, economic contribution	Press and media releases on relevant subjects, Chief Executive's statements/ interviews, responsiveness to media queries
Academic Institutions	Occasional	Guest speaker sessions, recruitment drives, internship programme, participation in career fairs	Career development, opportunities and placements, leadership and workplace insights	The Company's employees participated in multiple guest speaker sessions that enable sharing of experiences and advice imparted by professionals to the student body. The Company also holds regular recruitment drives at various universities.
Civil Society/ NGOs	Regular	Meetings, one-on-one engagement	Funding for programmes; logistical and technical support.	ICI Pakistan Foundation-led and funded partnerships to support community development initiatives; volunteer programme and activities

Economic Performance: Management Approach

Management approaches for the following material topics are covered in this section: Economic Performance, Indirect Economic Impacts, Market Presence. Other disclosures for these topics are presented in the GRI Content Index, and/or in the Company's Financial Statements 2018-19.

ICI Pakistan Limited's performance is guided by its vision, values and the brand promise of Cultivating Growth, which underpins everything that the Company does. ICI Pakistan Limited recognises that its operations and activities have an economic impact, at both the local and national level, and is committed to sustainable growth and value creation for all stakeholders. Economic performance is, thereby, a key driver of the Company's aspirations, goals, strategy and operations, and is proactively managed accordingly by all relevant stakeholders across the organisational hierarchy. The Company continues to demonstrate its commitment to fulfilling its promise of value creation and sustainable growth. The overall responsibility of governing the organisation, along with driving its economic performance, lies with the Board of Directors. (For details on how the Board functions, please turn to Page 62 of the Annual Report).

Integrity Management

Key performance indicators

Integrity management		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21 Target
Code of Conduct confirmed incidents	number	1	1	0	3	5	4	**0**
Code of Conduct acceptance	% employees	100	100	100	100	100	100	**100**
Management audits including reassurance audits	number	6	0	6	0	6	6	**6**
Serious Incidents - Level 3	number	0	0	0	1	1	0	**0**
Serious Incidents - Level 1, 2	number	0	0	0	4	2	2	**0**
Serious loss of containment - Cat D	number	0	0	0	0	0	0	**0**
Regulatory action - Level 3	number	0	0	0	0	0	0	**0**

Overview 2018-19

The Code of Conduct is a significant part of the employee induction at ICI Pakistan Limited. Upon joining the Company, all new hires are required to read, understand and sign a declaration of compliance to the Code of Conduct. The Company has developed an e-module for the Code of Conduct and Health Safety Environment and Security (HSE&S) training that is mandatory for all employees to go through and be well versed with.

The HSE&S Management Audit ensures company-wide implementation and compliance of the ICI Pakistan Limited HSE&S Management System. The decision to conduct this audit is based on the assessment of hazards and recommendations from the previous audit. With regards to HSE&S performance, two serious incidents (level 2) were reported during the year 2018-19. For details, please refer to the Occupational Health and Safety KPI overview section of the report.

Sourcing

Key performance indicators

Sourcing		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21 Target
Vendor Policy signed by key suppliers	%	88	94	87	91.3	98	99	**96**
Vendor Policy signed by Central NPR Suppliers*	%	38	63	40	80.8	83.3	82.6	-
Supportive Supplier Visits	number	99	92	-	30	48	131	**146**

* Major public sector utility suppliers not included in this analysis.

12 RESPONSIB CONSUMPT AND PRODU

The Company's supply chain network aims to enhance the effectiveness of procurement practices and material handling processes. This is done by actively seeking out and applying best practices, and by capitalising on opportunities to create greater synergies between the Businesses.

ICI Pakistan Limited believes in the cradle to grave approach, ensuring its products are compliant with the Company's HSE&S Management System at all stages of the life cycle. With respect to supplier evaluation and selection, the Company has a stringent procedures in place to ensure that only high quality raw materials are purchased through local and international suppliers.

Through its core Businesses (Polyester, Soda Ash, Chemicals & Agri Sciences and Life Sciences), the Company deals in a vast portfolio of products, including light and dense soda ash, refined sodium bicarbonate, polyester staple fibre, a wide range of general and specialty chemicals, pharmaceuticals, nutraceuticals, animal health products and agricultural products. ICI Pakistan Limited's supply chain operations are, therefore, fairly complex and cover many suppliers across the country, as well as internationally.

Overview 2018-19

To achieve sustainable growth, ICI Pakistan Limited has a strong policy in place to build relationships with suppliers, whose working practices meet the Company's HSE&S Management System requirements. The Company aims to do business with partners who endorse its ethical values as well as the social and environmental standards.

ICI Pakistan Limited's target is 100% compliance to its vendor policy and, in 2018-19, the Company was able to achieve the target, along with the integration of suppliers at the Hawkes Bay and Hattar Plants. In 2018-19, ICI Pakistan Limited further increased its engagement with key suppliers, in particular those of the Hawkes Bay and Hattar Plants, to ensure that they all are well-versed with the vendor policy. As the Company has continued to grow and expand, there has been a significant increase in the percentage of key suppliers who are compliant with the vendor policy. The percentage of supportive supplier visits have increased by 172%.

The HSE&S standards are formulated in accordance with the Company's Code of Conduct and legislative programme of on-site visits to critical suppliers to develop them as sustainable partners. Through formal feedback and follow-up visits, the Company works together with the suppliers to improve their overall sustainability performance. In addition, HSE audits of their workplace are regularly conducted and improvement plans are shared. Traditional dimensions such as price, cost, time, delivery, punctuality and product quality no longer define a sustainable business. ICI Pakistan Limited's vendor partnerships are linked to suppliers and vendors accepting a code of behaviour similar to that of the Company. Violating this Code of Conduct jeopardises future relationships and agreements. The Company's efforts for the future entail continuing to bring all direct suppliers, both product and non-product related, under the umbrella of its sustainability efforts.

Following the commissioning of Masterbatches Plant this year, the number of Company's manufacturing facilities increased from three to four in Karachi. As a result, several new suppliers were added to the Company's supply chain, primarily for the procurement of raw materials and packaging. For other operations of the Company, there were no significant changes in the structure or location of supply chain partners.

100%

compliance achieved to the vendor policy

172%

increase in supportive supplier visits

7,000+

total number of suppliers

Environmental Performance Management Approach

Management approaches for the following material topics are covered in this section: Energy, Water, Emissions, Effluents and Waste. Other disclosures for these topics are presented in the GRI Content Index or referenced therein if occurring elsewhere in the Annual and Sustainability Report.

ICI Pakistan Limited recognises that its operations have a significant impact on the environment. Monitoring and evaluation of environmental performance comes under the domain of the Health, Safety, Environment and Security (HSE&S) department. The Company's enduring commitment to the highest standards of health and safety for its employees, customers and contractors, as well as protection of the environment, leads it to abide by a set of HSE&S beliefs and principles. In line with these principles, the Company strives to constantly innovate and improve its HSE&S performance, which is the collective responsibility of every individual, from the Board of Directors, Executive Management Team to each employee. Accordingly, the Company strives to apply the most stringent HSE&S standards at the workplace.

ICI Pakistan Limited has in place an integrated Health, Safety, Environment and Security (HSE&S) policy, that governs all HSE&S-related matters, providing clear provisions for environmental performance management. The Corporate HSE department is responsible for overseeing HSE&S as a whole for the Company. Along with this, each Business has its own HSE&S department, which handles more Business-specific, localised environmental and other HSE&S-related matters. HSE&S is at the core of the Company's operations, and every employee, including contractual staff, is responsible for complying with HSE&S policies and procedures and is held accountable accordingly.

The Company's HSE&S Management System serves as a guideline for all ICI Pakistan Limited operations, including existing projects and operations as well as new investments, and its scope extends to cover all Businesses and locations of the Company.

To beautify dried lime beds, the Soda Ash Business initiated Project Green, a tree plantation drive, in 1992

The HSE&S Management System is in compliance with internationally recognised systems such as ISO 14001:2004 Environmental Management Systems Standard; OHSAS 18001:2007, Occupational Health and Safety Management Systems; and the Responsible Care Management System. Strict compliance with HSE&S standards is a requirement at both the corporate and individual levels. The calculation of KPIs shared in the report is based on the HSE&S Management System and the reported KPIs cover all Businesses of ICI Pakistan Limited. The HSE&S policies are approved by the Board of Directors, the ultimate governing body of the Company. The currently applicable HSE&S policy was issued in December 2013 and was reviewed by the Sustainability Council in 2016-17.

The management of vital environmental performance parameters is carried out not only in line with regulatory compliance requirements such as NEQS, but also based on best global practices and the Company's belief in sustainable development and growth, consistent with its vision and brand promise. The environmental performance is monitored and reported regularly (internally on a quarterly basis, while externally on an annual basis), through use of the state-of-the-art Environmental Performance Management (EPM) Database, an application for the collation and analysis of the Company's HSE&S data, and the reduction of the Company's operational eco-efficiency (OEE) footprint. The data collected via the EPM Database is studied against relevant sustainability parameters and utilised in various ways, including the analysis of each Business's sustainability performance and to set the goals and targets for future sustainability performance.

The Company's multi-functional Sustainability Council is tasked with reviewing annual performance and setting voluntary targets for future performance. Targets are set for five years, with the current target for the financial year 2020-21 based on the actual performance achieved in 2015-16 and approved by Sustainability Council members. However, with upcoming expansions, acquisitions and other new projects, these targets may require subsequent review and revision.

For the grievance and reporting mechanisms, ICI Pakistan Limited has a guideline titled "Information Notes for Managers: HSE 003 Arrangements for Reporting Health Safety Environment and Safety performance to Corporate HSE." This is a reporting guideline for any HSE-related issue, such as injury and illness reporting, motor vehicle and distribution incidents, occupational health performance reporting, environmental reporting, product stewardship reporting and community involvement reporting. It outlines the procedure for reporting HSE&S violations and is available for all internal stakeholders. The ownership of this mechanism lies with the Corporate HSE Department and is intended for use by the HSE departments of individual Businesses. The reporting guidelines are revised regularly with the most recent revision in March 2018.

The Corporate Engineering Procedures (CEPs) based on the international standards are guidelines for all hazardous activities. The responsible Engineers for each of the procedures ensure compliance to these guidelines for monitoring related to energy, emissions, water and waste. Based on technological changes globally, the responsible Engineers review their area procedures and implement the changes. The Corporate HSE department, which is the custodian of these CEPs, organises trainings for the Responsible Executives and Engineers after every two years to enhance their knowledge and competency.

The Company remains focussed on assessing the effectiveness of existing regulatory HSE&S frameworks and approaches on an ongoing basis. This helps it to ensure that the systems are sufficiently robust to safeguard both the people and the environment.

350 tonnes

CO_2

of emissions eliminated due to green supply chain strategy of Soda Ash Business

90%

water consumption reduced at points where altered nozzle faucets have been installed

Product Stewardship

Terylene Clean

The Polyester Business has introduced a number of speciality products based on a four-tier strategy; health and hygiene, sustainability, versatility and traceability. As a socially responsible company that consciously measures the environmental impact of its products and actions across all steps of the value chain, the Polyester Business is manufacturing Terylene Clean, a GRS-certified Polyester Staple Fibre. This variety is made from recycled PET bottles, thereby, helping to make a positive impact on the environment. The resulting product manifests efficient performance, durability and affordability. ICI Pakistan also offers GRS Optical Bright. With Terylene Clean, the customers can be certain that they are playing their role in cleaning up the planet.

Bulkers Project

To improve its customer service and adopt a green supply chain strategy, the Soda Ash Business has successfully rolled out the Bulkers Project to supply the product to customers in bulk quantities. It has become the first soda ash supplier in South Asia to transport soda ash in bulk and this green supply chain strategy is the first for any soda ash producing company in Pakistan as well. With the implementation of Bulkers Project, customers will no longer need to engage additional manual labour to unload heavy soda ash bags into open conveyors, which will reduce their product wastage as well. At the same time, an estimated 350 tonnes of CO_2 emissions will be eliminated from the atmosphere annually.

Energy

Key performance indicators

Energy Usage		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21 Target
Total energy consumption	1000Tj	4.9	5.7	6.5	8.2	6.75	7.6	**7.4**
Per tonne production	GJ/te	11.84	13.03	13.86	17.09	12.88	13.66	**15.38**

Overview 2018-19

ICI Pakistan Limited is focussed on reducing its energy consumption by electronically monitoring it through the EPM database. Any deviation in consumption is immediately noted and conveyed to the relevant Business. Keeping in view the energy crisis in the country, the Sustainability Council proposes projects that reduce energy consumption and this can be seen in the Company's replacement of higher rating motors on the batch lines.

The energy consumption was higher in 2018-19 mainly due to expansion projects at the Soda Ash Plant. Gas curtailment during winter season further impacted the energy consumption as HFO and diesel were the two fuels used during the season. Due to high consumption at the Soda Ash Plant, 26% more energy per unit fuel was recorded with the use of HFO. Further, the two projects (i.e. evaluation of imported coal with low sulphur content and the DCS migration project) caused a drop in production. Tripping of the steam turbine for a longer duration also contributed to an increase in energy usage.

At the Polyester site, the Business had to produce diversified products on its old lines, which consumed high energy per tonne of fibre. In addition, the shutdown planned in late second quarter resulted in lower production during the fiscal year.

The Chemicals Business also successfully commissioned the Masterbatches manufacturing facility, resulting in higher energy consumption. The addition of the Chemicals Technical Centre building in Karachi also enhanced the power consumption.

However, energy saving initiatives were continued by each Business. The process optimisation at Wyeth and Cirin helped in substantial reduction of energy consumption. This included replacement of equipment of higher rating with a lower rating and replacement of conventional tube lights with LED lights.

At the Polyester Plant, motors were converted from DC to AC and old mercury vapour lamps were replaced with LEDs lights, which helped reduce the energy consumption. Similarly, the Soda Ash Business, in addition to its other initiatives, focussed on reduction in steam usage by optimising its processes and replacing cooling water with low temperature recycled condensate in various heat exchangers. An insulation survey of all the high temperature process lines was conducted and immediate actions were taken to replace weak insulations.

Conversion From DC to AC System

As part of the Sustainability Framework followed by ICI Pakistan Limited, energy efficiency is a top priority for all day-to-day operations of the Company. The Drawline 1, which was recently recommissioned at the Polyester Plant, was converted from DC to AC drives for greater efficiency. Further, the AC motors require llower maintenance and offer more reliable operations due to simplified construction design.

15%

lower energy consumption due to DC and AC conversion

Energy Conservation

In line with the Company's Sustainability Guiding Principle, and core values of Innovation, Customer Centricity and Delivering Enduring Value, ICI Pakistan Limited actively seeks out and prioritises initiatives that will optimise processes and procedures for greater sustainability.

As Soda Ash Business accounts for almost 55% of the variable cost of manufacturing, the Soda Ash Energy Conservation Team continued its efforts to ensure that the most optimum operating scenarios are run at all times.

In order to achieve this milestone, the following improvement projects were under focus:

1. PCD water heat recovery project:

The PCD water contains high heat content and is used as process water after cooling through a heat exchanger, using cooling water (CW) as a cooling medium. Under this project, the PCD water will be cooled through boiler feed water (BFW) instead of CW, which will help conserve energy and lead to estimated cost savings of PKR 35 million.

2. Moisture separator installation at suction of screw compressor 7&8:

The system will be modified to add 1 tonne per day (TPD) soda ash, which will help save energy.

3. Steam leakages and insulation surveys:

Continuous efforts have been made throughout the year to reduce steam leakages and ensure proper insulation to avoid energy losses from the system.

Water

Key performance indicators

Water Usage		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21 Target
Total fresh water use	million m3	3.49	3.73	4.22	4.83	5.4	5.5	**4.35**
Per tonne production	kg/te	8.44	8.47	8.91	10.01	10.48	9.78	**8.9**
% of sites with sustainable fresh water	%	33	33	33	33	25	17*	**100**

**Newly acquired Cirin and Hawkes Bay Plants*

Overview 2018-19

The water consumption was lower as compared to the previous year despite the expansion project at the Soda Ash Business. A Company-wide water conservation awareness campaign was launched and the employees were encouraged to share initiatives to conserve water.

Following this, multiple projects were initiated at various sites which resulted in substantial conservation of water. A breakdown of these initiatives at each of the Company's sites is as below:

At the Polyester site, a focus was maintained on using water treated at the effluent treatment plant for horticultural purposes. More sprinklers were installed for horticultural usage on the site and an additional 6% of effluent wastewater was recycled for horticultural purposes. Further, ordinary taps were replaced with special faucet nozzles in the employees' restrooms, which also reduced water consumption.

At the Soda Ash Business, major expansion projects resulted in higher consumption of per tonne water, however, the Business compensated this to a certain extent through the installation of faucet nozzles. The Soda Ash site is in a highly saline area that results in the rusting of piping joints, leading to leakages. To ensure that all leakages are attended to promptly, a robust leakage prevention system was implemented. A higher quality construction material of water-cooled heat exchangers was used to reduce leakages. The process was optimised to reduce water consumption and, in addition, wastewater through the reverse osmosis (RO) plant was reduced.

After the acquisition of Wyeth and Cirin Pharmaceuticals, modifications were carried out to optimise the effluent treatment plant to lower the water parameter results below regulatory limits. By using water for horticultural purposes, an estimated 12 million litres of water per annum were conserved. This is equivalent to meeting the drinking water needs of more than 16,600 people.

Furthermore, in view of the projected water scarcity in the country by 2025 and in alignment with the UNSDG 6 (relating to availability of clean water and sanitation), the Sustainability Council reviewed water consumption targets for each Business and is taking measures to further improve on the 2020-2021 targets by 10%.

12 million litres

of water saved per year by using treated water for horticultural purposes

16,600+

people's drinking water needs served for the whole year through water conservation

Emissions

Key performance indicators

Emissions Control		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21 Target
Total COD emissions	metric te	16.43	18.05	15.99	20.04	26.90	29.72	**16**
Per ton production	kg/te	0.04	0.04	0.03	0.04	0.05	0.05	**0.03**
Total VOC emissions	te	3.23	3.45	3.56	3.52	3.31	3.22	**3.20**
Per ton production	kg/te	0.01	0.01	0.01	0.01	0.01	0.01	**0.01**
Total N0x emissions	te	798.34	1209.18	1611.00	2387.27	2017	2527.40	**2150**
Per ton production	kg/te	1.93	2.75	3.40	4.95	3.84	4.49	**4.40**
Total S0x emissions	te	4338.97	3091.74	3562.32	4251.98	3438	3454.29	**3827**
Per tonne production	kg/te	10.50	7.02	7.53	8.82	6.55	6.14	**7.91**
Total Direct C02 emissions (Scope 1)	metric te	430,000	520,000	620,000	890,000	650,000	800,000	**800,000**
Per ton production	kg/te	1038.11	1196.13	1318.70	1854.07	1247	1424.41	**1670**
Total indirect C02 emissions (Scope 2)	te	2413.32	2384.20	1501.56	1275.63	1864	1938.22	**1123**
Per ton production	kg/te	5.84	5.42	3.17	2.64	3.55	3.44	**2.40**

Overview 2018-19

In 2018-19, one of the top priority deliverables of the Sustainability Council was to monitor and control emissions-related KPIs to ensure that they remained within the National Environmental Quality Standards (NEQS) and global requirements. ICI Pakistan Limited's focus on improvement in operational eco-efficiency KPIs has resulted in controlled emissions despite an increased use of coal, furnace oil and diesel due to gas curtailment to the sites. To control these emission levels within the NEQS limits, the Company is now using low sulphur content coal. Process conditions/combustion ratios were also optimised to reduce Sulphur Oxide (SOx) and Nitrogen Oxide (NOx) emissions from business operations.

The Company is continuously working on steam optimisation through various initiatives, which has resulted in reduced direct carbon emissions. At two of ICI Pakistan Limited's major manufacturing sites, high demand steam is one of the contributing factors towards carbon emissions. To mitigate this, the manufacturing sites have taken the initiative of monitoring insulation surface temperature and wherever it was higher than the standard temperature, the weak insulation was replaced. Furthermore, auditing of steam circuits and replacement of defective traps helped in reducing carbon emissions. The process optimisation at Soda Ash Business has contributed towards reduced direct carbon emissions, however, this year's direct carbon emissions increased due to higher production.

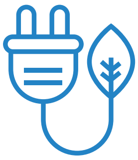
Lighting Modernisation

Technologies developed over the past 10 years have cut down lighting costs by 30% to 60%, while enhancing lighting quality and reducing environmental impact at the same time.

Recently, the Polyester Business replaced 70 conventional Mercury Vapour Lamps with Light Emitting Diodes (LEDS).

The luminous efficacy (lumens/Watt) of these LED lights is 116% better than the conventional mercury bulbs. While mercury bulbs consume 250 Watts, LED lights yield superior quality lighting in just 100 Watts. The LEDs also offer other advantages of lower maintenance costs, longer life, high durability and reduced carbon footprint.

76,500 KWh



saving of electricity annually with the introduction of LED lights

17 tonnes

reduction in carbon emissions

Effluents and Waste

Key performance indicators

Waste Management		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21 Target
Total waste	kte	12.88	22.2	28.94	8.86	40.83	34.19	**8**
Per ton production	kg/te	31.18	50.44	61.13	18.38	77.88	60.74	**16.4**
Total hazardous waste	kte	0.0076	0.24	0.006	0	0.20	0.028	**0**
Per ton production	kg/te	0.001	0.001	0.013	0	0.38	0.05	**0**
Total non-reusable waste	kte	0.0076	0.24	4.03	4.11	0.20	0.028	**3.8**
Per ton production	kg/te	0.001	0.001	8.76	8.53	0.38	0.05	**8**
Total non-reusable hazardous waste	kte	0.008	0.24	0.006	0	0.20	0.028	**0**
Per ton production	kg/te	0	0.001	0.013	0	0.38	0.05	**0**
Total hazardous waste to landfill	kte	0	0	0	0	0	0.00	**0**
Per ton production	kg/te	0	0	0	0	0	0.00	**0**

Overview 2018-19

Waste management and its control has been one of the biggest challenges for each Business. In order to control waste and the environmental impact due to the consumption of various fuels, dedicated teams have been nominated at all sites. Through various initiatives launched in 2018-19, the Company recorded a 22% reduction in waste as compared to the last year.

ICI Pakistan Limited's two major manufacturing sites of Polyester and Soda Ash Businesses use large amounts of coal as fuel for steam and power generation, with the process resulting in waste (fly ash and slag) as a by-product. At the Polyester Plant, higher waste was generated this year due to a planned shutdown, however, initiatives taken to reuse the waste helped to reduce the overall waste.

In 2018-19, the Soda Ash Business optimised the utilisation of waste at its site by reusing the generated coal waste as fuel for two of its other coal-fired boilers. This allowed the Business to extract the maximum possible energy from the existing waste, thus, reducing fresh coal consumption. The Business opted to use better quality coal and utilised a mix of low and high ash coal, which resulted in significant waste reduction.

The expansion projects at Soda Ash and Chemicals Businesses also generated waste. However, due to effective implementation of a waste management plan, both Businesses were able to manage their waste quantities.

22%

reduction in waste recorded as compared to the last year

Resource Conservation

Reuse Paper Notepad Project

The Life Sciences Business launched the Reuse Paper Notepad Project. Under the project, 40,000 (0.2 tonnes) sheets of A4 paper were reused, which led to a saving of 10,000 litres of water, 130 kilogrammes of waste and 3GJ of energy.

130 kg

waste reduction

10,000 litres

of water saved

3 GJ

equivalent energy conserved

Overview & Strategy
Governance & Compliance
Business Performance
Sustainability Performance
Financial Performance

Social Performance Management Approach

Management approaches for the following material topics are covered in this section: Occupational Health & Safety, Training & Education, Diversity & Equal Opportunity, Non-discrimination and Local Communities. Other disclosures for these topics are presented in the GRI Content Index or referenced therein if occurring elsewhere in the Annual and Sustainability Report.

As an employer of over 1,400 people across Pakistan, ICI Pakistan Limited has a significant impact on livelihoods, opportunities and growth prospects for the people who work for the Company. As such, it is important to the Company to monitor and share information on these aspects. Social performance at the Company is the joint responsibility of three stakeholders, each responsible for their own specified area; HSE&S, Corporate Social Responsibility (CSR) and Human Resources.

As a corporate entity that operates within the context of a wider community, ICI Pakistan Limited is aware of its effects on, and responsibilities to, the communities that are situated nearby or are otherwise affected by the Company's operations. These include people from local communities that are geographically close to the Company's major manufacturing sites, for example. As a responsible and ethical company driven by values such as Passion for People and Integrity and Responsibility, ICI Pakistan Limited places high value on the health and well-being of its employees as well.

Trainings are regularly held across the Company's sites to promote safety and health among employees

Community investments and CSR programmes at the Company are managed primarily by the Corporate Communications and Public Affairs department, under the guidance and approval of the Board of Trustees of the ICI Pakistan Foundation. Additionally, the multifunctional CSR teams of each Business or location also carry out and manage CSR projects.

The ICI Pakistan Foundation is a Trust registered under the Trusts Act 1882. All CSR initiatives undertaken by the Company, as well as all related major investments, are approved by the Board of Trustees, and monitored regularly. The CSR initiatives are planned out on an annual basis, with some projects having a limited duration, while others being long-term, ongoing projects. The Board of Trustees is empowered to approve commitments to support social investment initiatives; this approval is granted based on the criticality of need and a thorough assessment of each proposal, in accordance with the Board-approved CSR Policy. The Board of Trustees is also empowered to manage, utilise and invest the assets of the Foundation. The Company makes an annual contribution of a percentage of its profit after tax for the year to the Foundation, with the approval of the Board of Directors of ICI Pakistan Limited.

Guided by the Company's CSR Policy, which was approved by the Board of Directors in January 2017, the Foundation's initiatives (under the umbrella of the Hamqadam Programme) focus primarily on the following broad areas: education, health, community and environment. Through the Foundation, ICI Pakistan Limited also supports civic development by investing in community projects, disaster relief and rehabilitation activities as needed.

For the Human Resources department, practices and policies are governed by the Company's Code of Conduct, as well as other policies and regulations including the Factories Act 1932, which covers labour laws at manufacturing sites. Depending on the nature of the HR initiative, approval is given by either the Board of Directors or the Executive Management Team of the Company.

Goals and targets for material topics are identified by the Company's HR department through annual discussions by the HR fraternity in which challenges, requirements, etc, are reviewed and medium and long-term organisational objectives are identified. These goals then trickle down to become part of the performance and development (P&DD) system. Training needs, education, and growth are also assessed through the Company's annual performance appraisal tool, P&DD.

Overall, voluntary targets for each of these areas of operation are set by the heads of the respective departments, in consultation and agreement with the Chief Executive, Executive Management Team or Board of Directors, as and where applicable. In addition to these stakeholders, specific governing bodies / management teams (such as the Sustainability Council for HSE&S matters, or the Trustees of ICI Pakistan Foundation for community and CSR matters) are also responsible for approving and setting targets in collaboration with other key stakeholders.

Clear grievance mechanisms exist in the Company to support ethical and fair social performance. The whistleblowing programme, Speak Up, is open to all employees and is a provision made for the confidential reporting of Code of Conduct violations. Detailed information on the Code of Conduct can be found in the Corporate Governance and Compliance section of the Annual Report (page 52). Other complaints or issues can be raised and discussed directly with line managers.

Effectiveness of the Company's social performance is gauged in various ways. In the area of HSE&S, effectiveness is determined through the Learning Event database, management audits and the EPM database. For Human Resources, effectiveness is gauged through the Company's performance appraisal system and annual employee engagement surveys. For corporate social responsibility, effectiveness is gauged on the successful disbursement of the annual approved budget for the ICI Pakistan Foundation, as well as the KPIs of individual ongoing CSR initiatives.

Occupational Health and Safety

Key performance indicators

Health, Safety and Security		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21
Total reportable injury rate employees/ supervised contractors	\million hours	0.33	0.16	0	0.44	0.10	0.10	**0**
Occupational illness rate employees	\million hours	0	0	0	0	0	0	**0**
Total illness absence rate employees	%	1.51	1.23	1.17	1.43	1.51	1.28	**1.15**
Fatalities: employees, supervised and independent contractors	number	0	0	0	1	1	0	**0**
Total reportable injury rate independent contractors	\million hours	0.56	0	0	0.33	0.45	0.28	**0**
Lost time injury independent contractors	number	2	0	0	0	2	1	**0**
% sites with BBS programme	%	100	100	100	100	100	100	**100**
Distribution incidents	number	0	0	0	1	2	1	**0**
Motor vehicle incident with injury	number	0	1	0	2	0	0	**0**

Overview 2018-19

The HSE&S Management system governs HSE&S performance within the Company, and complies with internationally recognised systems, such as ISO 14001:2004 Environmental Management Systems Standard; OHSAS 18001:2007, Occupational Health and Safety Management Systems; and Responsible Care Management System.

It serves as a guideline for all operations and investments as well as existing projects and operations, and covers all Businesses and locations of the Company. Strict compliance with HSE&S standards is required at the Company-wide and individual level. The calculation of KPIs given in the report is based on the HSE&S Management System.

A separate Occupational Health Manual has been developed for the benefit of employees and must be adhered to from the time an employee joins the Company. In 2018-19, the Company reviewed its Occupational Health Manual based on global best practices. Therefore, going forward, further improvements are expected in workplace safety and occupational health of employees. The training of employees on vital HSE&S topics remained a key strategic item on the agenda this year as well.

The Health Assessment (HAPI) and Work Environment (HYPI) are two unique programmes at ICI Pakistan Limited that continued this year. These programmes relate to the health assessment and monitoring of employees' exposure to hazards. As these programmes were practiced robustly, there were zero reportable cases of occupational diseases. The annual and bi-annual monitoring of employee's health through audiometry and spirometry tests continued this year. No occupational illness was reported in 2018-19.

The HSE&S performance of each Business with regards to million-man hours without lost time injury in 2018-19 was as follows: Soda Ash, 19.2; Polyester, 2.76; Chemicals & Agri Sciences, 2.1; and Life Sciences Businesses, 0.47.

Learning Event App:

Significant HSE&S-related hazards and risks to the Company continue to be highlighted through the active Learning Event database. This platform has been digitalised with the launch of a mobile application for easy logging, marking of learning events and prompt communication of any significant event to the Executive Management Team.

24+ million

safe man-hours completed

HSE&S Week at the Soda Ash facility in Khewra

In line with the objective of providing safe working conditions to employees and contractors, the HSE&S Week was held in May at the Khewra Plant, based on the theme of "Safety is our License to Operate".

An awareness walk and sessions on safety were organised as part of the campaign, which focussed on highlighting the importance of safety in all spheres of life so as to prevent mishaps and accidents due to neglect or lack of safety awareness. Owing to the Company's continuous focus on promoting safety procedures and systems, employees at the Soda Ash Business have logged more than 19 million injury-free man hours.

A fire-fighting and first aid demonstration was also held by the Emergency Handling team of the Plant, which serves the local community as well. The team has so far handled 66 emergency incidents of the community. It is a matter of great pride for the Company that the Soda Ash Business is the only industry in the whole of district Jhelum to be formally recognised through an acknowledgement award by the district administration for its contribution towards flood relief efforts in 2014.

A group photograph of the Soda Ash Business fire-fighting team with officials of the Rescue 1122

Training and Education

Key performance indicators

Training and Education		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21 Target
Average hours of training per employee (gender and grade)					Male: 38.1, Female: 30.5 G30: 28.9; G31: 36.8; G32: 29.8; G33: 46.9; G34: 44; G35: 39.6; G36: 57.6; G37: 57.3; G38: 26.3; Trainee: 40.9; WL-4: 19.6	Male: 14, Female: 28 G30: 15; G31: 37; G32: 5.46 ; G33: 18.08; G34: 23.11; G35: 38.13; G36: 41.48; G37: 24.4; G38: 7.75; Trainee: 36.09; WL-4: 3.3	Male: 86.7, Female: 13.2 G30: 6.34; G31: 4.52; G32: 9.06; G33: 18.23; G34: 20.09; G35: 32.31; G36: 27.35; G37: 60.62; G38: 16.00; G39: 50.00 G40: 37.00 Trainee: 41.47; WL-4: 42.00	**43.5**
On-line P&D Discussion participation	%	98	98	98	98.5	98.5	85	**100%**
Management Development Programme	NO. of Managers	NR	NR	572	743	643	238	**90%***
Employee engagement index	%	NR	35	58	68	82	NR	**75**

* Percentage of total managers

Overview 2018-19

Employee learning and development holds paramount importance for ICI Pakistan Limited. Building on the Company's value of Passion for People, a renewed focus was placed on learning and development initiatives across the organisation.

This year, a new e-learning platform called iLEARN, powered by SAP Success Factors, was introduced at the Company. The iLEARN is a virtual learning centre that offers a personalised experience to each employee, with courses ranging from specialised subjects (Finance, HR, Marketing etc) to soft-skill trainings offered by renowned global professionals. Further, e-modules related to Code of Conduct and HSE&S were developed and assigned to all employees.

More than 750 engineers were trained through e-modules on Engineering Guides (EDG), Engineering Procedures (EDP) and Engineering Specifications (EDS). The e-modules provide thorough and concise guidelines related to plant design, operations and maintenance to all engineers and have been segregated into chemical, electrical and mechanical streams to better suit the requirements of each employee.

A total of around 14,000 man-hours (face-to-face) were invested in employee learning and development, focussing on soft skills, functional and leadership.

ICI Pakistan Limited's Performance and Development Discussion (P&DD) process, accessible via an online application, continues to be an essential tool for providing constructive and regular feedback to employees at all levels. This comprehensive measurement system allows the employees and their managers to assess performance against the set targets and objectives.

The Company's Leadership Development Roadmap (LDRM) continues to play a key role in the learning and development process to build a leadership pipeline. With customised training modules, executive coaching sessions and learning projects, more than 37 managers participated in the development journey this year. Moreover, the flagship 'HR for Non-HR Managers' programme was attended by 25 managers, while the 'Finance for non-Finance' programme included 25 employees from different functions and Businesses.

750

engineers trained through e-modules on Engineering Guides

13,900+

man-hours invested in employee learning and development

90%

managers have undergone leadership development training in the last 2-3 years

Diversity and Equal Opportunity

Key performance indicators

Diversity and Equal Opportunity	2016-17	2017-18	2018-19
Percentage of governance body by gender	Male: 7, Female: 2 (22% F, 78% M)	Male 6, Female* 2 (75%M,25%F)	Male 6, Female 2(75%M,25%F)
Percentage of employees by gender	Management - Male 973, Female 44 Trainees - Male 27, Female 15 94.4 Male, 5.6% Female	Management – Male 1154,Female 49 Trainees - Male 26, Females 21 94.4% M 5.6% F	Management – Male 1351, Female 88 Trainees – 29 Male, 25 Females 93.88 M 6.12 F
Percentage of Governance body by age	Under 30: 0, 30-50: 55.5% , Above 50: 44.4%	30-50:62.5% (5) Above 50 37.5% (3)	30-50:62.5% (5) Above 50 37.5% (3)
Percentage of Employees by age	Under 30: 302 (29.7%). 30-50: 586 (57.6%) , Above 50: 129 (12.7%)	Under 30: 384 (30.7%). 30-50: 660(52.8%) , Above 50: 206 (16.5%)	Under 30: 426 (29.60%). 30-50: 850 (59.07%) , Above 50: 163 (11.33%)

**As of June 30, 2019*

Overview 2018-19

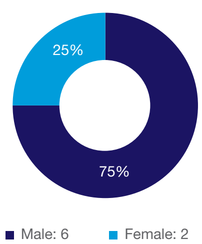
As an equal opportunity provider, ICI Pakistan Limited takes great pride in its commitment to fostering diversity and inclusion, and valuing the contributions of its diverse workforce. The Company's commitment to diversity and inclusion is driven by its core values (Passion for People; Integrity and Responsibility), its brand promise of Cultivating Growth and the Code of Conduct.

Gender diversity, as well as gender sensitisation, within the workforce is the key focus of ICI Pakistan Limited's diversity agenda. Under the umbrella of Impact Programme, several initiatives have been taken with a special focus on increasing female representation in the organisation. The Company has 25% female representation in the Executive Management Team (EMT), while the female workforce has also grown steadily over the last three years.

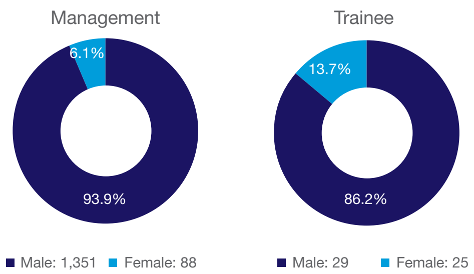
For the second consecutive year, ICI Pakistan Limited has received the prestigious Gallup Great Workplace Award – the highest honour reserved by Gallup for the world's most distinguished workplaces. In 2018, the Company was recognised for the first time by Gallup for showing tremendous progress, genuine dedication and a clear strategy on its engagement journey. This year's recognition was celebrated with all employees through engagement sessions, which reflected on how the Company has been able to sustain efforts that linked engagement with business outcomes.

ICI Pakistan Limited has also launched the Impact Scholarship Programme, in partnership with Pakistan's top-ranked universities, to finance the undergraduate degree of four female students. Further, the Impact Women Development Programme has been launched to provide outstanding female students opportunities to learn, network and gain an internship experience at the Company.

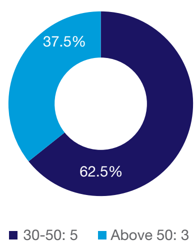
% of governance body by gender*



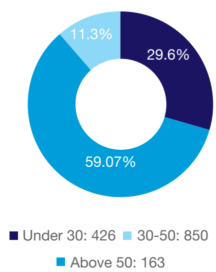
% of employees by gender



% of governance body by age



% of employees by age



Interns of the Impact Women's Development Programme at the certificate distribution ceremony

Non-Discrimination

Key performance indicators

Non-Discrimination		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21 Target
Total number of Incidents of discrimination	No.	NR	NR	NR	0	0	0	**0**

Overview 2018-19

Non-discrimination is an integral part of ICI Pakistan Limited's Code of Conduct and values system. The Code explicitly states that suitability of candidates for job opportunities depends solely on the basis of objective and non-discriminatory criteria. The Company also has a whistleblowing policy, known as Speak Up, through which all employees can confidentially report any Code of Conduct violations. This programme ensures that all checks and balances are in place with regards to, not only the discriminatory practices, but also any other sort of violations of the Code.

In the year 2018-19, there were no reported incidents of discrimination at the Company. ICI Pakistan Limited's target is to maintain this status quo by strengthening itsongoing focus on ethical and responsible behaviour in the organisation.

No case of discrimination reported in 2018-19

Local Communities

Key performance indicators

Community Investment		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2020-21 Target
Community programme investment	PKR Million	17.45	20	20	20	30	30	**30**

ICI Pakistan Limited maintains a strong focus on supporting and investing in communities around it through various corporate social responsibility (CSR) projects. The Company knows that helping communities develop today means shaping a sustainable future that will positively impact the coming generations.

Under the umbrella of Hamqadam Programme, the Company embraces its corporate citizenship by focussed community investment activities that are managed through the ICI Pakistan Foundation. The Foundation's philosophy focusses on four main areas: education, health, community and environment, while also supporting civic development through investment in community projects, disaster relief and rehabilitation activities.

These CSR projects support the development agenda of the Government and promote sustainable growth in the country.

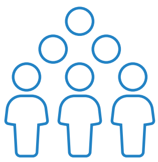
PKR **100** million

committed to community investments over the last five years

18

projects were funded under the community investment programme in 2018-19

250,000+



community members benefit directly and indirectly from the Company's community programmes each year

Hamqadam Community Clinic

"My daughter Hadiya was alarmingly underweight and had severe health issues since her birth. I took her to various hospitals across Sheikhupura but could not afford the treatment. My wife and I had given up all hope of seeing our daughter healthy. But then, I heard about ICI Pakistan's Hamqadam Community Clinic. Here, Hadiya was treated free of cost. She is now very active and growing healthy."

Iftikhar, Hadiya's father
Cheecho Ki Miliyan, Sheikhupura

In 2016, the Hamqadam Community Clinic was established in Khewra to meet the community's need of promoting improved maternal and child health. Following its success, the Company decided to add another clinic; this time in the Sheikhupura community. The Hamqadam Community Clinic in Sheikhupura opened its doors in May 2018 and, so far, the facility has catered to more than 10,500 OPD cases. Further, 288 pregnant women have registered at the clinic and more than 3,300 children have been monitored for nutrition through the 'Road to Health' chart.

Eye Camps at Winnington Hospital

"I had a cataract in both my eyes and was unable to work due to loss of vision. Being the sole breadwinner, I was very worried. I went to several local hospitals, but could not get the required treatment owing to its high cost. I then came to the Winnington Hospital where ICI Pakistan Limited holds its free monthly eye camps. Here, the doctors treated me free of cost and put ocular lenses. I am extremely thankful to ICI Pakistan Limited for restoring my vision and helping me lead a normal life."

Khursheed

Khewra

For over 27 years, ICI Pakistan Limited has been organising a free monthly eye camp at the Winnington Hospital, Khewra, in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT). Under this eye care programme, more than 154,000 out-patient consultations, 17,500 major operations and 30,900 refraction services have been completed. Recently, the historic milestone of 300th eye camp was marked in the presence of local dignitaries and senior management of ICI Pakistan Limited.

Government Girls and Boys Primary School

"I have three daughters and I always dreamt of providing them high quality education so that they could become independent. However, there was only one Government school in our Kakapir village, Sandspit. Even this school was in a shabby condition. In 2010, ICI Pakistan Limited began supporting the school and provided funds to renovate and restore educational activities at the facility. The Company also pays the salaries of teachers, while also providing funds for student uniforms and books. This support has enabled my daughters, and many others like them, to receive quality education. All the community people and I are very grateful to ICI Pakistan Limited for enlightening our future generations."

Raheema
Kakapir Village, Sandspit, Karachi

Since 2010, ICI Pakistan Foundation has been supporting the Government Girls and Boys Primary School at Kakapir village, which belongs to over 2,000 fishermen. At the time of adoption, only 25 to 30 students were enrolled at the school. Currently, nearly 200 students attend the school from Nursery to Class VIII. An encouraging fact is that 70% of the students at this school are girls.

PEHCHAN Volunteer Programme

"Trees are a gift of nature; they are essential for the environment and to combat climate change. As part of its sustainability agenda, ICI Pakistan Limited has been actively involved in a number of activities that raise awareness about environmental issues and protection. This year, my colleagues and I have pledged to plant at least 1,000 saplings to make the Khewra community cleaner and greener."

Zeeshan Ahmed
Khewra

At ICI Pakistan Limited, employees are encouraged to practice Cultivating Growth at every level – not just at work, but also outside of the office and in their personal lives.

In June 2018, the Pehchan Volunteer Programme was launched across the Company to engage employees in various community-based corporate social responsibility (CSR) initiatives. Under the Pehchan programme, employees can officially devote up to two working days (or 16 working hours) annually on Company time to pursue volunteer work.

This year, more than 400 Pehchan volunteers have committed around 1150 hours to various community-related activities. By using their time and skills, they have given back to the local communities and established their identity as a responsible citizen.

GRI Content Index

Full Compliance:

Partial Compliance:

GRI STANDARD CORE DISCLOSURES

Disclosures		Response	Compliance
General Disclosures			
GRI 102: General Disclosures 2016			
Organizational Profile			
102-1	Name of the organisation	**Section:** ICI Pakistan Limited at a Glance– Page 4, AR	
102-2	Activities, brands, products and services	**Section:** ICI Pakistan Limited at a Glance - Page 4-7, AR **Section:** Soda Ash - Page 88-91, AR **Section:** Life Sciences Business - Page 96-101, AR **Section:** Chemicals & Agri Sciences – Page 102-109, AR **Section:** Polyester - Page 92-95, AR	
102-3	Location of headquarters	**Section:** ICI Pakistan Limited at a Glance- Page 6, AR	
102-4	Location of operations	**Section:** ICI Pakistan Limited at a Glance - Page 5-7, AR	
102-5	Ownership and legal form	**Section:** : ICI Pakistan Limited at a Glance - Page 4-7, AR **Section:** Corporate Governance and Compliance - Page 52-55, AR	
102-6	Markets served	**Section:** ICI Pakistan Limited at a Glance - Page 4-6, AR	
102-7	Scale of the organisation	**Section:** ICI Pakistan Limited at a Glance - Page 4-7, AR **Section:** Report of the Directors for the Year Ended – Page 70-82, AR **Section:** ICI Pakistan Limited Unconsolidated Financial Statement - Page F06	

102-8	**Information on employees and other workers**	**Section:** ICI Pakistan Limited Unconsolidated Financial Statement - Page F06 **Section:** Diversity and Equal Opportunity - Page 147, SR **Response:** Permanent – 1300 (Male 1249,Female 51) Temporary Staff – 139 (85 contractual and 54 Trainees) 73% Male, 27% Female) Trainees (54) are employees on temporary employment contracts. Employees perform significant portion of ICI Pakistan Limited's activities. No variations in the numbers reported. Data was compiled by the Corporate HR Department as per actual and no assumptions are made. ICI Pakistan Limited will be reporting Region wise data in next year's report	
102-9	**Supply chain**	**Section**: Sourcing - Page 130, SR	
102-10	**Significant changes to the organisation and its supply chain**	**Section**: Sourcing - Page 130, SR Section: ICI Pakistan Unconsolidated Financial Statements - Page F06	
102-11	**Precautionary principle or approach**	**Section:** Corporate Governance and Compliance: Code of Conduct - Page 52-55, AR	
102-12	**External initiatives**	**Response:** GRI Standards adopted for the 2018-19 Sustainability Report and United Nation Sustainable Development Goals.	
102-13	**Membership of associations**	**Response:** Chamber of Commerce, EPA – All Provinces, Competition Commission of Pakistan, National Board of Boilers and Pressure Vessels, National Environmental Quality Standards, Pakistan Business Council (PBC), Pakistan Institute of Corporate Governance, MAP, OICCI	
Strategy			
102-14	**Statement from senior decision-maker**	**Section:** Message from CE - Page 20, AR	
Ethics and integrity			
102-16	**Values, principles, standards and norms of behaviour**	**Section:** Our Vision - Page 12, AR **Section:** Our Values - Page 13, AR **Section:** Our Code of Conduct - Page 16, AR **Section:** Sustainability Strategy – Page 118, SR	
Governance			
102-18	**Governance structure**	**Section:** Board and Management Committees - Page 62, AR **Section:** Company Information - Page 63, AR **Section:** ICI Pakistan Limited at a Glance – Page 5-7, AR **Section:** Sustainability Strategy & Sustainability Council - Page 118-119, SR	

Stakeholder Engagement			
102-40	**List of stakeholder groups**	**Section**: Stakeholder Engagement - Page 126, SR	[redacted]
102-41	**Collective bargaining agreements**	**Response**: 482 employees covered by collective bargaining agreements (of employees) – Total number of employees: management 1300; Contractual 85 ; trainees 54	[redacted]
102-42	**Identifying and selecting stakeholders**	**Section:** Stakeholder Engagement - Page 126-128, SR	[redacted]
102-43	**Approach to stakeholder engagement**	**Section**: Stakeholder Engagement - Page 126-128, SR	[redacted]
102-44	**Key topics and concerns raised**	**Section:** Stakeholder Engagement -Page 126-128, SR	[redacted]
Reporting Practice			
102-45	**Entities included in the consolidated financial statements**	**Response:** ICI Pakistan Limited at a Glance – Page 5-7, AR **Section:** ICI Pakistan Unconsolidated Financial Statements - Page F06	[redacted]
102-46	**Defining report content and topic Boundaries**	**Section**: About the Report - Page 123, SR **Section:** Materiality Assessment - Page 124-125, SR	[redacted]
102-47	**List of material topics**	**Section:** Materiality Assessment - Page 124-125, SR	[redacted]
102-48	**Restatements of information**	**Response:** Not Applicable - no restatements of information given	[redacted]
102-49	**Changes in reporting**	**Section:** About the Report - Page 123, SR	[redacted]
102-50	**Reporting period**	**Section:** About the Report - Page 123, SR	[redacted]
102-51	**Date of most recent report**	**Response:** July 27, 2018	[redacted]
102-52	**Reporting cycle**	**Section:** About the Report - Page 123, SR	[redacted]
102-53	**Contact point for questions regarding the report**	**Section:** About the Report - Page 123, SR	[redacted]
102-54	**Claims of reporting in accordance with the GRI Standards**	**Section:** About the Report - Page 123, SR	[redacted]
102-55	**GRI Content Index**	**Section:** About the Report - Page 123, SR **Section:** GRI Index – Page 154-163, SR	[redacted]
102-56	**External Assurance**	**Section:** About the report - Page 123, SR **Section:** External Assurance – Page 166, SR	[redacted]

Overview & Strategy
Governance & Compliance
Business Performance
Sustainability Performance
Financial Performance

Material Topics

Category: Economic

ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Economic Performance Management Approach - Page -129 SR, 62, AR	
103-3	**Evaluation of management approach**	**Section:** Economic Performance Management Approach - Page 129 SR, 55, AR	
GRI 201: Economic Performance 2016			
201-1	**Direct economic value generated and distributed**	See Financials Page F01	
MARKET PRESENCE			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Economic Performance Management Approach - Page 129 SR, 62,- AR	
103-3	**Evaluation of management approach**	**Section:** Economic Performance Management Approach - 129 SR, 55 AR	
GRI 202: Market Presence 2016			
202-1	**Ratios of standard entry level wage by gender compared to local minimum wage**	**Response:** ICI Pakistan Limited adheres to all local and federal laws with regards to minimum wage and the ratio of entry level wage by gender is above than the minimum wages at all location of operations.	
202-2	**Proportion of senior management hired from the local community**	**Response:** Karachi: 75%, Islamabad: Nil, Sheikhupura: Nil Khewra: Nil, Lahore: 100% Senior Management – G37 plus excluding EMT; Local: Residence and belonging to the significant location identified	

INDIRECT ECONOMIC IMPACTS			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Economic Performance Management Approach - Page -129 SR, 62- AR	
103-3	**Evaluation of management approach**	**Section:** Economic Performance Management Approach - 129 SR, 62,- AR	
GRI 203: Indirect Economic Impacts 2016			
203-1	**Infrastructure investments and services supported**	**Section:** Local community - Page 149, SR	
Category: Environmental			
ENERGY			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Environmental Performance Management Approach - Page 131-132, SR	
103-3	**Evaluation of management approach**	**Section:** Environmental Performance Management Approach - Page 131-132, SR	
GRI 302: Energy 2016			
302-1	**Energy Consumption within the organisation**	**Section:** Energy - Page 134, SR **Response:** Standard calorific values of fuels are used for conversion	
302-3	**Energy intensity**	**Section:** Energy - Page 134, SR	
302-4	**Reduction of energy consumption**	**Section:** Energy - Page 134, SR	
WATER			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Environmental Performance Management Approach - Page 131-132, SR	
103-3	**Evaluation of management approach**	**Section:** Environmental Performance Management Approach - Page 131-132, SR	
GRI 303: Water 2016			
303-1	**Water withdrawal by source**	**Section:** Water - Page 136, SR	
303-3	**Water recycled and reused**	**Section:** Water - Page 136, SR	

EMISSIONS			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Environmental Performance Management Approach - Page 131-132, SR	
103-3	**Evaluation of management approach**	**Section:** Environmental Performance Management Approach - Page 131-132, SR	
GRI 305: Emissions 2016			
305-1	**Direct (Scope 1) GHG emissions**	**Section:** Emissions - Page 137, SR **Response:** ICI Pakistan Limited reporting is compliant with National Environmental Quality Standards (NEQs) Factors used in the calculation of emissions are based on the current International Energy Agency	
305-2	**Energy indirect (Scope 2) GHG emissions**	**Section:** Emissions - Page 137, SR	
305-4	**GHG emissions intensity**	**Section:** Emissions - Page 137, SR	
305-5	**Reduction of GHG emissions**	**Section:** Emissions - Page 137, SR	
305-6	**Emissions of ozone-depleting substance (ODS)**	**Response:** No chemical classified as an ODS is listed in the Chemical Substance Inventory of ICI Pakistan Limited	
305-7	**Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions**	**Section:** Emissions - Page 137, SR	
EFFLUENTS AND WASTE			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Environmental Performance Management Approach - Page 131-132, SR	
103-3	**Evaluation of management approach**	**Section:** Environmental Performance Management Approach - Page 131-132, SR	
GRI 306: Effluents and Waste 2016			
306-2	**Waste by type and disposal method**	**Section:** Effluents and Waste - Page 139, SR	

Category: Social

EMPLOYMENT AND LABOUR RELATIONS

GRI 103: Management Approach 2016

103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Social Performance Management Approach- Page 141-142, SR	
103-3	**Evaluation of management approach**	**Section:** Social Performance Management Approach- Page 141-142, SR	

GRI 401: Employment 2016

401-1	**New employee hires and employee turnover**	**Response:** New Hires: Management 386, Trainee 40 Employee Turnover (Voluntary 179 , Dismissal 28, Retirement 12 , Death included 3) Total leavers (Management) 77 Rate 10.95%	
401-2	**Benefits provided to full-time employees that are not provided to temporary or part-time employees**	**Response:** Life Insurance, Health Care, Disability Coverage, Parental Leave, Retirement Provision Significant locations of operation are all ICI Pakistan manufacturing sites, offices and warehouses.	

GRI 402: Labor/Management Relations 2016

402-1	**Minimum notice periods regarding operational change**	**Response:** 4 weeks Also mentioned in collective agreements	

OCCUPATIONAL HEALTH AND SAFETY

GRI 103: Management Approach 2016

103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Social Performance Management Approach- Page 141-142, SR	
103-3	**Evaluation of management approach**	**Section:** Social Performance Management Approach- Page 141-142, SR	

GRI 403: Occupational Health and Safety 2016

403-1	**Workers representation in formal joint management–worker health and safety committees**	**Response:** Our manufacturing sites have different systems in place to promote such programs. Monthly joint management and worker safety meetings are one such process, steered by line managers and occasionally section head of all functional departments. The agenda is set by the HSE&S department and feedback is recorded. These meetings ensure 100% participation by the workforce	
403-2	**Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities**	**Response:** Occupational Health & Safety - Page 143, SR	
403-3	**Workers with high incidence or high risk of diseases related to their occupation**	**Response:** Workers involved in occupational activities that have a high risk of specific diseases are trained on, and well-versed in, the appropriate health and safety protocols, provided appropriate equipment, and regularly monitored. For example, laboratory employees are provided with protective equipment and training, and are assessed for lung-related diseases that may rise due to fume inhalation. Similarly, employees working in high noise areas are provided with appropriate protective equipment, and are annually checked for any hearing loss. These procedures are as per the ICI Pakistan HSE&S Management System and the Company's Occupational Health Policy. Areas at all manufacturing sites have been assessed for health risks and accordingly Health Monitoring Programs have been developed for employees.	

TRAINING AND EDUCATION			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Social Performance Management Approach- Page 141-142, SR	
103-3	**Evaluation of management approach**	**Section:** Social Performance Management Approach- Page 141-142, SR	
GRI 404: Training and Education 2016			
404-1	**Average hours of training per year per employee**	**Section:** Training and Education – Page145-146, SR	
404-2	**Programs for upgrading employee skills and transition assistance programs**	**Response:** Leadership Essentials: Code of Conduct, HSE Awareness, Performance Management System, HR for Non HR Managers, Discovering the Leadership Within, Behavioral based interviewing skills Leadership Development Roadmap Leadership Development Journey, Leading Beyond, Leading and Developing Teams, Self-development Program, Creative Thinking & Collaboration, Greater Self, Leading Teams for Impact Functional skills development programs Core Development Program for engineers E-modules Toolkit A core technical training program for engineers comprises of e-modules on Success Factors.	
404-3	**Percentage of employees receiving regular performance and career development reviews**	**Section:** Training & Education - Page 145-146, SR	
DIVERSITY AND EQUAL OPPORTUNITY			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	
103-2	**The management approach and its components**	**Section:** Social Performance Management Approach- Page 141-142, SR	

103-3	**Evaluation of management approach**	**Section:** Social Performance Management Approach- Page 141-142, SR	[redacted]
GRI 405: Diversity and Equal Opportunity 2016			
405-1	**Diversity of governance bodies and employees**	**Section:** Diversity & equal Opportunity - Page 147, SR	[redacted]
NON-DISCRIMINATION			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	[redacted]
103-2	**The management approach and its components**	**Section:** Social Performance Management Approach- Page 141-142, SR	[redacted]
103-3	**Evaluation of management approach**	**Section:** Social Performance Management Approach- Page 141-142, SR	[redacted]
GRI 406: Non-Discrimination 2016			
406-1	**Incidents of discrimination and corrective actions taken**	**Section:** Non-discrimination – Page 148, SR	[redacted]
LOCAL COMMUNITIES			
GRI 103: Management Approach 2016			
103-1	**Explanation of the material topic and its Boundary**	**Section:** Materiality Assessment - Page 124-125, SR	[redacted]
103-2	**The management approach and its components**	**Section:** Social Performance Management Approach- Page 141-142, SR	[redacted]
103-3	**Evaluation of management approach**	**Section:** Social Performance Management Approach- Page 141-142, SR	[redacted]
GRI 413: Local Communities 2016			
413-1	**Operations with local community engagement, impact assessments, and development programs**	**Section:** Local Communities - Page 149, SR	[redacted]

SDGs Index

SDGs		PAGE NO.	GRI STANDARDS DISCLOSURE
1 NO POVERTY	End poverty in all its forms everywhere	155 SR	202-1
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	F06-09, 157, 158 SR	201-1, 203-1
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	137 SR, 159 SR, 144 SR, 149 SR, 161 SR	305-1, 305-2, 305-6, 305-7, 306-2, 403-2, 403-3
4 QUALITY EDUCATION	Ensure inclusive and quality education for all and promote lifelong learning	152, SR	404-1
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	F06-09, 157 SR, 155 SR, 150-153 SR, 160 SR	201-1, 202-1, 203-1, 401-1, 404-1, 404-3, 405-1, 406-1
6 CLEAN WATER AND SANITATION	Ensure access to water and sanitation for all	140 SR, 149 SR	303-1, 303-3, 306-2
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	F06-09, 155 SR, 138 SR	201-1, 203-1, 302-1, 302-3, 302-4

SDGs		PAGE NO.	GRI STANDARDS DISCLOSURE
8 DECENT WORK AND ECONOMIC GROWTH	Promote inclusive and sustainable economic growth, employment and decent work for all	152 SR, 155-157 SR, F06-09, 138 SR, 140 SR, 160 SR, 161 SR, 149 -151 SR, 162 SR	102-8, 102-41, 201-1, 202-1, 202-2, 302-1, 102-8, 102-41, 201-1, 202-1, 202-2, 302-1, 302-3, 302-4, 303-3, 401-1, 401-2, 402-1, 403-1, 403-2, 403-3, 404-1, 404-2, 404-3, 405-1
9 INDUSTRY, INNOVATI AND INFRASTRUCTURE	Build resilient infrastructure, promote sustainable industrialization and foster innovation	F06-09, 155 SR	201-1, 203-1
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities inclusive, safe, resilient and sustainable	155 SR	203-1
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	138 SR, 140 SR, 142 SR, 145 SR	302-1, 302-3, 302-4, 303-3, 305-1, 305-2, 305-6, 305-7, 306-2
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	138 SR, 142 SR	302-1, 302-3, 302-4, 305-1, 305-2, 305-4
14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources	142 SR	305-1, 305-2, 305-4, 305-5, 305-7
15 LIFE ON LAND	Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss	142 SR, 131 SR	305-1, 305-2, 305-4, 305-5, 305-7
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote just, peaceful and inclusive societies	12-15 AR, 153 SR	102-16, 406-1
17 PARTNERSHIPS FOR THE GOALS	Revitalize the global partnership for sustainable development	120-121 SR	-

CSRCP
Corporate Social Responsibility Centre Pakistan

Independent Assurance Statement for the ICI Pakistan Limited Sustainability Report 2019

Corporate Social Responsibility Centre Pakistan (CSRCP) was engaged by ICI Pakistan Limited to carry out an independent review of the ICI Pakistan Limited Sustainability Report 2019, which was prepared 'in accordance' with Global Reporting Initiative's (GRI) Standards' Core option. The objective of the critical independent review is to provide ICI Pakistan Limited's Management with an independent opinion about the quality of the report and adherence to the principles of Inclusivity, Materiality, and Responsiveness.

Responsibility of ICI Pakistan Limited and of CSRCP

The Management of ICI Pakistan Limited is responsible for the preparation of the Sustainability Report and for the information and statements contained within it. The Management is responsible for determining the sustainability goals, performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to express independently a conclusion on the Sustainability Report as defined within the scope of work to The Management of ICI Pakistan Limited only in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance placed on the report by any third party is entirely at its own risk.

Scope of Assurance

CSRCP was asked to express an opinion in relation to the review scope, which includes the following aspects:

- Review of the policies, initiatives, practices and performance described in the non-financial - qualitative and quantitative information (sustainability performance) reported and referenced in the report.
- Evaluation of the disclosed information in the report to check adherence to the GRI's Universal and Topic Specific Standards.
- Adherence to International Standard on Assurance Engagement (ISAE) 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements' to provide limited assurance on performance data within the Sustainability Report.
- Adherence to the principles of Inclusivity, Materiality and Responsiveness.
- Review of the Sustainable Development Goals (SDG) linkage with GRI Standards General and Topic Specific Disclosures reported in the SDG Index.

Assurance methodology

We carried out a desk review of the final draft report. We communicated with ICI Pakistan Limited to determine the accuracy and authenticity of the report content, data points, methodologies and policies around the organization's social, environmental and economic data and activities.

Our procedures on this engagement included:

- Critical review of the Sustainability Repot 2019 and respective Content Index to check consistency and adherence to GRI´s Universal and Topic-Specific Standards
- Evaluation of report adherence to the in accordance: Core option
- Critical review of the Sustainability Report to obtain limited assurance about whether the Sustainability Report is free from material misstatement
- Analysis of the report content against principles of Inclusivity, Materiality and Responsiveness
- Review of the SDGs Index to check correctness of references with GRI Standards General and Topic Specific Disclosures
- Elaboration of an adjustment report
- Final review of the report content

Our assurance activities were planned and conducted to provide limited, rather than absolute assurance and we believe that the desk review of the ICI Pakistan Limited Sustainability Report completed by CSRCP provides an appropriate basis for our conclusions.

Opinion

GRI Standards in accordance option

ICI Pakistan Limited declares the report to be in accordance with GRI Standards: Core option. CSRCP evaluated the quality of the application of GRI Universal and Topic Specific Standards. Based on the evaluation, CSRCP made a series of recommendations to compete the content or adjust the disclosure level in the Content Index, which have been accepted by the company. Based on the rectifications and acknowledging the fact that the DMA's answer and specific standard disclosures need a more detailed disclosure in future reports, we can confirm that the report is attending the above mentioned 'in accordance' option, giving a complete overview of ICI Pakistan Limited's sustainability governance and management systems in place to report on a relevant set of disclosures related to the identified material topics.

Main Conclusions on Adherence to Principles of Inclusivity, Materiality and Responsiveness

Inclusivity – addresses the stakeholders' participation in the process of developing and implementing a transparent and strategic sustainability management process.

- ICI Pakistan Limited report addresses how company identifies and engages with different stakeholders, including ICI Pakistan Limited focus for engagement and ICI Pakistan Limited response to stakeholders' concerns. The material issues emerging from the stakeholder engagement were collected, prioritized and the results are fairly reflected in the report. It would be recommendable to carry out a report specific stakeholder engagement and demonstrate how stakeholder input is utilized in strategic decision making at Sustainability Council.

Materiality – issues required by stakeholders to make decisions on the organization's economic, environmental and social performance.

- Material issues have been identified by ICI Pakistan Limited, considering the influence on stakeholder assessment and decisions and the significance of environmental, social and economic impacts, using a commonly accepted approach. The parameters of risks and opportunities were considered in the materiality determination process, which makes the process more focused on prioritizing issues relevant to ICI Pakistan Limited. It would be recommendable to refresh the list of material issues in the context of acquisition, restructuring and input from report specific stakeholder engagement.

Responsiveness – addresses the action taken by the organization as a result of specific stakeholders' demands.

- ICI Pakistan Limited has appropriate policies and externally certified quality, environmental and health & safety management systems, which involve a high level of analysis of risks, non-compliance and corrective actions.
- Sustainability management at ICI Pakistan Limited maintains high level support in the shape of Sustainability Council, conforming ICI Pakistan Limited's commitment to address sustainability challenges, stakeholder concerns, and promoting sustainable practices in its supply chain.
- ICI Pakistan Limited reiterates its commitment with the UNGC Ten Principles and has exhibited alignment of its activities with relevant UN Sustainable Development Goals. ICI Pakistan Limited undertakes a leading role to share best practices with industry on SDGs 12. It would be recommendable to demonstrate how ICI Pakistan Limited is capitalizing the opportunities offered by the SDGs and impact of ICI products and services to meeting SDGs.

Statement of conclusion

Based on the scope of our work and the assurance procedures we performed using the International Standard on Assurance Engagement (ISAE) 3000 (Revised), 'Assurance Engagements other than audits or reviews of historical financial statements', we conclude that nothing has come to our attention that causes us to believe that the information in ICI Pakistan Limited's Sustainability Report 2019 is in all material aspects not fairly stated.

We confirm that the report is aligned with the requirements of the GRI Standards and reports its material topics in an adequate manner. The compliance with GRI Standards has been disclosed in more detail in the Content Index which provides overview of which standards have been fully complied and which have been partially complied in the report. In our opinion ICI Pakistan Limited has appropriate systems for collection, aggregation and analysis of the data presented in the report.

For the next report, we recommend the company to disclose information on supply chain impacts and the approach used to assess its suppliers against the most important social and environmental topics.

Limitations and exclusions

Excluded from the scope of our work is any verification of information relating to:

- Physical verification of data, content of ICI Pakistan Limited's Sustainability Report;
- Positional statements (expression of opinion, belief, aim or future intention of ICI Pakistan Limited) and statements of future commitment.

Statement of independence, impartiality and competence

CSRCP operates strict conflict of interest checks and has confirmed our independence to work on this engagement with ICI Pakistan Limited. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the report. CSRCP is a consulting firm specialized in sustainability. The review team has the required combination of education, experience, training and skills for this engagement.

Islamabad, August 16, 2019

Muhammad Arfan Nazir,
Director,
Corporate Social Responsibility Centre Pakistan.

Muhammad Imran,
Muhammad Imran & Co.,
Cost & Management Accountants Pakistan.
ICMAP Membership # 1382

Financial Performance

Strength in Numbers

The Company's objective remains consistent and clear - ensure sustained growth and enduring value for all stakeholders. It has the right strategy and plans in place to achieve balanced top-line and bottom-line growth for strong total shareholder returns.

This section provides a complete record of ICI Pakistan Limited's financials for 2018-19.


www.jamapunji.pk
Jama Punji
سرمایہ کاری سمجھداری کے ساتھ
Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk
Key features:
Licensed Entities Verification
Scam meter*
Jamapunji games*
Tax credit calculator*
Company Verification
Insurance & Investment Checklist
FAQs Answered
Stock trading simulator (based on live feed from KSE)
Knowledge center
Risk profiler*
Financial calculator
Subscription to Alerts (event notifications, corporate and regulatory actions)
Jamapunji application for mobile device
Online Quizzes
jamapunji.pk
@jamapunji_pk
*Mobile apps are also available for download for android and ios devices
Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan
SECP

ICI Pakistan Limited
Financial Statements

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: + 9221 111 11 39 37 (EYFR)
Tel: + 9221 3565 0007-11
Fax: + 9221 3568 1965
e.y.khi@pk.ey.com
ey.com/pk

Independent Auditors' Report

To the members of ICI Pakistan Limited

Report on the Audit of unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **ICI Pakistan Limited** (the Company), which comprise the statement of financial position as at **30 June 2019**, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. First time adoption of IFRS 9 – Financial Instruments As referred to in note 47.1 to the unconsolidated financial statements, the Company has adopted IFRS 9 with effect from 1 July 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose. We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. In addition to above, we assessed the adequacy of disclosures in the unconsolidated financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.

Key audit matter	How our audit addressed the key audit matter
2. Net Realisable Value (NRV) of inventories and provision for obsolescence	
As at the year end, the Company held inventories amounting to PKR 9,841.1 million, after considering allowance for inventories obsolescence amounting to PKR 158.9 million, as disclosed in note 12 to the accompanying financial statements. The inventories obsolescence is calculated by taking into account the NRV of related inventories while mainly keeping in view the estimated selling price, forecasted inventories usage, forecasted sale volumes and product expiry dates. We have considered this area to be a key audit matter due to its materiality and significance in terms of judgements involved in estimating the NRV of underlying inventories.	Our audit procedures included, amongst others, reviewing the management procedures for evaluating the NRV of inventories, observing physical inventory counts at major locations to ascertain the condition and existence of inventories, confirming inventories held by others and performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete inventories as at the year end. Further, our audit procedures included, amongst others, reviewing inventory turnover ratios; understanding and evaluating the appropriateness of the basis of identification of the obsolete inventories; evaluating the historical accuracy of allowance of inventories assessed by management by comparing the actual loss to historical allowance recognized, on a sample basis; testing the accuracy of the aging analysis of inventories, on a sample basis; testing cost of goods with underlying invoices and expenses incurred in accordance with inventory valuation method and reviewing the minutes of the relevant meetings at the management and Board level to identify any indicators of obsolescence. We further tested the NRV of the inventories held by preforming a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products. We also reviewed the inventories' expiry date report to identify slow moving or obsolete inventories and tested its accuracy on sample basis to check the provision for slow moving and obsolete inventories was reasonable.

Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

Building a better
working world

Independent Auditors' Report

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better
working world

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Arif Nazeer.**

EY Ford Rhodes

Date: 20 August, 2019
Karachi

EY Ford Rhodes
Chartered Accountants

Unconsolidated Statement of Financial Position

As at June 30, 2019

Amounts in PKR '000

	Note	**June 30, 2019**	June 30, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	**20,329,199**	20,576,333
Intangible assets	7	**931,806**	924,294
		21,261,005	21,500,627
Long-term investments	8	**3,913,076**	3,913,076
Long-term loans	9	**434,114**	431,096
Long-term deposits and prepayments	10	**39,231**	37,138
		4,386,421	4,381,310
		25,647,426	25,881,937
Current assets			
Stores, spares and consumables	11	**984,992**	881,034
Stock-in-trade	12	**9,841,165**	8,737,564
Trade debts	13	**2,388,029**	2,605,818
Loans and advances	14	**559,563**	520,173
Trade deposits and short-term prepayments	15	**278,987**	306,154
Other receivables	16	**1,647,518**	1,401,131
Taxation - net		**2,637,613**	2,595,475
Cash and bank balances	17	**237,374**	218,843
		18,575,241	17,266,192
Total assets		**44,222,667**	43,148,129

Amounts in PKR '000

	Note	**June 30, 2019**	June 30, 2018
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2018: 1,500,000,000) ordinary shares of PKR 10 each		**15,000,000**	15,000,000
Issued, subscribed and paid-up capital	18	**923,591**	923,591
Capital reserves	19	**309,643**	309,643
Surplus on revaluation of property, plant and equipment - net of tax	19	**598,103**	669,495
Revenue reserve - unappropriated profit		**17,375,706**	16,178,705
Total equity		**19,207,043**	18,081,434
Non-current liabilities			
Provisions for non-management staff gratuity	20	**93,982**	99,007
Long-term loans	21	**6,763,257**	8,237,107
Deferred tax liability - net	22	**1,792,308**	1,911,896
		8,649,547	10,248,010
Current liabilities			
Trade and other payables	23	**7,185,136**	6,159,767
Accrued mark-up		**340,156**	249,638
Short-term financing	24	**7,056,373**	7,356,467
Current portion of long-term loans	21	**1,690,894**	963,434
Unclaimed dividend		**93,518**	89,379
		16,366,077	14,818,685
Total equity and liabilities		**44,222,667**	43,148,129
Contingencies and commitments	25		

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Unconsolidated Statement of Profit or Loss
For the year ended June 30, 2019

Amounts in PKR '000

	Note	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Net turnover	27.1	**58,328,849**	49,107,580
Cost of sales	27.2	**(48,877,125)**	(40,553,323)
Gross profit		**9,451,724**	8,554,257
Selling and distribution expenses	29	**(3,170,316)**	(2,949,354)
Administration and general expenses	30	**(1,345,994)**	(1,207,062)
Operating result		**4,935,414**	4,397,841
Other charges	31	**(272,230)**	(303,732)
Finance costs	32	**(1,455,747)**	(641,692)
Exchange loss		**(435,699)**	(428,994)
		(2,163,676)	(1,374,418)
Other income	33	**408,768**	626,979
Profit before taxation		**3,180,506**	3,650,402
Taxation	34	**(875,594)**	(590,698)
Profit after taxation		**2,304,912**	3,059,704
Basic and diluted earnings per share (PKR)	35	**24.96**	33.13

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Unconsolidated Statement of Other Comprehensive Income

For the year ended June 30, 2019

Amounts in PKR '000

	For the year ended June 30, 2019	For the year ended June 30, 2018
Profit after taxation	**2,304,912**	3,059,704
Other comprehensive income / (loss)		
Items not to be reclassified to unconsolidated statement of profit or loss:		
Remeasurement of defined benefit plans	**28,378**	(310,268)
Income tax effect	**(7,013)**	72,773
	21,365	(237,495)
Reversal of surplus on revaluation of property, plant and equipment	**-**	(11,783)
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate- Note19.3	**-**	5,622
	-	(6,161)
Total comprehensive income for the year	**2,326,277**	2,816,048

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2019

Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Surplus on revaluation of property, plant and equipment	Revenue reserve - unappropriated profit	Total
As at June 30, 2017	**923,591**	**309,643**	**743,948**	**14,950,666**	**16,927,848**
Final dividend for the year ended June 30, 2017 @ PKR 10.00 per share	-	-	-	(923,590)	(923,590)
Interim dividend for the year ended June 30, 2018 @ PKR 8.00 per share	-	-	-	(738,872)	(738,872)
	-	**-**	**-**	**(1,662,462)**	**(1,662,462)**
Profit for the year	-	-	-	3,059,704	3,059,704
Other comprehensive loss for the year - net of tax	-	-	(6,161)	(237,495)	(243,656)
Total comprehensive income	**-**	**-**	**(6,161)**	**2,822,209**	**2,816,048**
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(68,292)	68,292	-
	-	**-**	**(68,292)**	**68,292**	**-**
As at June 30, 2018	**923,591**	**309,643**	**669,495**	**16,178,705**	**18,081,434**
Final dividend for the year ended June 30, 2018 @ PKR 8.50 per share	-	-	-	(785,052)	(785,052)
Interim dividend for the year ended June 30, 2019 @ PKR 4.50 per share	-	-	-	(415,616)	(415,616)
	-	**-**	**-**	**(1,200,668)**	**(1,200,668)**
Profit for the year	-	-	-	2,304,912	2,304,912
Other comprehensive income for the year - net of tax	-	-	-	21,365	21,365
Total comprehensive income	**-**	**-**	**-**	**2,326,277**	**2,326,277**
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(71,392)	71,392	-
	-	**-**	**(71,392)**	**71,392**	**-**
As at June 30, 2019	**923,591**	**309,643**	**598,103**	**17,375,706**	**19,207,043**

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2019

Amounts in PKR '000

	For the year ended June 30, 2019	For the year ended June 30, 2018
Cash flows from operating activities		
Cash generated from operations - Note 36	**7,034,995**	358,766
Payments for:		
Staff retirement benefit plans - Note 20.1.2	**(63,804)**	(65,987)
Non-management staff gratuity and eligible retired employees' medical scheme	**(33,063)**	(30,491)
Taxation	**(1,044,333)**	(1,169,671)
Interest	**(1,365,229)**	(494,207)
Net cash generated from / (used in) operating activities	**4,528,566**	(1,401,590)
Cash flows from investing activities		
Capital expenditure	**(2,539,071)**	(3,419,455)
Proceeds from disposal of operating fixed assets	**15,698**	15,881
Interest received on bank deposits	**1,351**	5,512
Investment in subsidiary	**-**	(958,800)
Business acquisition	**-**	(1,935,700)
Dividend from subsidiary	**75,000**	120,000
Dividend from associate	**180,000**	420,000
Net cash used in investing activities	**(2,267,022)**	(5,752,562)
Cash flows from financing activities		
Long-term loans obtained*	**300,000**	4,290,595
Long-term loans repaid*	**(1,046,390)**	(643,718)
Dividends paid	**(1,196,529)**	(1,653,651)
Net cash (used in) / generated from financing activities	**(1,942,919)**	1,993,226
Net Increase /(decrease) in cash and cash equivalents	**318,625**	(5,160,926)
Cash and cash equivalents at the beginning of the year	**(7,137,624)**	(1,976,698)
Cash and cash equivalents at the end of the year	**(6,818,999)**	(7,137,624)
Cash and cash equivalents at the end of the year comprise of:		
Cash and bank balances - Note 17	**237,374**	218,843
Short-term financing - Note 24	**(7,056,373)**	(7,356,467)
	(6,818,999)	(7,137,624)

*No non-cash items are included in these activities

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Muhammad Sohail Tabba	**Asif Jooma**	**Muhammad Abid Ganatra**
Chairman / Director	Chief Executive	Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

1 Status and nature of business

ICI Pakistan Limited (the Company) is incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals and manufacturing of master batch. It also acts as an indenting agent and toll manufacturer. The Company's registered office is situated at 5 West Wharf, Karachi.

These are the separate financial statements of the Company in which investment in subsidiaries and associates are stated at cost less impairment losses, if any.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

Karachi	**Purpose**
ICI House, 5 West Wharf	Head Office and Production Plant
S-33, Hawksbay road, S.I.T.E	Production Plant
Lahore	
ICI House, 63 Mozang road	Regional Office
30-Km, Sheikhupura road, Lahore	Regional Office and Production Plant
45-Km, Off Multan road, Lahore	Production Plant
Khewra	
ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	Regional Office and Production Plant

2 Summary of significant transactions and events occurred during the year

Following is the summary of significant transaction and events that have affected the financial position and performance of the Company:

- Masterbatch manufacturing facility is commissioned and is operating as per plan to enhance the portfolio of Chemical and Agri Sciences Business.

- Lucky Cement Holdings (Private) Limited became the Holding Company by acquiring the 54.73% shareholding of the Company previously held by Lucky Holdings Limited.

3 Summary of significant accounting policies

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

3.2 Basis of preparation

These unconsolidated financial statements have been prepared under the historical cost convention, except:

a) Certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold, leasehold land and plant and machinery) have been measured at revalued amounts; and

b) Provision for management staff gratuity and non-management staff gratuity are stated at present value.

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

Judgments and estimates made by the management that may have a significant risk of material adjustments to the unconsolidated financial statements in subsequent years are stated in note 46.

3.3 Property, plant and equipment and depreciation

Property, plant and equipment (except freehold land, buildings on freehold and leasehold land and plant and machinery) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, buildings on freehold and leasehold land and plant and machinery are stated at revalued amounts less subsequent accumulated depreciation and subsequent impairment losses, if any. Capital work-in-progress is stated at cost less impairment, if any. Cost of certain property, plant and equipment comprises historical cost. Such cost includes the cost of replacing parts of the property, plant and equipment and the cost of borrowings for long-term construction projects, if the recognition criteria is met.

A revaluation surplus is recorded in unconsolidated statement of other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the unconsolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the unconsolidated statement of profit or loss however, a decrease is recorded in unconsolidated statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same asset.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to unconsolidated statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than store, spares and loose tools where they meet the definition of property, plant and equipment. Available for use capital spares, and servicing equipment are depreciated over their useful lives, or the remaining life of principle asset, whichever is lower.

The residual value, depreciation method and the useful life of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each reporting date and adjusted, if appropriate.

Maintenance and normal repairs are charged to unconsolidated statement of profit or loss as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

Gains and losses on disposal of assets are taken to the unconsolidated statement of profit or loss, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to unappropriated profit.

3.4 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

Intangible assets with finite useful lives are amortized over useful lives and assessed for impairment whenever there is indication that the asset may be impaired. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash generated unit (CGU) level, as appropriate. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, a change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in the unconsolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3.5 Stores, spares and consumables

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

3.6 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

3.7 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the unconsolidated statement of profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in the unconsolidated statement of other comprehensive income, respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside the unconsolidated statement of profit or loss is recognised outside the unconsolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in the unconsolidated statement of other comprehensive income or directly in equity.

Further, the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

3.8 Cash and cash equivalents

These are carried at cost. Cash and cash equivalents comprise of cash in hand and current and deposit accounts held with banks, which are subject to insignificant risk of change. Short term finance facilities availed by the Company, which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the unconsolidated statement of cash flows.

3.9 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost of disposal, recent market transaction are taken into account, if no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or available fair value budgets. The company bases its impairment calculation on detailed budget and forecast calculation, which are prepared separately for each of the Company CGU to which individual assets are allocated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the unconsolidated statement of profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

3.10 Staff retirement benefits

The Company's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

Defined benefit plans

The Company operates a funded pension scheme and a funded gratuity scheme for management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Company also operates gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The pensioners medical plan reimburses actual medical expenses to pensioners' as per entitlement. The Company recognises expense in accordance with IAS 19 "Employee Benefits".

An actuarial valuation of all defined benefit schemes except eligible retired employees' medical scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the unconsolidated statement of other comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits.

Defined contribution plans

The Company operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff, who has either opted for this fund by July 31, 2004 or have joined the Company after April 30, 2004. In addition to this the Company also provides group insurance to all its employees.

Compensated absences

The Company recognises the accrual for compensated absences in respect of employees for which these are earned up to the reporting date. The accrual has been recognised on the basis of actuarial valuation.

3.11 Operating leases / ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases (net of any incentives received from the lessor) and Ijarah contracts are charged to the unconsolidated statement of profit or loss on a straight-line basis over the period of the lease.

3.12 Borrowing cost

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 capitalized as part of the cost of that asset.

3.13 Provisions

A provision is recognized in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. They are reviewed at each reporting date and adjusted prospectively.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

3.14 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the unconsolidated statement of profit or loss .

3.15 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.16 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorised for issue, disclosure is made in the unconsolidated financial statements.

3.17 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Polyester, Soda Ash, Life Sciences and Chemicals and Agri Sciences, which also reflects the management structure of the Company.

4 New accounting policies under IFRS 9 and IFRS 15 effective for period beginning on July 01, 2018.

During the year, the Company has adopted IFRS 9 and IFRS 15 which became applicable on July 01, 2018. This has resulted in a change in accounting policies of the Company for financial instruments and revenue recognition. The changes are discussed in note 47.1 to these unconsolidated financial statements.

The new accounting policies for financial instruments and revenue recognition are as follows:

4.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 4.2 to these unconsolidated financial statements.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the unconsolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the unconsolidated statement of profit or loss. Dividends are recognised as other income in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Not with standing the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the unconsolidated statement of financial position at fair value with net changes in fair value recognised in the unconsolidated statement of profit or loss.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the unconsolidated statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's unconsolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 46

- Trade receivables Note 13

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at 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 at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the unconsolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the unconsolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the unconsolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.2 Revenue from contracts with customers

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 46.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of chemicals provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration. Contracts with the Company's customers provide them with a right of return, price adjustments and volume rebates and are considered as variable consideration.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates

The Company provides retrospective volume rebates (discounts) to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer.

The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The Company pays sales commission to its sales agents for certain contracts. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions because the amortisation period of the asset that the Company otherwise would have used is one year or less.

Accounts receivables

A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Performance obligations

Information about the Company’s performance obligations are summarised below:

Soda Ash

The performance obligation is satisfied upon transfer of physical possession of the goods to the customer (i.e. ex-works) for local sales whereas for export sales, performance obligation is satisfied when the customer has accepted the goods.

Payment is generally due within 30 to 90 days from delivery.

Polyester

The performance obligation is satisfied when the physical possession of the goods has passed to the customers for local sales whereas for export sales, performance obligation is satisfied when the risk and rewards in respect of the goods are transferred to the customer. Payment is generally due within 30 to 90 days from delivery.

Chemicals, Agri Sciences and Life Sciences

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Commission income is recognised on the date of shipment from suppliers.

Profit on short-term deposits is accounted for using the effective interest rate method.

Dividend income is recognised when the right to receive dividend is established.

Toll manufacturing income is recognised when services are rendered

Following accounting policies (from 4.3 to 4.12) were effective for the period ended on or before June 30, 2018

4.3 Investments

Investments in subsidiary and associates are stated at cost less provision for impairment, if any .

Other investments that are stated at available for sale are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each reporting date.

4.4 Long term loans

Long term loans are discounted to present value using the EIR method, less impairment.

4.5 Trade debts loans and other receivables

Trade debts and other receivables are recognised at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables (Refer note 43.7). Bad debts are written off when identified.

4.6 Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the unconsolidated statement of profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the unconsolidated statement of profit or loss.

4.7 Trade and other payables

Trade and other payables are recognised initially at fair value net of directly attributable cost whether billed or not, if any.

4.8 Financial liabilities

All financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

4.9 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Commission income is recognised on the date of shipment from suppliers.

Profit on short-term deposits is accounted for using the effective interest rate method.

Dividend income is recognised when the right to receive dividend is established.

Toll manufacturing income is recognised when services are rendered.

4.10 Financial expense and financial income

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and markup / interest expense on borrowings.

Financial income comprises interest income on funds invested. Markup / interest income is recognised as it accrues in the unconsolidated statement of profit or loss, using the effective interest rate method.

4.11 Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognised in the unconsolidated statement of profit or loss.

4.12 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is, legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

5 Details of related parties of the Company

Details of related parties with whom the Company has entered into transactions with or has arrangments / agreements in place during the year are as follows;

Name of related party	Basis of relationship
ICI Pakistan PowerGen Limited	Wholly owned subsidiary
ICI Pakistan Management Staff Provident Fund	Common Directorship
ICI Pakistan Management Staff Gratuity Fund	Common Directorship
ICI Pakistan Management Staff Defined Contribution Superannuation Fund	Common Directorship
ICI Pakistan Non-Management Staff Provident Fund	Common Directorship
ICI Pakistan Management Staff Pension Fund	Common Directorship
ICI Pakistan Foundation	Common Directorship
Arabian Sea Country Club Limited	Equity Investment
NutriCo Pakistan (Private) Limited	Common directorship & Equity Investment 40%
Cirin Pharmaceutical (Private) Limited	Wholly owned subsidiary & Common Directorship
NutriCo Morinaga (Private) Limited	Common Directorship & Equity Investment 51%
Lucky Cement Holdings (Private) Limited	Parent Company
Lucky Holdings Limited	Group Company & Common Directorship
Lucky Cement Limited	Group Company & Common Directorship
Yunus Textile Mills Limited	Group Company & Common Directorship
Lucky Textile Mills Limited	Group Company & Common Directorship
Gadoon Textile Mills Limited	Group Company & Common Directorship
Kia Lucky Motors Limited	Group Company & Common Directorship
Lucky Knits (Private) Limited	Group Company & Common Directorship
Lucky Foods (Private) limited	Group Company & Common Directorship
Pakistan Business Council	Common Directorship
Global Commodities Limited	Common Directorship
Pakistan Cables Limited	Common Directorship
Jubilee Life Insurance Company Limited	Common Directorship
Askari Bank Limited	Common Directorship
Lahore University of Management Sciences	Member of Board of Governers
Asif Jooma	Key Management Personnel
M Abid Ganatra	Key Management Personnel
Arshaduddin Ahmed	Key Management Personnel
Aamer Mahmud Malik	Key Management Personnel
Fariha Salahuddin	Key Management Personnel
Nausheen Ahmed	Key Management Personnel
Eqan Ali Khan	Key Management Personnel

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

	As at June 30, 2019	As at June 30, 2018
6 Property, plant and equipment		
6.1 The following is a statement of property plant and equipment:		
Operating fixed assets - note 6.2	**19,270,985**	19,710,551
Capital work-in-progress - note 6.9	**1,058,214**	865,782
	20,329,199	20,576,333

6.2 The following is a statement of operating fixed assets:

	Land		**Lime beds**	**Buildings**		**Plant and machinery**	**Railway sidings**	**Rolling stock and vehicles**	**Furniture and equipment**	**Total**
	Freehold	**Leasehold**	**on freehold land**	**On freehold land**	**On leasehold land**					
	Note 6.3 & 6.4			**Note 6.3 & 6.4**		**Note 6.3 & 6.4**				
					As at June 30, 2019					
Net carrying value basis										
Opening net book value (NBV)	**729,209**	**-**	**259,059**	**807,414**	**2,594,310**	**15,054,155**	**-**	**21,972**	**244,432**	**19,710,551**
Additions / transfers - note 6.2.1	**25,436**	**-**	**79,304**	**15,240**	**605,989**	**1,218,292**	**-**	**42,460**	**225,440**	**2,212,161**
Disposals (at NBV)	**-**	**-**	**-**	**-**	**(29)**	**(10,498)**	**-**	**(289)**	**(71)**	**(10,887)**
Depreciation charge - note 6.7	**-**	**-**	**(20,475)**	**(59,937)**	**(195,529)**	**(2,259,274)**	**-**	**9,115)**	**(96,510)**	**(2,640,840)**
Closing net book value	**754,645**	**-**	**317,888**	**762,717**	**3,004,741**	**14,002,675**	**-**	**55,028**	**373,291**	**19,270,985**
Gross carrying value basis										
Cost / revaluation	**754,645**	**562,166**	**515,676**	**3,192,763**	**4,699,885**	**36,430,347**	**297**	**156,704**	**1,052,655**	**47,365,138**
Accumulated depreciation	**-**	**(562,166)**	**(197,788)**	**(2,430,046)**	**(1,695,144)**	**(22,427,672)**	**(297)**	**(101,676)**	**(679,364)**	**(28,094,153)**
Closing net book value	**754,645**	**-**	**317,888**	**762,717**	**3,004,741**	**14,002,675**	**-**	**55,028**	**373,291**	**19,270,985**
Depreciation rate % per annum	**-**	**2 to 4**	**5 to 25**	**5 to 25**	**3 to 33.33**	**3.33 to 50**	**3.33**	**10 to 33.33**	**10 to 50**	
						As at June 30, 2018				
Net carrying value basis										
Opening net book value (NBV)	529,962	-	198,805	659,540	1,925,393	11,693,148	-	23,704	210,232	15,240,784
Additions / transfers - note 6.2.1	207,573	-	76,819	206,275	849,988	5,472,647	-	4,496	122,169	6,939,966
Impairment*	-	-	-	-	-	(48,542)	-	-	-	(48,542)
Disposals (at NBV)	(8,326)	-	-	-	(88)	(750)	-	-	(462)	(9,626)
Depreciation charge - note 6.7	-	-	(16,565)	(58,401)	(180,982)	(2,062,348)	-	(6,228)	(87,507)	(2,412,031)
Closing net book value	729,209	-	259,059	807,414	2,594,310	15,054,155	-	21,972	244,432	19,710,551

* Out of this total impairment, an amount of PKR 11.783 million for the year ended 30 June, 2018 has been recorded in the statement of other comprehensive income as a reversal of surplus on revaluation of property, plant and equipment.

Gross carrying value basis										
Cost / revaluation	729,209	562,166	436,373	3,177,523	4,094,707	35,348,329	297	132,690	829,317	45,310,611
Accumulated depreciation	-	(562,166)	(177,314)	(2,370,109)	(1,500,397)	(20,294,174)	(297)	(110,718)	(584,885)	(25,600,060)
Closing net book value	729,209	-	259,059	807,414	2,594,310	15,054,155	-	21,972	244,432	19,710,551
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 25	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
6.2.1	Additions to plant and machinery include transfer from capital work-in-progress which includes borrowing cost for projects determined using an average capitalization rate of 10.56% (June 30, 2018: 6.27%) amounting to:	**32,692**	220,952

6.2.2 Operating fixed assets include the following major spare parts and stand by equipment having:

	As at June 30, 2019	As at June 30, 2018
Cost	**572,627**	500,746
Net book value	**186,738**	178,023

6.3 Subsequent to revaluations on October 1, 1959, September 30, 2000, December 15, 2006 and December 31, 2011 which had resulted in a surplus of PKR 14.207 million, PKR 1,569.869 million, PKR 667.967 and PKR 712.431 million respectively. As at June 30, 2016, further revaluation was conducted resulting in revaluation surplus net of deferred tax liability of PKR 320.701 million. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value. The fair value of the assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

6.4 Forced sale value as per the last revaluation report as of June 30, 2016 - note 6.4.1

Asset class	**Forced sale value**
Freehold land	392,164
Limebeds on freehold land	93,829
Building on freehold land	579,593
Building on leasehold land	982,684
Plant and machinery	8,056,593
Total	**10,104,863**

6.4.1 The above amount does not contain assets which are capitalized from 01st July 2016 to 30th June 2019.

6.5 Particulars of immovable asset of the Company are as follows:

Location	**Addresses**	**Usage of immovable property**	**Covered area (sq.ft)**
Karachi	ICI House 5 West Wharf, Karachi	Head Office and Production Plant	117,619
	S-33, Hawksbay road, S.I.T.E	Production Plant	11,500
Lahore	ICI House 63 Mozang Road, Lahore	Regional Office	28,454
	30-Km, Sheikhupura road, Lahore	Production Plant	1,928,910
	45-Km, Off Multan Road, Lahore	Production Plant	14,601
Khewra	ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	Regional Office and Production Plant	2,744,404

		As at June 30, 2019	As at June 30, 2018
6.6	Plant and machinery including equipment held with Searle Pakistan Limited for toll manufacturing is as follows:		
	Cost	**7,412**	9,392
	Net book value	**2,664**	3,559

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

		For the year ended June 30, 2019	For the year ended June 30, 2018
6.7	The depreciation charge for the year has been allocated as follows:		
	Cost of sales - note 28	**2,571,772**	2,341,010
	Selling and distribution expenses - note 29	**38,265**	36,303
	Administration and general expenses - note 30	**30,803**	34,718
		2,640,840	2,412,031

6.7.1 Depreciation charge is inclusive of the incremental depreciation due to revaluation.

		As at June 30, 2019	As at June 30, 2018
6.8	Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have amounted to:		
	Net book value		
	Freehold land	**434,994**	409,558
	Buildings	**3,553,708**	3,187,974
	Plant and machinery	**13,262,226**	14,313,706
		17,250,928	17,911,238
6.9	Capital work-in-progress comprises of:		
	Civil works and buildings	**186,297**	110,078
	Plant and Machinery	**673,965**	470,181
	Miscellaneous equipment	**77,771**	40,902
	Advances to suppliers / contractors	**81,379**	224,272
	Designing, consultancy and engineering fee	**38,802**	20,349
		1,058,214	865,782
6.9.1	This includes interest charged in respect of long-term loans obtained for projects, determined using an average capitalization rate of 10.68% (June 30, 2018: 6.33%) amounting to:	**13,035**	145,868
6.9.2	The following is the movement in capital work-in-progress during the year:		
	Balance at the beginning of the year	**865,782**	4,372,739
	Additions during the year	**2,322,098**	2,395,925
		3,187,880	6,768,664
	Transferred to operating fixed assets during the year	**(2,129,666)**	(5,902,882)
	Balance at the end of the year	**1,058,214**	865,782

6.10 Details of operating fixed assets disposal having net book value in excess of PKR 500,000 are as follows:

	Mode of disposal	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceed	Gain/ (loss)	Relationship of purchaser with the Company	Particulars of buyers
For the year ended June 30, 2019								
Humidity Chamber	**Sale**	**800**	**250**	**550**	**550**	**-**	**Subsidiary**	**Cirin Pharmaceuticals (Private) Limited**
For the year ended June 30, 2018								
Land	Sale	8,326	-	8,326	13,566	5,240	Subsidiary	NutriCo Morinaga (Private) Limited
Gas turbine	Scrap	3,995	3,337	658	1,500	842	Third party	Engro Polymer & Chemicals Limited

Amounts in PKR '000

7 Intangible assets

	As at June 30, 2019				
	Brands	**Goodwill**	**Software**	**Licenses**	**Total**
Net carrying value basis					
Opening net book value (NBV)	**753,460**	**126,510**	**5,743**	**38,581**	**924,294**
Additions / transfers	**-**	**-**	**18,421**	**2,000**	**20,421**
Amortisation charge - note 7.1	**-**	**-**	**(9,599)**	**(3,310)**	**(12,909)**
Closing net book value	**753,460**	**126,510**	**14,565**	**37,271**	**931,806**
Gross carrying amount					
Cost	**753,460**	**126,510**	**204,797**	**238,868**	**1,323,635**
Accumulated amortisation	**-**	**-**	**(190,232)**	**(201,597)**	**(391,829)**
Closing net book value	**753,460**	**126,510**	**14,565**	**37,271**	**931,806**
Amortisation rate % per annum	**-**	**-**	**20**	**20 to 50**	

	As at June 30, 2018				
	Brands	Goodwill	Software	Licenses	Total
Net carrying value basis					
Opening net book value (NBV)	-	-	9,311	9,962	19,273
Additions / transfers	753,460	126,510	2,174	31,711	913,855
Amortisation charge - note 7.1	-	-	(5,742)	(3,092)	(8,834)
Closing net book value	753,460	126,510	5,743	38,581	924,294
Gross carrying amount					
Cost	753,460	126,510	186,376	236,868	1,303,214
Accumulated amortisation	-	-	(180,633)	(198,287)	(378,920)
Closing net book value	753,460	126,510	5,743	38,581	924,294
Amortisation rate % per annum	-	-	20	20 to 50	

The management has decided that no change is required in the value of Goodwill and Brands with indefinite useful life as disclosed in the annual audited unconsolidated financial statements of the Company for the year ended June 30th 2018 in respect of acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3: Business Combination.

	For the year ended June 30, 2019	For the year ended June 30, 2018
7.1 The amortisation charge for the year has been allocated as follows:		
Cost of sales - note 28	**2,274**	1,556
Selling and distribution expenses - note 29	**831**	569
Administration and general expenses - note 30	**9,804**	6,709
	12,909	8,834

7.2 Impairment testing of goodwill, intangibles with indefinite lives

Goodwill acquired through business combinations and intangibles with indefinite useful lives have been allocated and monitored at the Life Sciences division of the Company. Intangible assets with indefinite useful lives include Brands. The Company has performed its annual impairment test as at June 30, 2019.

The recoverable amount is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management covering a five year period and applying the expected value approach. The discount rate applied to cash flow projections is 22.3 % for goodwill impairment testing and 23.3 % for intangibles with indefinite useful lives. The growth rate used to extrapolate the cash flows beyond the five-year period is 8.0 %. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill of PKR 126.510 million and intangibles with indefinite useful lives (Brands) of PKR 753.460 million are allocated.

Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- Discount rates
- Key business assumptions

Discount rates

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the Capital Asset Pricing Model. The discount rate reflects the target Weighted Average Cost of Capital of the Company.

Key business assumptions

These assumptions are based on industry data for growth rates, management assess how the unit's position, relative to its competitors, might change over the projected period. Management expects revenues and margins to improve on the basis of multiple strategies planned including increase in sales volume and price.

Sensitivity to changes in assumptions

Management believes that after considering the various scenarios no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
8	**Long-term investments**		
	Unquoted - at cost		
	Subsidiaries		
	- ICI Pakistan PowerGen Limited (wholly owned) 7,100,000 ordinary shares (June 30, 2018: 7,100,000) of PKR 100 each - note 8.1 and 8.4	**710,000**	710,000
	Provision for impairment loss - note 8.1	**(209,524)**	(209,524)
		500,476	500,476
	- Cirin Pharmaceuticals (Private) Limited (wholly owned) 112,000 ordinary shares (June 30, 2018: 112,000) of PKR 100 each and premium of PKR 8,661.61 per share - note 8.2 and 8.4	**981,300**	981,300
	- NutriCo Morinaga (Private) Limited (51% holding) 14,688,000 ordinary shares (June 30, 2018: 5,100,000) of PKR 100 each - note 8.3 and 8.4	**1,468,800**	1,468,800
	Associate		
	- NutriCo Pakistan (Private) Limited 40% ownership 200,000 ordinary shares (June 30, 2018: 200,000) of PKR 1,000 each and premium of PKR 3,800 per share	**960,000**	960,000
	Others		
	Equity		
	-Arabian Sea Country Club Limited 250,000 ordinary shares (June 30, 2018: 250,000) of PKR 10 each	**2,500**	2,500
		3,913,076	3,913,076
8.1	As of the reporting date, the value of the Company's investment on the basis of net assets of ICI Pakistan PowerGen Limited as disclosed in its audited unconsolidated financial statements was:	**727,141**	751,184
8.2	On 23rd December, 2016, the Company acquired 100% voting shares of Cirin Pharmaceuticals (Private) Limited ("Cirin"). Cirin is a private limited company incorporated in Pakistan, which is involved in manufacturing and sale of pharmaceutical products. As of the reporting date, the value of the Company's investment on the basis of net assets of Cirin as disclosed in its audited unconsolidated financial statements:	**201,137**	312,113
8.3	On 6th March 2017, the Company entered into a joint venture with Morinaga Milk Industry Company Limited ("Morinaga") of Japan and Unibrands (Private) Limited ("Unibrands") to set up a plant for manufacturing infant/growing up formula. To initiate this project, a new Company NutriCo Morinaga (Private) Limited has been incorporated which is a subsidiary of ICI Pakistan Limited in which 51% shareholding is held by ICI Pakistan Limited. During the previous year, the company has subscribed for right issues resulting in no change in shareholding percentage. As of the reporting date, the value of the Company's investment on the basis of net assets as disclosed in its audited unconsolidated financial statements:	**1,496,315**	1,484,420

8.4 The Company has reassessed the recoverable amount of the subsidiaries as at the reporting date and based on its assessment no material adjustment is required to the carrying amount stated in the unconsolidated Unconsolidated financial statements.

8.5 Investment in subsidiaries and associates have been made in accordance with the requirements of the Act.

9	**Long-term loans**		
	Considered good - secured		
	Due from executives and employees - note 9.1	**434,114**	431,096

Amounts in PKR '000

				As at June 30, 2019	As at June 30, 2018
9.1	**Due from executives and employees**	**Motor Vehicle**	**House building**	**Total**	Total
	Due from executives - note 9.2	**74,540**	**100,150**	**174,690**	122,118
	Receivable within one year	**(13,692)**	**(42,237)**	**(55,929)**	(35,005)
		60,848	**57,913**	**118,761**	87,113
	Due from employees - note 9.2			**412,349**	436,971
	Receivable within one year			**(96,996)**	(92,988)
				315,353	343,983
				434,114	431,096
	Outstanding for period:				
	- less than three years but over one year			**143,298**	142,302
	- more than three years			**290,816**	288,794
				434,114	431,096

9.2 Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees, including executives of the Company, in accordance with their terms of employment.

		As at June 30, 2019	As at June 30, 2018
10	**Long-term deposits and prepayments**		
	Deposits	**36,912**	31,354
	Prepayments	**2,319**	5,784
		39,231	37,138
11	**Stores, spares and consumables**		
	Stores - note 11.1	**65,409**	50,994
	Spares - note 11.1	**921,069**	835,564
	Consumables	**126,092**	109,003
		1,112,570	995,561
	Provision for slow moving and obsolete stores and spares - note 11.2	**(127,578)**	(114,527)
		984,992	881,034
11.1	The above amounts include stores and spares in transit:	**35,017**	34,796
11.2	Movement of provision for slow moving and obsolete stores and spares is as follows:		
	Balance at the beginning of the year	**114,527**	122,285
	Charge for the year - note 30	**13,051**	3,171
	Write-off during the year	**-**	(10,929)
	Balance at the end of the year	**127,578**	114,527
12	**Stock-in-trade**		
	Raw and packing material includes in-transit PKR 2,189.446 million (June 30, 2018: PKR 1,847.965 million) - note 12.3	**5,531,241**	4,501,714
	Work-in-process	**216,709**	63,752
	Finished goods include in-transit PKR 16.445 million (June 30, 2018: PKR 20.798 million)	**4,252,131**	4,188,199
		10,000,081	8,753,665
	Provision for slow moving and obsolete stock-in-trade - note 12.1		
	- Raw material	**(48,850)**	(14,039)
	- Finished goods	**(110,066)**	(2,062)
		(158,916)	(16,101)
		9,841,165	8,737,564

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
12.1	Movement of provision for slow moving and obsolete stock-in-trade is as follows:		
	Balance at the beginning of the year	**16,101**	64,837
	Charge / (Reversal) for the year - note 30	**148,798**	(11,052)
	Write-off during the year	**(5,983)**	(37,684)
	Balance at the end of the year	**158,916**	16,101

12.2 Stock amounting to PKR 3,924.490 million (June 30, 2018: PKR 2,399.087 million) is measured at net realisable value and expense amounting to PKR 56.616 million (June 30, 2018: PKR 160.810 million reversal) has been realized in cost of sales.

12.3 Includes raw and packing materials held with various toll manufacturers:

	2019	2018
Searle Pakistan Limited	**415,187**	246,512
Breeze Pharma (Private) Limited	**14,527**	6,259
Nova Med Pharmaceuticals (Private) Limited	**34,150**	51,926
Others	**11,111**	12,223
	474,975	316,920

13 Trade debts

	2019	2018
Considered good		
- Secured	**1,029,170**	383,890
- Unsecured		
Due from associated companies - note 13.1 and 13.2	**26,441**	17,641
Others	**1,772,529**	2,557,028
	2,828,140	2,958,559
Considered doubtful - note 13.3	**236,233**	212,454
	3,064,373	3,171,013
- Allowance for ECL - note 13.3	**(236,233)**	(212,454)
- Provision for price adjustments and discounts	**(440,111)**	(352,741)
	(676,344)	(565,195)
	2,388,029	2,605,818

13.1 The above balances include amounts due from the following related parties which are neither past due nor impaired as of the reporting date:

	2019	2018
Unsecured		
Cirin Pharmaceutical (Private) Limited	**241**	-
Lucky Cement Limited	**142**	-
Lucky Textile Mills Limited	**1,594**	1,755
Yunus Textile Mills Limited	**17,879**	14,766
Lucky Knits (Private) Limited	**893**	-
Lucky Foods (Private) Limited	**5,692**	1,106
Oil & Gas Development Company	**-**	14
	26,441	17,641

13.2 The maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:

	2019	2018
Unsecured		
Cirin Pharmaceutical (Private) Limited	**241**	-
Lucky Cement Limited	**6,741**	-
Lucky Textile Mills Limited	**7,099**	1,777
Yunus Textile Mills Limited	**17,879**	17,232
Lucky Knits (Private) Limited	**1,042**	-
Lucky Foods (Private) Limited	**5,692**	1,106
Oil & Gas Development Company	**-**	14
	38,694	20,129

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
13.3	Allowance for ECL		
	Balance at beginning of the year	**212,454**	82,801
	Charge during the year - net	**28,927**	132,604
	Allowance no longer required	**(3,974)**	-
	Write - off	**(1,174)**	(2,951)
	Balance at end of the year	**236,233**	212,454
14	**Loans and advances**		
	Considered good		
	Loans due from:		
	Executives - note 14.1	**55,929**	35,005
	Employees	**96,996**	92,988
		152,925	127,993
	Advances to:		
	Executives	**15,855**	3,609
	Employees	**2,684**	14,342
	Contractors and suppliers	**385,278**	371,063
	Others	**2,821**	3,166
		406,638	392,180
		559,563	520,173
	Considered doubtful	**16,120**	27,254
		575,683	547,427
	Allowance for ECL on loans and advances - note 43.7	**(16,120)**	(27,254)
		559,563	520,173
14.1	The maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:	**56,952**	36,604
15	**Trade deposits and short-term prepayments**		
	Trade deposits	**153,554**	207,658
	Short-term prepayments	**125,433**	98,496
		278,987	306,154
16	**Other receivables**		
	Considered good		
	Duties, sales tax and octroi refunds due	**1,181,859**	971,621
	Commission and discounts receivable	**127,514**	94,849
	Due from Subsidiaries - note 16.1	**79,315**	-
	Due from associated companies - note 16.1	**-**	17,415
	Receivable from principal - note 16.3	**78,810**	102,813
	Others	**180,020**	214,433
		1,647,518	1,401,131
	Considered doubtful	**2,798**	24,320
		1,650,316	1,425,451
	Allowance for ECL on other receivables - note 16.4	**(2,798)**	(24,320)
		1,647,518	1,401,131

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
16.1	Due from related parties which are neither past due nor impaired includes the following:		
	Un-Secured		
	NutriCo Pakistan (Private) Limited	**-**	17,415
	ICI Pakistan PowerGen Limited	**61,875**	-
	Cirin Pharmaceutical (Private) Limited	**2,440**	-
	NutriCo Morinaga (Private) Limited	**15,000**	-
		79,315	17,415
16.2	The maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:		
	Un-Secured		
	NutriCo Pakistan (Private) Limited	**36,412**	179,999
	ICI Pakistan PowerGen Limited	**61,875**	-
	Cirin Pharmaceutical (Private) Limited	**2,646**	-
	NutriCo Morinaga (Private) Limited	**15,000**	-
		115,933	179,999
16.3	This includes receivable from a foreign vendor in relation to margin support guarantee:	**-**	66,581
16.4	Movement of allowance for ECL on other receivables		
	Balance at the beginning of the year	**24,320**	5,055
	Charge for the year	**64**	22,699
	Write offs	**(21,586)**	(3,434)
	Balance at the end of the year	**2,798**	24,320

17 Cash and bank balances

Cash at banks:		
- Short-term deposits - note 17.1	**123,560**	101,037
- Current accounts - Conventional banks	**-**	110,890
- Current accounts - Shariah Compliant banks	**104,562**	-
Cash in hand	**9,252**	6,916
	237,374	218,843

17.1 Represent security deposits from customers that are placed with various separate bank accounts at pre-agreed rate maturing at various dates. These are interest based arrangements. The mark-up percentage on these deposits during the year was ranging from 7.0% to 10.0% (June 30, 2018: 5.0% to 7.0%) and these term deposits are readily encashable without any penalty.

Amounts in PKR '000

18 Issued, subscribed and paid-up capital

As at June 30, 2019 (Numbers)	As at June 30, 2018 (Numbers)		As at June 30, 2019	As at June 30, 2018
83,734,062	83,734,062	Ordinary shares of PKR 10 each fully paid in cash	**837,341**	837,341
211,925	211,925	Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation (note 18.1)	**2,119**	2,119
16,786	16,786	Ordinary shares of PKR 10 each issued as fully paid bonus shares	**168**	168
8,396,277	8,396,277	Ordinary shares issued pursuant to the previous scheme as fully paid for consideration of investment in associate (note 18.2)	**83,963**	83,963
92,359,050	92,359,050		**923,591**	923,591

18.1 The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited on April 01, 1987.

18.2 With effect from October 01, 2000, the Pure Terephthalic Acid (PTA) business of the Company was demerged under a scheme of arrangement dated December 12, 2000 approved by the shareholders and sanctioned by the High Court of Sindh.

18.3 During the year Lucky Cement Holdings (Private) Limited became the Holding Company by acquiring the 54.73% shareholding of the Company previously held by Lucky Holdings Limited. Lucky Cement Limited is the Ultimate Holding Company.

As at June 30, 2019, the Parent Company Lucky Cement Holdings Private Limited together with Yunus Textile Holdings Private Limited, Gadoon Textile Mills Limited, Lucky Textile Mills Limited, YB Pakistan Holdings Private Limited, Lucky Textile Holdings Private Limited and Gadoon Holdings Private Limited held 84.94% (June 30, 2018: 86.14%) while institutions held 7.42% (June 30, 2018: 5.46%) and individuals, others held the balance of 7.64% (June 30, 2018: 8.40%) Voting rights, board selection, & other shareholder's rights are in proportion to their shareholding.

	As at June 30, 2019	As at June 30, 2018
19 Capital reserves		
Share premium - note 19.1	**309,057**	309,057
Capital receipts - note 19.2	**586**	586
	309,643	309,643
Surplus on revaluation of property, plant and equipment - note 19.3	**598,103**	669,495

19.1 Share premium includes the premium amounting to PKR 0.902 million received on shares issued for the Company's Polyester Plant installation in 1980 and share premium of PKR 308.982 million representing the difference between nominal value of PKR 10 per share of 8,396,277 ordinary shares issued by the Company and the market value of PKR 392.958 million of these shares corresponding to 25% holding acquired in Lotte Pakistan PTA Limited, an ex-associate, at the date of acquisition i.e. November 2, 2001 and the number of shares that have been issued were determined in accordance with the previous scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange now Pakistan Stock Exchange (Limited) over the ten trading days between October 22, 2001 to November 2, 2001.

19.2 Capital receipts represent the amount received from various ICI plc group companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

19.3 Surplus on revaluation of property, plant and equipment

	2019	2018
Balance at the beginning of the year	**669,495**	743,948
Adjustment due to change in tax rate - note 22.1	**-**	5,622
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	**(71,392)**	(68,292)
Reversal of surplus on revaluation of property, plant and equipment	**-**	(11,783)
Balance at the end of the year	**598,103**	669,495

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
20	**Provisions for non-management staff gratuity**	**93,982**	99,007

20.1 Staff retirement benefits

		2019				2018			
			Funded		**Unfunded**		Funded		Unfunded
		Pension	**Gratuity**	**Total**		Pension	Gratuity	Total	
20.1.1	**The amounts recognised in the unconsolidated statement of profit or loss against defined benefit schemes are as follows:**								
	Current service cost	**11,341**	**45,078**	**56,419**	**4,618**	14,219	42,866	57,085	1,262
	Interest cost	**80,644**	**56,397**	**137,041**	**8,424**	75,757	47,238	122,995	7,066
	Expected return on plan assets	**(93,758)**	**(47,379)**	**(141,137)**	**-**	(101,796)	(44,941)	(146,737)	-
	Net (reversal) / charge for the year	**(1,773)**	**54,096**	**52,323**	**13,042**	(11,820)	45,163	33,343	8,328
	Other comprehensive income:								
	Loss / (gain) on obligation	**(68,615)**	**(106,157)**	**(174,772)**	**(8,730)**	18,044	4,939	22,983	(1,954)
	(Gain) on plan assets	**94,945**	**60,179**	**155,124**	**-**	203,064	86,175	289,239	-
	Net (gain) / loss	**26,330**	**(45,978)**	**(19,648)**	**(8,730)**	221,108	91,114	312,222	(1,954)
20.1.2	**Movement in the net assets / (liability) recognised in the unconsolidated statement of financial position are as follows:**								
	Opening balance	**149,875**	**(135,025)**	**14,850**	**(99,007)**	359,163	(64,735)	294,428	(102,289)
	Net reversal / (charge) - note 20.1.1	**1,773**	**(54,096)**	**(52,323)**	**(13,042)**	11,820	(45,163)	(33,343)	(8,328)
	Other comprehensive income / (loss)	**(26,330)**	**45,978**	**19,648**	**8,730**	(221,108)	(91,114)	(312,222)	1,954
	Contributions / payments during the year	**-**	**63,804**	**63,804**	**9,337**	-	65,987	65,987	9,656
	Closing balance	**125,318**	**(79,339)**	**45,979**	**(93,982)**	149,875	(135,025)	14,850	(99,007)
20.1.3	**The amounts recognised in the statement of financial position are as follows:**								
	Fair value of plan assets - note 20.1.5	**907,068**	**495,849**	**1,402,917**	**-**	1,234,794	571,967	1,806,761	-
	Present value of defined benefit obligation - note 20.1.4	**(781,750)**	**(575,188)**	**(1,356,938)**	**(93,982)**	(1,084,919)	(706,992)	(1,791,911)	(99,007)
	Net asset / (liability)	**125,318**	**(79,339)**	**45,979**	**(93,982)**	149,875	(135,025)	14,850	(99,007)

The recognized asset / liability of funded gratuity is netted off against recognized asset / liability of funded pension and recorded accordingly.

		Pension	**Gratuity**	**Total**	**Unfunded**	Pension	Gratuity	Total	Unfunded
20.1.4	**Movement in the present value of defined benefit obligation:**								
	Opening balance	**1,084,919**	**706,992**	**1,791,911**	**99,007**	1,112,951	689,349	1,802,300	102,289
	Current service cost	**11,341**	**45,078**	**56,419**	**4,618**	14,219	42,866	57,085	1,262
	Interest cost	**80,644**	**56,397**	**137,041**	**8,424**	75,757	47,238	122,995	7,066
	Benefits paid	**(326,539)**	**(127,122)**	**(453,661)**	**(9,337)**	(136,052)	(77,400)	(213,452)	(9,656)
	Actuarial (gain) / loss	**(68,615)**	**(106,157)**	**(174,772)**	**(8,730)**	18,044	4,939	22,983	(1,954)
	Closing balance	**781,750**	**575,188**	**1,356,938**	**93,982**	1,084,919	706,992	1,791,911	99,007
20.1.5	**Movement in the fair value of plan assets:**								
	Opening balance	**1,234,794**	**571,967**	**1,806,761**	**-**	1,472,114	624,614	2,096,728	-
	Expected return	**93,758**	**47,379**	**141,137**	**-**	101,796	44,941	146,737	-
	Contributions	**-**	**63,804**	**63,804**	**-**	-	65,987	65,987	-
	Benefits paid	**(326,539)**	**(127,122)**	**(453,661)**	**-**	(136,052)	(77,400)	(213,452)	-
	Actuarial gain	**(94,945)**	**(60,179)**	**(155,124)**	**-**	(203,064)	(86,175)	(289,239)	-
	Closing balance - note 20.1.7	**907,068**	**495,849**	**1,402,917**	**-**	1,234,794	571,967	1,806,761	-

20.1.6 Historical information

	June 30				
	2019	2018	2017	2016	2015
Present value of defined benefit obligation	**1,356,938**	1,791,911	1,802,300	1,688,067	1,538,925
Fair value of plan assets	**(1,402,917)**	(1,806,761)	(2,096,728)	(2,009,194)	(1,836,917)
Net (asset)	**(45,979)**	(14,850)	(294,428)	(321,127)	(297,992)

Amounts in PKR '000

20.1.7 Major categories / composition of plan assets are as follows:	**2019**	2018
Debt instruments	**49.91%**	65.34%
Equity at market value	**24.17%**	25.36%
Cash / Others	**25.92%**	9.30%

Fair value of plan asset	**Pension**	**Gratuity**	Pension	Gratuity
	As at June 30, 2019		As at June 30, 2018	
Investment				
Government bonds	**611,768**	**-**	834,644	345,945
Mutual funds - equity	**19,622**	**80,064**	70,769	42,815
Mutual funds - fixed income	**-**	**88,415**	-	-
Shares	**209,204**	**30,149**	317,201	140,990
Cash and term deposits	**57,469**	**276,386**	12,180	42,217
Income receivable	**9,005**	**20,835**	-	-
Total	**907,068**	**495,849**	1,234,794	571,967

Mortality of active employees and pensioners is represented by the 70% of EFU (61-66).
The table has been rated down three years for mortality of female pensioners and widows.

Actual return on plan assets during the year	**(13,987)**	(142,502)

	2019	2018
20.1.8 The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	**13.25%**	8.75%
Future salary increases - Management	**8.00%**	6.50%
Future salary increases - Non-management	**6.00%**	4.25%
Future pension increases	**6.00%**	3.75%

20.1.9 Impact of changes in assumptions on defined benefit scheme is as follows:

Assumption	**1% Increase**	**1% Decrease**
Discount rate	**(65,751)**	**72,545**
Salary increase	**50,128**	**(46,098)**
Pension increase	**25,972**	**(23,815)**

	As at June 30, 2019	As at June 30, 2018
20.1.10 During the year, the Company contributed in the fund as follows:		
Provident fund - note 20.2	**133,026**	109,694
Defined contribution superannuation fund - note 20.2	**88,855**	88,044

20.2 Investments out of provident fund and defined contribution superannuation fund have been made in accordance with the provisions of section 218 of the Companies Act 2017 and the rules formulated for this purpose.

	As at June 30, 2019	As at June 30, 2018
21 Long-term loans	**6,763,257**	8,237,107
Loans from banking companies / financial institutions:		
Interest based arrangement - note 21.1		
Long-term finance facility	**2,287,484**	2,567,208
Other long-term loan	**5,266,667**	5,633,333
Shariah compliant - note 21.1		
Islamic term finance	**900,000**	1,000,000
	8,454,151	9,200,541
Current portion shown under current liabilities	**(1,690,894)**	(963,434)
	6,763,257	8,237,107

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

21.1 Represents the long term loans availed from various banks. These loans are secured against fixed assets of Soda Ash Business and Polyester Business amounting to PKR 2,500 million and PKR 11,900 million respectively. The markup on LTTF ranges from SBP Rate + 0.30% to 0.50% and on other long term loans from 3 months KIBOR + 0.25% to 6 months KIBOR + 0.05% . The profit rate on Islamic term finance is 6 months KIBOR 0.05%. The markup is payable on quarterly and semi annual basis.

The maturity of Term loans ranges from 6 to 8 years, whereas the maturity period of LTFF ranges from 1 to 6 years.

	As at June 30, 2019			As at June 30, 2018		
	Opening	**(Reversal) / Charge**	**Closing**	Opening	(Reversal) / Charge	Closing
22 Deferred tax liability - net						
Deductible temporary differences						
Provisions for retirement benefits, doubtful debts and others	**(252,072)**	**(55,171)**	**(307,243)**	(273,718)	21,646	(252,072)
Retirement fund provisions	**(110,491)**	**7,013**	**(103,478)**	(37,718)	(72,773)	(110,491)
Minimum Tax	**(57,147)**	**57,147**	**-**	-	(57,147)	(57,147)
Taxable temporary differences						
Property, plant and equipment - note 22.1	**2,331,606**	**(128,577)**	**2,203,029**	1,542,447	789,159	2,331,606
	1,911,896	**(119,588)**	**1,792,308**	1,231,011	680,885	1,911,896

	As at June 30, 2019	As at June 30, 2018
22.1 Charge during the year includes amount adjusted in surplus on revaluation of property, plant and equipment on account of change in tax rate of:	**-**	5,622
23 Trade and other payables		
Trade creditors - note 23.1	**2,099,799**	1,670,536
Bills payable	**1,226,035**	952,979
Accrued expenses	**2,859,180**	2,572,291
Technical service fee / royalty - note 23.2	**5,157**	25,323
Workers' profit participation fund - note 23.3	**174,085**	18,932
Workers' welfare fund	**128,992**	74,396
Distributors' security deposits - payable on termination of distributorship - note 23.4	**124,632**	120,704
Contractors' earnest / retention money	**26,136**	10,776
Contract Liabilities (Running account with customers)	**281,223**	284,658
Payable for capital expenditure	**118,928**	232,985
Accrual for compensated absences - note 23.5	**31,500**	31,500
Others	**109,469**	164,687
	7,185,136	6,159,767
23.1 This amount includes payable to ICI Pakistan PowerGen Limited, a related party on account of purchase of electricity:	**605,006**	415,712
23.2 This amount includes royalty payable to associated company namely "Lucky Holdings Limited" registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan.	**5,157**	25,323
23.3 Workers' profit participation fund		
Balance at the beginning of the year	**18,932**	237,441
Allocation for the year - note 31	**167,403**	192,480
	186,335	429,921
Interest on funds utilised in the Company's businesses at 135 % (June 30, 2018: 130 %) per annum	**219**	1,359
Payment to the fund	**(12,469)**	(412,348)
Balance at the end of the year	**174,085**	18,932

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
23.4	Interest on security deposits from certain distributors that are placed with various separate bank account is payable at ranging from 7.0% to 10.0% (June 30, 2018: 5.0% to 7.0%) per annum as specified in the respective agreements. These security deposits are non utilizable. Further, the Company has not utilized any such deposit for the purpose of its business during the year.		
23.5	This figure is based on actuarial valuation and estimation.		
24	**Short-term financing**	**7,056,373**	7,356,467
	Export refinance - note 24.1	**200,000**	200,000
	Money Market - note 24.2	**1,750,000**	-
	Short-term financing - secured - note 24.3	**5,106,373**	7,156,467

24.1 The Company has export refinance facility of upto PKR 320 million (2018: PKR 1,200 million) available from Faysal Bank Limited as at June 30, 2019 out of which PKR 200 million was utilized (2018: PKR 200 million). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate currently (2.0% + 1.0% per annum) (June 30, 2018: SBP rate 2.0 % + 0.25 % per annum).

24.2 During the year the Company had obtained numerous money market loans from different banks with price ranging 1 Month KIBOR + 0.05% to 6 Month KIBOR + 0.05%.

24.3 Short-term financing facility from various banks aggregated to PKR 13,346 million (June 30, 2018: PKR 10,481 million) and carry mark-up during the year ranging from KIBOR +0.05% to KIBOR + 1% per annum with an average mark-up rate of relevant KIBOR +0.25% on utilized limits (June 30, 2018: relevant KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.12% on utilized limits). These facilities are secured by hypothecation charge over the present and future current assets of the Company.

During the year, Company has converted six of its short-term financing facility from conventional banking to islamic banking. The total approved limit from islamic bank accounts stand at PKR 5,400 Million (June 30, 2018: PKR 2,100 Million) and conventional bank accounts at PKR 7,946 Million (June 30, 2018: PKR 8,381 Million).

		As at June 30, 2019	As at June 30, 2018
25	**Contingencies and commitments**		
	Claims against the Company not acknowledged as debts are as follows:		
	Local bodies	**71,583**	166,501
	Others	**11,318**	11,318
		82,901	177,819

25.1 Details of material cases

Collectorate of customs - classification issue in PCT heading

Customs raised a demand for PKR 51.5 million on June 25, 2011 relating to classification issue of Titanium Di-Oxide during prior years. During the prior year, Company received a positive outcome for its case filed with Customs Appellate Tribunal and the case was decided in Company's favor.

Collectorate of customs raised demand of PKR 17.4 million on January 10, 2015, against the Company on the ground that Company is classifying its imported product Wannate 8019 in wrong PCT Heading. During the prior year, consignments were withheld by Customs Appraisement due to classification issue. For clearance of these consignments, Company paid PKR 15.8 million as Security Deposit for getting Provisional clearance till the final decision of Classification Committee and Appellate forums, which is still awaited.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

For one other product Wannate PM 2010/ 8221, consignments were again withheld by Customs Intelligence on Classification issue. Company paid PKR 94.0 million as Security Deposit for Provisional Clearance of these consignments till final decision. Classification committee through a Public notice dated 12th June, 2017 gave its view on classification of the product against the Company. Customs after the issuance of this Public Notice raised further demand relating to period prior to issuance of Public Notice, amounting to PKR 65.0 million. Company being dissatisfied with the verdict filed a Suit in Sindh High Court on certain grounds including that applicability of public notice cannot be done retrospectively. The court has granted a stay in favor of the Company till the next date of hearing. The Company is confident that it has a strong grounds to defend the case and is hopeful of positive outcome.

The Company has received a notice dated March 11, 2016 issued by the Tehsil Municipal Administration Pin Dadan Khan, Tehsil Officer, whereby a sum of PKR 67.0 million was demanded as conversion fee with respect to land acquired/purchased in the years 2010 and 2015. The Company filed a response to the said notice as well as appeal before the Secretary Local Government Community (SLG). The SLG disposed of the appeal by stating that the land purchased was Banjar Qadeem and that MC was competent to charge conversion fee. Thereafter another notice was by issued by the MC on November 15, 2018 for payment of PKR 67.0 million.

The Company filed a Writ Petition No.225 of 2019 on January 17, 2019 before the Lahore High Court, Rawalpindi Bench against the Notices as well as order of SLG. On October 31, 2019 the Learned Judge was pleased to stay the operation of the impugned orders/notices, subject to the deposit of PKR 24.0 million with the Deputy Registrar Judicial, which was deposited through Pay Order No.05138957 on February 14, 2019.

25.2 Tax related contingencies are disclosed in note 46 to these unconsolidated financial statements

	As at June 30, 2019	As at June 30, 2018
25.3 Commitments		
Commitments in respect of capital expenditure including various projects :	**602,942**	190,543
Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:		
Year		
2018-19	**-**	76,099
2019-20	**85,447**	80,893
2020-21	**91,001**	85,989
2021-22	**96,916**	91,407
2022-23	**103,216**	-
	376,580	334,388
Payable not later than one year	**85,447**	76,099
Payable later than one year but not later than five years	**291,133**	258,289
	376,580	334,388
Outstanding letter of credit (Unutilized PKR 12,996.784 million (June 30, 2018: 14,603.163 million);	**3,177,181**	3,343,858
Commitments in respect of Post dated cheques	**567,784**	173,073

Amounts in PKR '000

26 Operating segment results

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Company	
	For the year ended June 30, 2019	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Sales										
Bangladesh	**-**	-	**321,209**	-	**-**	-	**-**	-	**321,209**	**-**
India	**-**	-	**654,344**	685,444	**-**	-	**-**	-	**654,344**	685,444
United States	**317,785**	-	**25,282**	-	**-**	-	**-**	-	**343,067**	-
Others	**113,426**	40,729	**33,603**	112,405	**-**	-	**-**	566	**147,029**	153,700
	431,211	40,729	**1,034,438**	797,849	**-**	-	**-**	566	**1,465,649**	839,144
Inter-segment	**-**	-	**-**	-	**-**	-	**4,850**	9,457	**4,850**	9,457
Local	**23,557,885**	18,484,955	**19,157,732**	14,762,640	**11,505,267**	11,982,148	**9,569,312**	9,379,700	**63,790,196**	54,609,443
	23,989,096	18,525,684	**20,192,170**	15,560,489	**1,505,267**	11,982,148	**9,574,162**	9,389,723	**65,260,695**	55,458,044
Commission / toll income	-	-	-	-	**15,154**	74,147	**112,090**	68,541	**127,244**	142,688
Turnover	**23,989,096**	18,525,684	**20,192,170**	15,560,489	**11,520,421**	12,056,295	**9,686,252**	9,458,264	**65,387,939**	55,600,732
Sales tax	**-**	(27)	**(2,786,228)**	(2,156,167)	**(63,946)**	(88,863)	**(652,803)**	(743,643)	**(3,502,977)**	(2,988,700)
Commission	**-**	-	**(187,300)**	(158,275)	-	-	-	-	**(187,300)**	(158,275)
Discounts / price adjustment	**(359,895)**	(370,043)	**(680,808)**	(699,086)	**(1,398,934)**	(1,379,106)	**(924,326)**	(888,485)	**(3,363,963)**	(3,336,720)
	(359,895)	(370,070)	**(3,654,336)**	(3,013,528)	**(1,462,880)**	(1,467,969)	**(1,577,129)**	(1,632,128)	**(7,054,240)**	(6,483,695)
Net turnover	**23,629,201**	18,155,614	1**6,537,834**	12,546,961	**10,057,541**	10,588,326	**8,109,123**	7,826,136	**58,333,699**	49,117,037
Cost of sales - note 28	**(22,936,977)**	(17,617,573)	**(12,120,296)**	(9,177,591)	**(7,607,814)**	(7,526,519)	**(6,216,888)**	(6,241,097)	**(48,881,975)**	(40,562,780)
Gross profit	**692,224**	538,041	**4,417,538**	3,369,370	**2,449,727**	3,061,807	**1,892,235**	1,585,039	**9,451,724**	8,554,257
Selling and distribution expenses - note 29	**(395,222)**	(270,431)	**(422,334)**	(300,056)	**(1,473,371)**	(1,461,951)	**(879,389)**	(916,916)	**(3,170,316)**	(2,949,354)
Administration and general expenses - note - 30	**(231,604)**	(220,460)	**(364,407)**	(322,444)	**(442,239)**	(282,977)	**(307,744)**	(381,181)	**(1,345,994)**	(1,207,062)
Operating result	**65,398**	47,150	**3,630,797**	2,746,870	**534,117**	1,316,879	**705,102**	286,942	**4,935,414**	4,397,841
26.1 Segment assets - note 26.5 and 27.3	**10,851,731**	11,178,674	**24,294,504**	24,602,890	**8,164,379**	9,808,393	**8,482,903**	8,953,650	**37,671,978**	36,639,578
26.2 Unallocated assets									**6,550,689**	6,508,551
									44,222,667	43,148,129
26.3 Segment liabilities - note 26.5 and 27.4	**14,848,186**	14,884,879	**2,755,858**	3,292,937	**3,957,050**	3,848,526	**1,631,871**	4,048,357	**9,071,426**	8,170,670
26.4 Unallocated liabilities									**15,944,198**	16,896,025
									25,015,624	25,066,695

26.5 Inter unit current account balances of respective businesses have been eliminated from the total.

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Company	
26.6 Depreciation and amortization - note 6.7 and 7.1	**767,100**	788,306	**1,689,325**	1,469,738	**134,474**	114,220	**62,850**	48,601	**2,653,749**	2,420,865
26.7 Capital expenditure	**371,925**	202,780	**1,110,766**	2,023,718	**123,014**	1,986,262	**819,309**	134,104	**2,425,014**	4,346,864

26.8 There were no major customer of the Company which formed part of 10% or more of the Company's revenue.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

Amounts in PKR '000

		For the year ended June 30, 2019	For the year ended June 30, 2018
27	**Reconciliations of reportable segment net turnover, cost of sales, assets and liabilities**		
27.1	**Net turnover**		
	Total net turnover for reportable segments - note 26	**58,333,699**	49,117,037
	Elimination of inter-segment net turnover - note 26	**(4,850)**	(9,457)
	Total net turnover	**58,328,849**	49,107,580
27.2	**Cost of sales**		
	Total cost of sales for reportable segments - note 28	**48,881,975**	40,562,780
	Elimination of inter-segment purchases - note 28	**(4,850)**	(9,457)
	Total cost of sales	**48,877,125**	40,553,323

		As at June 30, 2019	As at June 30, 2018
27.3	**Assets**		
	Total assets for reportable segments	**37,671,978**	36,639,578
	Taxation recoverable	**2,637,613**	2,595,475
	Long-term investments - note 8	**3,913,076**	3,913,076
	Total assets	**44,222,667**	43,148,129
27.4	**Liabilities**		
	Total liabilities for reportable segments	**9,071,426**	8,170,670
	Short-term financing - note 24	**7,056,373**	7,356,467
	Long-term loan - note 21	**8,454,151**	9,200,541
	Accrued mark-up	**340,156**	249,638
	Unclaimed dividends	**93,518**	89,379
	Total liabilities	**25,015,624**	25,066,695

Amounts in PKR '000

28 Cost of sales

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Company	
	For the year ended June 30, 2019	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Raw and packing materials consumed										
Opening stock	**1,387,531**	742,941	**1,328,911**	645,261	**1,209,214**	523,062	**562,019**	552,987	**4,487,675**	2,464,251
Purchases										
Inter-segment	**2,786**	6,277	**-**	-	**2,064**	3,180	**-**	-	**4,850**	9,457
Others	**19,657,064**	15,550,745	**4,097,726**	3,835,609	**3,153,173**	2,556,594	**3,262,768**	2,797,903	**30,170,731**	24,740,851
	19,659,850	15,557,022	**4,097,726**	3,835,609	**3,155,237**	2,559,774	**3,262,768**	2,797,903	**30,175,581**	24,750,308
	21,047,381	16,299,963	**5,426,637**	4,480,870	**4,364,451**	3,082,836	**3,824,787**	3,350,890	**34,663,256**	27,214,559
Closing stock - note 12	**(1,864,192)**	(1,387,531)	**(1,308,718)**	(1,328,911)	**(1,328,917)**	(1,209,214)	**(980,564)**	(562,019)	**(5,482,391)**	(4,487,675)
Raw material consumed	**19,183,189**	14,912,432	**4,117,919**	3,151,959	**3,035,534**	1,873,622	**2,844,223**	2,788,871	**29,180,865**	22,726,884
Salaries, wages and benefits - note 28.1	**531,129**	514,838	**1,002,516**	927,637	**359,978**	315,381	**105,103**	65,693	**1,998,726**	1,823,549
Stores and spares consumed	**293,499**	232,241	**221,985**	168,214	**50,438**	28,618	**16,143**	11,591	**582,065**	440,664
Conversion fee paid to contract manufacturers	**-**	-	**-**	-	**337,459**	416,539	**28,877**	40,941	**366,336**	457,480
Oil, gas and electricity	**1,746,534**	1,420,923	**4,813,317**	3,318,407	**85,069**	67,331	**32,019**	35,536	**6,676,939**	4,842,197
Rent, rates and taxes	**1,471**	1,559	**1,625**	1,523	**27,074**	28,125	**4**	261	**30,174**	31,468
Insurance	**26,229**	19,940	**45,102**	35,566	**4,472**	27	**8**	1,652	**75,811**	57,185
Repairs and maintenance	**14,750**	13,452	**10,969**	8,803	**13,704**	11,507	**10,412**	8,489	**49,835**	42,251
Depreciation and amortisation charge - note 6.7 and 7.1	**759,578**	781,321	**1,673,584**	1,455,561	**104,153**	82,362	**36,731**	23,322	**2,574,046**	2,342,566
Write-offs - Inventory	**-**	-	**-**	-	**-**	46,727	**-**	225,751	**-**	272,478
Technical fees	**-**	-	**-**	-	**-**	-	**-**	1,482	**-**	1,482
General expenses	**256,731**	226,383	**315,905**	289,265	**31,880**	23,885	**36,424**	29,084	**640,940**	568,617
Opening stock of work-in-process	**39,659**	52,831	**-**	-	**14,121**	508	**9,972**	21,905	**63,752**	75,244
Closing stock of work-in-process - note 12	**(148,741)**	(39,659)	**-**	-	**(40,543)**	(14,121)	**(27,425)**	(9,972)	**(216,709)**	(63,752)
Cost of goods manufactured	**22,704,028**	18,136,261	**12,202,922**	9,356,935	**4,023,339**	2,880,511	**3,092,491**	3,244,606	**42,022,780**	33,618,313
Opening stock of finished goods	**1,242,681**	733,887	**264,903**	87,897	**1,214,244**	802,159	**1,464,309**	1,583,209	**4,186,137**	3,207,152
Finished goods purchased	**(118,474)**	(9,894)	**(3,141)**	(2,338)	**3,500,791**	5,038,849	**3,584,745**	2,885,783	**6,963,921**	7,912,400
	23,828,235	18,860,254	**12,464,684**	9,442,494	**8,738,374**	8,721,519	**8,141,545**	7,713,598	**53,172,838**	44,737,865
Closing stock of finished goods - note 12	**(891,258)**	(1,242,681)	**(343,031)**	(264,903)	**(1,034,959)**	(1,214,244)	**(1,872,817)**	(1,464,309)	**(4,142,065)**	(4,186,137)
Provision for slow moving and obsolete stocks - note 12.1	**-**	-	**(1,357)**	-	**(95,601)**	19,244	**(51,840)**	(8,192)	**(148,798)**	11,052
	22,936,977	17,617,573	**12,120,296**	9,177,591	**7,607,814**	7,526,519	**6,216,888**	6,241,097	**48,881,975**	40,562,780

28.1 Staff retirement benefits

	2019	2018
Salaries, wages and benefits includes amount in respect of staff retirement benefits:	**131,300**	103,564

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

Amounts in PKR '000

29. Selling and distribution expenses

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Company	
	For the year ended June 30, 2019	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Salaries and benefits - note 29.1	**60,487**	54,044	**46,436**	42,829	**632,601**	635,178	**298,675**	395,653	**1,038,199**	1,127,704
Repairs and maintenance	**191**	223	**761**	973	**4,129**	4,946	**8,362**	6,056	**13,443**	12,198
Advertising and publicity expenses	**43,485**	3,952	**32,864**	5,507	**184,660**	266,479	**65,631**	59,745	**326,640**	335,683
Rent, rates and taxes	**517**	469	**3,106**	3,740	**17,992**	13,821	**5,824**	5,476	**27,439**	23,506
Insurance	**-**	-	**1,165**	84	**15,571**	15,797	**11,733**	11,305	**28,469**	27,186
Lighting, heating and cooling	**122**	107	**1,755**	2,041	**7,847**	7,219	**7,868**	7,881	**17,592**	17,248
Depreciation and amortisation charge - note 6.7 and 7.1	**-**	-	**69**	86	**21,458**	23,796	**17,569**	12,990	**39,096**	36,872
Outward freight and handling	**44,053**	10,770	**169,764**	104,262	**203,386**	177,289	**166,722**	157,407	**583,925**	449,728
Travelling expenses	**13,002**	9,814	**2,249**	2,493	**203,442**	166,829	**93,584**	95,506	**312,277**	274,642
Postage, telegram, telephone and telex	**1,906**	1,393	**1,898**	1,676	**18,919**	18,316	**9,472**	10,905	**32,195**	32,290
Royalty Note -29.2	**220,603**	181,556	**154,397**	125,470	**-**	-	**-**	-	**375,000**	307,026
General expenses	**10,856**	8,103	**7,870**	10,895	**163,366**	132,281	**193,949**	153,992	**376,041**	305,271
	395,222	270,431	**422,334**	300,056	**1,473,371**	1,461,951	**879,389**	916,916	**3,170,316**	2,949,354

29.1 Staff retirement benefits

Salaries and benefits includes amount in respect of staff retirement benefits:	**79,788**	65,420

29.2 Royalty amounting to PKR 375.000 million (June 30, 2018: 307.026 million) is charged by the Associate Company namely "Lucky Holding Limited" registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan.

30. Administration and general expenses

Salaries and benefits - note 30.1	**156,410**	131,199	**240,207**	195,506	**198,968**	180,459	**185,205**	128,936	**780,790**	636,100
Repairs and maintenance	**2,317**	1,852	**5,253**	4,149	**5,826**	5,610	**1,762**	1,760	**15,158**	13,371
Advertising and publicity expenses	**4,762**	3,399	**10,480**	8,169	**4,970**	3,550	**3,463**	2,688	**23,675**	17,806
Rent, rates and taxes	**5,394**	4,975	**3,677**	3,629	**2,353**	2,274	**1,210**	1,194	**12,634**	12,072
Insurance	**945**	571	**1,669**	907	**4,388**	3,998	**558**	815	**7,560**	6,291
Lighting, heating and cooling	**4,069**	4,171	**4,451**	5,195	**13,571**	15,076	**10,704**	6,344	**32,795**	30,786
Depreciation and amortisation charge - note 6.7 and 7.1	**7,522**	6,985	**15,672**	14,091	**8,863**	8,062	**8,550**	12,289	**40,607**	41,427
Allowance / reversal of allowance for ECL on trade debts/ Loans and advances / Other receivable	**(50)**	153	**-**	15,673	**32,146**	10,480	**(7,741)**	156,251	**24,355**	182,557
Provision / reversal for slow moving and obsolete stock-in-trade note 12.1	**-**	-	**1,357**	-	**95,601**	(19,244)	**51,840**	8,192	**148,798**	(11,052)
Provision for slow moving and obsolete stores and spares - note 11.2	**-**	-	**12,392**	3,171	**-**	-	**659**	-	**13,051**	3,171
Travelling expenses	**7,625**	5,116	**10,129**	8,187	**15,536**	15,224	**7,893**	6,563	**41,183**	35,090
Postage, telegram, telephone and telex	**2,501**	2,213	**3,605**	3,020	**3,849**	3,384	**3,789**	2,707	**13,744**	11,324
General expenses	**40,109**	59,826	**55,515**	60,747	**56,168**	54,104	**39,852**	53,442	**191,644**	228,119
	231,604	220,460	**364,407**	322,444	**442,239**	282,977	**307,744**	381,181	**1,345,994**	1,207,062

30.1 Staff retirement benefits

Salaries and benefits includes amounts in respect of staff retirement benefits:	**87,990**	69,188

Amounts in PKR '000

		For the year ended June 30, 2019	For the year ended June 30, 2018
31	**Other charges**		
	Auditors' remuneration - note 31.1	**6,731**	5,961
	Donations - note 31.2	**40,000**	40,000
	Workers' profit participation fund	**167,403**	192,480
	Workers' welfare fund	**54,596**	22,712
	Impairment of fixed asset	**-**	36,759
	Others	**3,500**	5,820
		272,230	303,732
31.1	**Auditors' remuneration**		
	Statutory audit fee	**3,300**	3,000
	Half yearly review	**1,540**	1,400
	Out of pocket expenses	**484**	440
	Other certifications	**1,407**	1,121
		6,731	5,961

31.2 Represents provision in respect of donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Chief executive of the Company, Mr. Muhammad Abid Ganatra, Mr. Arshaduddin Ahmed, Mr. Aamer Mahmud Malik, Ms. Nausheen Ahmad and Ms. Fariha Salahuddin, Executives of the Company are amongst the Trustees of the Foundation.

32	**Finance costs**		
	Mark-up on financing	**1,278,252**	551,017
	Interest on workers' profit participation fund - note 23.3	**219**	1,359
	Discounting charges on receivables	**172,996**	79,609
	Guarantee fee and others	**4,280**	9,707
		1,455,747	641,692
	Penalty		
	This includes penalty that are either charge to the unconsolidated statement of profit or loss or waived	**-**	125
33	**Other income**		
	Income from financial assets		
	Income from related party		
	Interest on loan from Subsidiary	**2,440**	-
	Service fee from related party - note 33.1	**1,980**	1,980
	Income from other financial assets		
	Profit on interest bearing short-term and call deposits	**1,351**	5,512
		5,771	7,492
	Income from non-financial assets		
	Scrap sales	**61,085**	62,398
	Gain on disposal of operating property plant & equipment	**4,811**	6,255
	Provisions and accruals no longer required written back	**3,974**	130
	Dividend from associate	**180,000**	420,000
	Dividend from subsidiary	**135,000**	120,000
	Sundries	**18,127**	10,704
		408,768	626,979

33.1 This represents amount charged by the Company for certain management and other services rendered to its wholly owned subsidiary and associate , ICI Pakistan PowerGen Limited in accordance with the service agreement.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

		For the year ended June 30, 2019	For the year ended June 30, 2018
34.	**Taxation**		
	Current	**1,087,751**	543,758
	Prior	**(85,556)**	(712,340)
	Deferred	**(126,601)**	759,280
	Net tax charged - note 34.1	**875,594**	590,698

34.1 Provision against tax in the unconsolidated financial statements for the years 2018, 2017 and 2016 amounts to PKR 543.758 million, PKR 668.948 million and PKR 473.210 million as against the assessed tax of PKR 394.165 million PKR 503.855 million and PKR 384.842 million respectively. The Company has assessed the sufficiency of the tax provisions and considers that these are sufficient for the purpose.

34.2 Tax reconciliation

	2019	2018
Profit before taxation	**3,180,506**	3,650,402
Tax @ 29% (2018: 30%)	**922,326**	1,095,121
Effect of credit under section 65B	**(17,515)**	(497,925)
Effect of change in tax rate on beginning deferred tax liability	-	(69,224)
Tax impact of Prior Years	**(85,556)**	-
Effect of lower rate of dividend income	**(59,850)**	(99,000)
Others	**116,189**	161,726
Net tax charged	**875,594**	590,698
Average effective tax rate	**27.53%**	16.18%

35 Basic and diluted earnings per share (EPS)

	2019	2018
Profit after taxation for the year	**2,304,912**	3,059,704
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	**92,359,050**	92,359,050
	PKR	
Basic and diluted earnings per share (EPS)	**24.96**	33.13

Amounts in PKR '000

		For the year ended June 30, 2019	For the year ended June 30, 2018
36	**Cash flows from operating activities**		
	Profit before taxation	**3,180,506**	3,650,402
	Adjustments for:		
	Depreciation and amortisation - note 6.7 and 7.1	**2,653,749**	2,420,865
	Gain on disposal of operating fixed assets - note 33	**(4,811)**	(6,255)
	Loss / impairment on disposal of fixed asset	**-**	36,759
	Provision for staff retirement benefit plan - note 20.1.1	**52,323**	33,343
	Provision for non-management staff gratuity and eligible retired employees' medical scheme	**37,517**	31,975
	Interest on short-term bank deposits	**(1,351)**	(5,512)
	Dividend from subsidiary - note 33	**(135,000)**	(120,000)
	Dividend from associate - note 33	**(180,000)**	(420,000)
	Interest expense	**1,455,747**	641,690
	Allowance for ECL	**24,355**	182,557
	Provision for slow moving and obsolete stock-in-trade - note 12.1	**148,798**	(11,052)
	Provision for slow moving and obsolete stores and spares - note 11.2	**13,051**	3,171
	Provisions and accruals no longer required written back - note 33	**(3,974)**	(130)
		7,240,910	6,437,813
	Movement in:		
	Working capital - note 36.1	**(200,803)**	(6,019,905)
	Long-term loans	**(3,019)**	(60,632)
	Long-term deposits and prepayments	**(2,093)**	1,490
		7,034,995	358,766

36.1	**Movement in working capital**		
	(Increase) / decrease in current assets		
	Stores, spares and consumables	**(117,009)**	103,539
	Stock-in-trade	**(1,252,399)**	(2,892,443)
	Trade debts	**193,434**	(241,035)
	Loans and advances	**(35,416)**	(75,852)
	Trade deposits and short-term prepayments	**58,296**	(21,346)
	Other receivables	**(246,387)**	114,397
		(1,399,481)	(3,012,740)
	Increase/ (decrease) in current liabilities		
	Trade and other payables	**1,198,678**	(3,007,165)
		(200,803)	(6,019,905)

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

Amounts in PKR '000

37 Remuneration of chief executive, directors and other executives

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

	Chief Executive		Directors		Other Executives		Total	
	For the year ended June 30, 2019	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Managerial remuneration	**57,755**	54,390	**38,048**	36,251	**706,210**	612,442	**802,013**	703,083
Gratuity	**2,729**	2,580	**1,943**	1,846	**38,136**	39,137	**42,808**	43,563
Provident Fund	**3,288**	3,108	**2,341**	2,224	**55,731**	48,193	**61,360**	53,525
Pension	**3,486**	3,294	**2,482**	2,358	**51,931**	44,332	**57,899**	49,984
Rent and house maintenance	**2,011**	2,117	**-**	-	**228,563**	195,369	**230,574**	197,486
Utilities	**943**	1,308	**-**	-	**55,933**	47,401	**56,876**	48,709
Medical and others	**322**	376	**180**	151	**29,136**	24,916	**29,638**	25,443
Bonus paid	**21,432**	29,473	**12,634**	14,624	**187,654**	201,973	**221,720**	246,069
	91,966	96,646	**57,628**	57,454	**1,353,294**	1,213,763	**1,502,888**	1,367,862
Number of persons as at the reporting date	**1**	1	**1**	1	**230**	197	**232**	199

37.1 The directors and certain executives are provided with free use of the Company leased cars in accordance with their entitlement. The chief executive is provided with free use of Company leased car, certain household equipment and maintenance when needed.

		For the year ended June 30, 2019	For the year ended June 30, 2018
37.2	Remuneration paid to Chairman during the year:	**-**	-
37.3	During the year fee paid to six non-executive directors for attending board and other meetings, which is not part of remuneration amounts to:	**5,094**	3,000

		As at and for the year ended June 30, 2019	As at and for the year ended June 30, 2018
37.4	Total number of employees as at the reporting date	**1,729**	1,663
	Average number of employees during the year	**1,696**	1,606
37.5	Total number of Factory employees as at the reporting date	**793**	774
	Average number of Factory employees during the year	**784**	698

Amounts in PKR '000

38 Transactions with related parties

The related parties comprise the Holding Company (Lucky Cement Holdings (Private) Limited), the Ultimate Holding Company (Lucky Cement Limited) and related group companies, local associated company, subsidiary company, directors of the Company, companies where directors also hold directorship, key employees (note 37) and staff retirement funds (note 20). All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. Details of transactions with related parties other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements are as follows:

Relationship with the company	Nature of transaction	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Subsidiary companies			
ICI Pakistan PowerGen Limited	Purchase of electricity	**862,681**	641,170
	Provision of services	**1,980**	1,980
	Dividend income	**135,000**	120,000
Cirin Pharmaceutical (Private) Limited	Sale of goods and material	**3,033**	33
	Loan issued / received	**100,000**	-
	Interest on loan	**2,440**	-
	Purchase of goods and material	**3,867**	-
NutriCo Morinaga (Private) Limited	Reimbursement of expenses	**21,114**	14,301
	Investment in Subsidiary	**-**	958,800
	Disposal of land / relocation expense	**-**	38,566
Associated companies	Purchase of goods, materials and services	**652,837**	88,418
	Sale of goods and materials	**1,774,377**	1,973,792
	Dividend received from associate	**180,000**	420,000
	Reimbursement of expenses	**70,333**	77,692
	Dividend paid to associates	**1,029,249**	1,431,974
	Donations paid	**2,300**	40,000
	Royalty	**375,000**	307,026
Others	Staff retirement benefits	**273,248**	261,507
Key management personnel	Remuneration paid	**237,790**	215,835
	Post employment benefits	**33,237**	34,183
	Dividends paid	**6,723**	9,168
	Director meeting fee	**5,094**	3,000

39 Plant capacity and annual production

- in metric tonnes:

	For the year ended June 30, 2019		For the year ended June 30, 2018	
	Annual Name Plate Capacity	**Production**	Annual Name Plate Capacity	Production
Polyester	**122,250**	**121,585**	122,250	126,853
Soda Ash - note 39.1	**425,000**	**422,168**	425,000	378,248
Sodium Bicarbonate	**40,000**	**40,353**	40,000	38,000

39.1 Out of total production of 422,168 metric tonnes soda ash, 36,319 metric tonnes was transferred for production of 40,353 tonnes of Sodium Bicarbonate.

39.2 The capacity of Chemicals, Life Sciences and Nutraceuticals segment is indeterminable because these are multi-product with multiple dosage and multiple pack size plants.

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

40 Fair value of financial assets and liabilities

The carrying amounts of the financial assets and financial liabilities as at the reporting date approximate their fair values.

41 Financial risk management

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

41.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

42 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 interest rate risk, currency risk and other price risk.

42.1 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were:

	Carrying Amount	
	As at June 30, 2019	As at June 30, 2018
Fixed rate instruments		
Financial assets - note 17	**123,560**	101,037
Financial liabilities - note 21 and 23	**(2,412,116)**	(2,687,912)
	(2,288,556)	(2,586,875)
Variable rate instruments		
Financial liabilities - note 21 and 24	**(13,223,040)**	(13,989,800)
	(13,223,040)	(13,989,800)

Sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit before tax for the year would have been: PKR 132.230 million (June 30, 2018: PKR 139.898 million).

Amounts in PKR '000

42.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is exposed to foreign currency risk on sales and purchases which are entered in a currency other than Pak Rupees. When the management expects future depreciation of Pak Rupee, the Company enters into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Company's treasury policy. The policy allows the Company to take currency exposure within predefined limits while open exposures are rigorously monitored.

Following is the gross exposure classified into separate foreign currencies:

	CNY	EURO	USD	GBP	JPY
			As at June 30, 2019		
Other receivables	**105**	**1,600**	**115,094**	**-**	**-**
Cash and bank balances	**-**	**-**	**104,562**	**-**	**-**
	105	**1,600**	**219,656**	**-**	**-**
Trade and other payables	**(365,402)**	**(101,427)**	**(461,405)**	**(305)**	**-**
Gross unconsolidated statement of financial position exposure	**(365,297)**	**(99,827)**	**(241,749)**	**(305)**	**-**
			As at June 30, 2018		
Other receivables	-	6,053	11,741	-	-
Cash and bank balances	-	-	-	-	-
	-	6,053	11,741	-	-
Trade and other payables	-	(31,822)	(141,663)	(4,623)	(620)
Gross unconsolidated statement of financial position exposure	-	(25,769)	(129,922)	(4,623)	(620)

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended June 30, 2019	For the year ended June 30, 2018	**As at June 30, 2019**	As at June 30, 2018
PKR per	**PKR**		**PKR**	
EURO	**155.07**	131.43	**182.32**	141.59
USD	**136.20**	110.07	**160.05**	121.63
GBP	**176.06**	148.40	**203.01**	159.49
CNY	**19.95**	13.69	**23.31**	18.39
JPY	**1.22**	1.00	**1.49**	1.10

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by PKR 7.093 million (June 30, 2018: PKR 1.609 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2019, if Pak Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Company profit before tax at June 30, 2019 and June 30, 2018 would be as follows:

	Increase / decrease in exchange rates	Effect on Profit before tax (CNY)	Effect on Profit before tax (EURO)	Effect on Profit before tax (USD)	Effect on Profit before tax (GBP)	Effect on Profit before tax (JPY)
2019						
Pak Rupee	**+1%**	**3,653**	**998**	**2,417**	**3**	**-**
Pak Rupee	**-1%**	**(3,653)**	**(998)**	**(2,417)**	**(3)**	**-**
2018						
Pak Rupee	+1%	-	258	1,299	46	6
Pak Rupee	-1%	-	(258)	(1,299)	(46)	(6)

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

43 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	As at June 30, 2019	As at June 30, 2018
43.1 Financial assets		
Long-term investments - note 8	**962,500**	962,500
Long-term loans - note 9	**434,114**	431,096
Long-term deposits - note 10	**36,912**	31,354
Trade debts - note 13	**2,388,029**	2,605,818
Loans and advances - note 14	**559,563**	520,173
Trade deposits - note 15	**153,554**	207,658
Other receivables - note 16	**465,659**	429,510
Bank balances - note 17	**228,122**	211,927
	5,228,453	5,400,036

43.2 The Company has placed its funds with banks which are rated A1+ by PACRA and A1 + by JCR-VIS.

43.3 Financial assets		
- Secured	**1,618,628**	933,676
- Unsecured	**3,609,825**	4,466,360
	5,228,453	5,400,036

43.4 The ageing of trade debts and loans and advances at the reporting date is as follows:

Not past due	**3,118,310**	2,575,226
Past due but not impaired:		
Not more than three months	**282,474**	585,597
Past due and impaired:		
More than three months and not more than six months	**28,871**	51,742
More than six months and not more than nine months	**12,781**	51,049
More than nine months and not more than one year	**68,528**	53,788
More than one year	**129,094**	48,297
	521,748	790,473
Allowance for ECL:		
- on trade debts - note 13	**(236,233)**	(212,454)
- on loans and advances - note 14	**(16,120)**	(27,254)
	(252,353)	(239,708)
	3,387,705	3,125,991

43.5 There were no past due or impaired receivables from related parties.

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
43.6	The maximum exposure to credit risk for past due at the reporting date by type of counterparty was:		
	Wholesale customers	**243,425**	368,801
	Retail customers	**278,323**	421,672
		521,748	790,473
	Allowance for ECL:		
	- on trade debts - note 13	**(236,233)**	(212,454)
	- on loans and advances - note 14	**(16,120)**	(27,254)
		(252,353)	(239,708)
		269,395	550,765

43.7 Movement of allowance for ECL on trade debts, loans and advances

	Trade debts	Loans and advances	Total	Total
Balance at the beginning of the year	**212,454**	**27,254**	**239,708**	82,801
Charge during the year - note 13.3 and 14	**28,927**	**(4,636)**	**24,291**	159,858
Allowance no longer required / reversal	**(3,974)**	**-**	**(3,974)**	-
Written off during the year	**(1,174)**	**(6,498)**	**(7,672)**	(2,951)
Balance at the end of the year	**236,233**	**16,120**	**252,353**	239,708

43.8 Concentration risk

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	As at June 30, 2019	As at June 30, 2018
Textile and Chemicals	**593,104**	1,953,669
Glass	**138,956**	9,669
Paper and Board	**31,463**	4,698
Life Sciences	**881,500**	737,864
Paints	**70,704**	48,564
Banks	**237,374**	218,843
Others	**1,924,331**	611,235
	3,877,432	3,584,542
Allowance for ECL:		
- trade debts - note 13	**(236,233)**	(212,454)
- loans and advances - note 14	**(16,120)**	(27,254)
	(252,353)	(239,708)
	3,625,079	3,344,834

43.9 Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Company is not materially exposed to other price risk except investment in subsidiary which is carried at cost against which provision for impairment has been provided in these unconsolidated financial statements.

Amounts in PKR '000

44 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the maturity date.

	Carrying amount	**Contractual cash flows**	**Less than one year**
		As at June 30, 2019	
Financial liabilities			
Trade creditors - note 23	**2,099,799**	**(2,099,799)**	**(2,099,799)**
Bills payable - note 23	**1,226,035**	**(1,226,035)**	**(1,226,035)**
Accrued mark-up	**340,156**	**(340,156)**	**(340,156)**
Accrued expenses - note 23	**2,082,180**	**(2,082,180)**	**(2,082,180)**
Technical service fee / royalty - note 23	**5,157**	**(5,157)**	**(5,157)**
Distributors' security deposits - payable on termination of distributorship - note 23	**124,632**	**(137,095)**	**(137,095)**
Contractors' earnest / retention money - note 23	**26,136**	**(26,136)**	**(26,136)**
Unclaimed dividends	**93,518**	**(93,518)**	**(93,518)**
Payable for capital expenditure - note 23	**118,928**	**(118,928)**	**(118,928)**
Others - note 23	**109,469**	**(109,469)**	**(109,469)**
Long-term loans - note 21	**8,454,151**	**(8,454,151)**	**(1,690,894)**
Short-term financing - note 24	**7,056,373**	**(7,056,373)**	**(7,056,373)**
	21,736,534	**(21,748,997)**	**(14,985,740)**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

		As at June 30, 2018	
Financial liabilities			
Trade creditors - note 23	1,670,536	(1,670,536)	(1,670,536)
Bills payable - note 23	952,979	(952,979)	(952,979)
Accrued mark-up	249,638	(249,638)	(249,638)
Accrued expenses - note 23	1,781,630	(1,781,630)	(1,781,630)
Technical service fee / royalty - note 23	25,323	(25,323)	(25,323)
Distributors' security deposits - payable on termination of distributorship - note 23	120,704	(129,153)	(129,153)
Contractors' earnest / retention money - note 23	10,776	(10,776)	(10,776)
Unclaimed dividends	89,379	(89,379)	(89,379)
Payable for capital expenditure - note 23	232,985	(232,985)	(232,985)
Others - note 23	164,687	(164,687)	(164,687)
Long-term loans - note 21	9,200,541	(9,200,541)	(963,434)
Short-term financing - note 24	7,356,467	(7,356,467)	(7,356,467)
	21,855,645	(21,864,094)	(13,626,987)

Notes to the Unconsolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

45 Capital risk management

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

The Company 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 Company may adjust the amount of dividends paid to shareholders or issue new shares. The Company also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, less cash and bank balances. Capital signifies equity as shown in the unconsolidated statement of financial position plus net debt. The gearing ratio as at June 30, 2019 and June 30, 2018 is as follows:

	As at June 30, 2019	As at June 30, 2018
Long-term loans - note 21	**8,454,151**	9,200,541
Short-term financing - note 24	**7,056,373**	7,356,467
Total debt	**15,510,524**	16,557,008
Cash and bank balances - note 17	**(237,374)**	(218,843)
Net debt	**15,273,150**	16,338,165
Share capital	**923,591**	923,591
Capital reserves	**309,643**	309,643
Surplus on revaluation of property, plant and equipment	**598,103**	669,495
Revenue reserve - unappropriated profit	**17,375,706**	16,178,705
Equity	**19,207,043**	18,081,434
Capital	**34,480,193**	34,419,599
Gearing ratio (Net debt / (Net debt + Equity)	**44.30%**	47.47%

46 Accounting estimates and judgements

46.1 Income and sales tax

The Company takes into account current income and sales tax laws and decisions taken by the appellate authorities. Instances where the Company's view differs from the view taken by the authorities at the assessment stage and where the Company, in consultation with its external counsel, considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

In case of assessment year [AY] 1998-99, the Appellate Tribunal Inland Revenue (The Tribunal) on September 19, 2008 had set aside the assessments made by FBR. The re-assessment was finalized by the department on June 29, 2010 in which the issues pertaining to date of commissioning of PTA's plant & the tax depreciation claimed thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks were decided against the Company. The Company had filed an appeal against the said order before the Commissioner (Appeals) [CIR(A)] which was decided on November 24, 2015 in which the issue of date of commissioning of PTA's plant & the tax depreciation claimed thereon along with the issue of addition to income in respect of trial production stocks were decided in Company's favor. However, the issue of restriction of cost of capitalization of PTA plant was decided against the Company. The Company and FBR have filed the appeals on respective matters decided against them in Tribunal, hearing of which is pending disposal.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

In the case of AY 2002-2003, on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Company had filed a writ petition in the Supreme Court, after its earlier petition being dismissed by the Sindh High Court on maintainability, challenging FBR's notice which stated that the effective date of PTA's demerger was August 6, 2001 (falling in AY 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in AY 2001-02). The notice also raised certain issues relating to vesting of PTA assets by the Company. On March 18, 2015, the Supreme Court passed an interim order stating that this case has nexus with the case of AY 2001-02 and hearing will take place once the High Court decides the case in AY 2001-02. The High Court decided the same in favor of the Company and stated that the assessment for AY 2001-02 is time barred. The department then filed an appeal in the Supreme Court against the order of the High Court. On March 13, 2017, the Supreme Court dismissed the appeal of the department pertaining to AY 2001-02, endorsed the directions of the High Court, adjudged the case as being barred by limitation and thereby restoring the position in the original order whereby unabsorbed depreciation was allowed.

Further, the Honorable Supreme Court gave directions to the company vide its order dated March 14, 2017 to file its reply to the notice dated May 26, 2005 with respect to AY 2002-03. Thereafter, the Company submitted its response to the department in consultation with its external counsel. On May 15, 2017 the DCIR passed its assessment order disallowing depreciation relating to PTA assets, capital gain on transfer of PTA plant, capital gain on exchange of shares, financial charges on loans subordinate to Pakistan PTA, excess perquisites, discounts, interest paid to ICI Japan, provisions and write offs. An appeal against this assessment order was preferred before CIR(A) who, vide his appellate Order dated January 19, 2018, decided majority of the issues against the Company. Consequently, the department issued appeal effect order dated March 1, 2018 giving effect to the findings of CIR(A) order. The Company has then preferred an appeal, against the CIR(A) order, before Tribunal which is pending disposal. Moreover, demand created vide appeal effect order dated March 1, 2018 has also been stayed by the High Court.

Depreciation relating to PTA assets pertaining to AY 2001-02 was absorbed against tax payable in AY 2002-03 to 2010. As a result of order dated May 15, 2017 for the AY 2002-03 whereby a certain portion of the said depreciation was disallowed, department on June 15, 2017 issued orders for the Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 through which spillover impact of the disallowed depreciation in AY 2002 - 03 was incorporated. This resulted in tax payable by the company for the Tax Years 2008, 2009 and 2010. Appeals against these orders were filed before CIR(A), who vide his combined appellate Order dated January 19, 2018 decided the case against the Company.

Consequently, the department issued rectified orders for Tax Years 2003 to 2010, all dated March 2, 2018, giving consequential effect to the Combined CIR(A) order, in line with the revised position in AY 2002-03. The Company then preferred an appeal against the combined CIR(A) order dated January 19, 2018, before the Tribunal which is pending disposal. Moreover, demand created vide rectified orders for Tax Years 2008, 2009, 2010 dated March 2, 2018 has also been stayed by the High Court.

In addition to the above orders, for Tax Years 2003 to 2010, FBR had made disallowances on the matters related to provisions charged under various heads, financial charges, gain on disposal of fixed assets, exchange loss, proration of expenses against capital gains and interest free loans offered to employees. The CIR(A) allowed all the issues in Tax Years 2003 to 2010 in Company's favor (except for two issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. Out of the 2 issues decided against the Company, one relates to disallowance of financial charges PKR 46.38 million in tax year 2003 which has now been decided in company's favor vide appeal effect order dated June 15, 2017. With respect to the issue of disallowances of provisions of PKR 78.67 million charged under various heads for tax year 2010, an appeal in the Tribunal has been filed, which is pending disposal.

The Additional Commissioner Inland Revenue (ACIR) through its order dated June 07, 2012 disallowed tax loss on disposal of fixed assets of PKR 6.46 million for Tax Year 2009 on the grounds that the same were sold through negotiations and not through auction as required by law. An appeal against the said order was filed with the CIR(A), who decided the appeal in company's favor. Consequently, the department being dissatisfied with the CIR(A) order filed an appeal with the ATIR who vide its order dated December 01, 2016 decided the matter against the Company. The Company has preferred an appeal before the Honorable High Court against the said order, which is pending disposal.

In Tax Year 2016, the company paid dividend to Lucky Holdings Limited, without tax deduction, based on the exemption as per clause 103 A, Part 1, 2nd Schedule of Income Tax Ordinance, 2001 [ITO, 2001] under Group Relief - section 59B of the ITO, 2001. Dividend was also paid to Mutual Funds and Banks, without tax deduction, based on the specific exemption available under ITO, 2001. However, the tax officer vide Order dated September 2, 2016, created tax demand of PKR 138.26 million on account of non-deduction of income tax on such dividends along with penalties and default surcharge. The Company had then preferred an appeal before CIR(A) who, vide order dated January 19, 2018, maintained the demand raised on account of Lucky Holdings Limited whereas remaining issue was remanded back for fresh verification. An appeal on the issue decided against

While conducting sales tax audit for the period July 2012 to June 2013, DCIR raised certain issues with respect to the declaration of exempt and zero / reduced rate sales in monthly sales tax returns and vide order dated September 12, 2014, raised a demand of PKR 952 million. An appeal was filed with CIR(A), who decided majority of the issues against the Company, while giving directions to the assessing officer to amend the original order if the returns are revised by the Company. The Company had then filed several applications for approval of revision of returns, which are pending with FBR. An appeal against the CIR(A) order has also been filed before the Tribunal, which is pending disposal.

During the year, sales tax audit for tax period July 2014 to June 2015 was finalized vide order dated September 25, 2018 through which sales tax demand of PKR 25.5 million on various issues was raised. The Company, while discharging the said demand, preferred an appeal against the order before the CIR(A) who, vide appellate order dated April 15, 2019, had remanded back all the issues. Consequently, the department being dissatisfied with the order has filed an appeal before the ATIR which is pending disposal.

Sales tax audit for the period July 2013 to June 2014 has also been finalized vide order dated May 29, 2019, through which sales tax demand of PKR 17.27 million was raised on various issues. The Company, while discharging the demand, has preferred an appeal against the order before the CIR(A) which is pending disposal.

The CIR(A) passed an appellate order dated March 20, 2019 against the income tax assessment for tax year 2014, amended vide order dated December 31, 2016. Through the appellate order, majority of the issues have been decided in Company's favor, whereas an appeal on the issues decided against the Company has been filed before Tribunal which is pending disposal.

The Company is confident that the above cases would be decided in Company's favor. Accordingly, no provision in this respect has been made in these unconsolidated financial statements.

46.2 Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 20 to the unconsolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

46.3 Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

46.4 Provision for expected credit losses of certain financial assets

The Company uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for Companyings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in Note 43.

46.5 Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of equipment with volume rebates, the Company determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

47 New standards, amendments to approved accounting standards and new interpretations

47.1 Adoption of standards and amendments effective during the year

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective for the current year:

IFRS 2	Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration

Improvements to accounting standard issued by IASB in December 2016

IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 9 and IFRS 15 is given below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Company generates its revenue from sale of goods. The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together aspects of the accounting for financial instruments: classification and measurement and impairment.

Classification and measurement

Except for certain trade receivables, under IFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

At transition date to IFRS 9, the Company has financial assets measured at amortised cost and equity instruments at FVOCI. The new classification and measurement of the Company's financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. The Company classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Company's unquoted equity instruments were classified as AFS financial assets.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Company's debt financial assets.

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2019

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Company is currently evaluating the impact of these standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's unconsolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB effective date (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 17	Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

48 Post reporting date events - dividends

The Directors in their meeting held on July 25, 2019 have recommended a final dividend of PKR 4.50 per share (June 30, 2018: PKR 8.50 per share) in respect of year ended June 30, 2019. This dividend is in addition to interim dividend paid of PKR 4.50 per share during the current year. The unconsolidated financial statements for the year ended June 30, 2019 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

49 Date of authorisation

These financial statements were authorised for issue in the Board of Directors meeting held on July 25, 2019.

50 General

50.1 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

50.2 Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Comparison of Results for Ten Years

As at and for the year ended December 31 / June 30

	12 months		
	January - December		
	2010	**2011** Restated	**2012** Restated
Statement of Financial Position			
Equity	14,548,093	9,066,723	9,024,890
Revaluation Reserves	907,352	824,207	740,656
Total Equity and Revaluation Reserve	**15,455,445**	**9,890,930**	**9,765,546**
Non Current Liability	1,093,190	1,340,306	1,593,267
Current Liability	5,482,037	9,280,988	9,355,282
Total Equity and Liabilities	**22,030,672**	**20,512,224**	**20,714,095**
Non Current Assets	10,152,415	9,154,438	10,898,077
Current Assets	11,878,257	11,357,786	9,816,018
Total Assets	**22,030,672**	**20,512,224**	**20,714,095**
Statement of Profit or Loss			
Turnover	39,532,506	38,348,591	37,809,433
Net Turnover	35,129,980	35,516,114	34,681,563
Cost of Sales	28,443,690	30,910,029	30,688,097
Gross profit	6,686,290	4,606,085	3,993,466
Operating Result	3,712,566	2,378,449	1,624,634
Profit before taxation	3,731,516	2,294,653	1,496,223
Profit after taxation	2,428,826	1,531,430	973,661
Summary of Cash Flows			
Cash generated from / (used in) operations	3,716,187	4,127,104	(1,963,689)
Net cash generated from / (used in) operating activities	2,334,428	2,875,020	(3,176,714)
Net cash used in investing activities	(752,830)	(509,814)	(2,125,793)
Net cash generated (used in) / from financing activities	(1,388,027)	(2,151,436)	(796,407)
Cash and cash equivalents at December 31 / June 30	4,661,822	4,633,322	(1,465,592)

Amounts in PKR '000

	12 months						
	July - June						
	2012-13 Restated	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	9,788,989	11,237,427	12,717,080	14,416,528	16,183,900	17,411,939	18,608,940
	698,536	639,372	576,458	829,645	743,948	669,495	598,103
	10,487,525	**11,876,799**	**13,293,538**	**15,246,173**	**16,927,848**	**18,081,434**	**19,207,043**
	3,067,815	3,486,365	2,762,532	5,174,242	6,243,246	10,248,010	8,649,547
	7,389,365	7,574,254	10,613,713	10,167,615	12,984,767	14,818,685	16,366,077
	20,944,705	**22,937,418**	**26,669,783**	**30,588,030**	**36,155,861**	**43,148,129**	**44,222,667**
	11,330,538	12,500,614	15,843,044	18,909,694	22,996,164	25,881,937	25,647,426
	9,614,167	10,436,804	10,826,739	11,678,336	13,159,697	17,266,192	18,575,241
	20,944,705	**22,937,418**	**26,669,783**	**30,588,030**	**36,155,861**	**43,148,129**	**44,222,667**
	39,627,119	42,698,659	42,593,948	42,689,368	47,548,639	55,591,275	65,383,089
	36,267,761	38,233,477	37,515,328	36,954,437	41,363,695	49,107,580	58,328,849
	32,193,170	33,581,636	31,725,574	30,475,911	33,598,220	40,553,323	48,877,125
	4,074,592	4,651,841	5,789,754	6,478,526	7,765,475	8,554,257	9,451,724
	1,986,737	2,225,934	3,044,107	3,478,707	4,043,576	4,397,841	4,935,414
	1,749,207	1,980,964	2,703,494	3,498,266	4,394,370	3,650,402	3,180,506
	1,158,701	1,702,216	2,125,708	2,843,186	3,296,091	3,059,704	2,304,912
	(164,272)	4,818,897	5,015,304	4,788,015	5,569,176	358,766	7,034,995
	(971,364)	3,806,585	3,748,417	3,680,106	4,824,855	(1,401,590)	4,528,566
	(940,727)	(2,400,932)	(4,372,472)	(4,138,316)	(4,930,518)	(5,752,562)	(2,267,022)
	1,453,483	933,274	(1,554,652)	404,044	(52,889)	1,993,226	(1,942,919)
	(1,924,200)	414,727	(1,763,980)	(1,818,146)	(1,976,698)	(7,137,624)	(6,818,999)

Pattern of Shareholding

as at June 30, 2019

No. of Shareholders	Categories		No. of Shares
	From	To	
6112	1	100	201,904
2411	101	500	571,853
546	501	1,000	397,030
541	1001	5,000	1,173,799
85	5001	10,000	608,581
41	10001	15,000	509,350
12	15001	20,000	210,980
9	20001	25,000	196,078
5	25001	30,000	132,766
3	30001	35,000	98,285
3	35001	40,000	112,972
4	40001	45,000	170,456
8	45001	50,000	382,950
4	50001	55,000	204,250
1	55001	60,000	55,018
3	80001	85,000	249,650
1	105001	110,000	109,600
1	115001	120,000	119,687
1	135001	140,000	137,595
1	165001	170,000	169,316
1	205001	210,000	205,820
1	230001	235,000	231,679
1	305001	310,000	307,281
1	455001	460,000	456,920
2	670001	675,000	1,347,900
1	935001	940,000	936,350
1	1185001	1,190,000	1,185,235
1	2225001	2,230,000	2,229,188
1	2540001	2,545,000	2,541,323
1	3365001	3,370,000	3,369,752
1	5075001	5,080,000	5,077,180
1	5980001	5,985,000	5,980,917
1	12130001	12,135,000	12,131,107
1	50545001	50,550,000	50,546,278
9,807			**92,359,050**

Pattern of Shareholding

as at June 30, 2019

S.No.	Categories of Shareholders	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	3	482,019	0.52
2	Associated Companies, Undertakings and related Parties	7	78,453,134	84.94
3	NIT and ICP	-	-	0.00
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	23	303,921	0.33
5	Insurance Companies	20	5,214,511	5.65
6	Modarabas and Mutual Funds	43	2,218,784	2.40
7	Shareholders holding 10%	2	62,677,385	67.86
8	General Public :			
	a. local	9,516	3,418,992	3.70
	b. Foreign			
9	Others	195	2,267,689	2.46
	Total (excluding : shareholders holding 10%)	**9,807**	**92,359,050**	**100.00**

Pattern of Shareholding
as at June 30, 2019

	Shareholder's Category	Number of Shareholders / folios	Number of Shares Held	%
i.	**Associated Companies, Undertaking and Related Parties (name wise details)**			
	GADOON HOLDINGS (PRIVATE) LIMITED	1	673,950	0.73
	GADOON TEXTILE MILLS LIMITED	1	5,980,917	6.48
	LUCKY CEMENT HOLDINGS (PRIVATE) LIMITED	1	50,546,278	54.73
	LUCKY TEXTILE HOLDINGS (PRIVATE) LIMITED	1	673,950	0.73
	LUCKY TEXTILE MILLS LIMITED	1	5,077,180	5.50
	YB PAKISTAN HOLDINGS (PRIVATE) LIMITED	1	3,369,752	3.65
	YUNUS TEXTILE HOLDINGS (PRIVATE) LMITED	1	12,131,107	13.13
		7	**78,453,134**	**84.94**
ii.	**Mutual Funds (name wise details)**			
	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	630	0.00
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	850	0.00
	CDC - TRUSTEE ABL STOCK FUND	1	45,250	0.05
	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	3,038	0.00
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	110	0.00
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	231,679	0.25
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	6,300	0.01
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	4,017	0.00
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	50	0.00
	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	33	0.00
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	87	0.00
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	70	0.00
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	30	0.00
	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	3,090	0.00
	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	6,700	0.01
	CDC - TRUSTEE FAYSAL STOCK FUND	1	2,900	0.00
	CDC - TRUSTEE JS ISLAMIC FUND	1	29,350	0.03
	CDC - TRUSTEE LAKSON EQUITY FUND	1	39,660	0.04
	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	1	1,707	0.00
	CDC - TRUSTEE LAKSON TACTICAL FUND	1	6,643	0.01
	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	80,650	0.09
	CDC - TRUSTEE MEEZAN BALANCED FUND	1	169,316	0.18
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,185,235	1.28
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	205,820	0.22
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	33,569	0.04
	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	50	0.00
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	10,300	0.01
	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	51,100	0.06
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	5,800	0.01
	CONFIDENCE MUTUAL FUND LTD	1	7	0.00
	DOMINION STOCK FUND LIMITED	1	168	0.00
	GOLDEN ARROW SELECTED STOCKS FUND	1	7	0.00
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	37,450	0.04
	MCBFSL - TRUSTEE ALLIED CAPITAL PROTECTED FUND	1	750	0.00
	MCBFSL - TRUSTEE JS VALUE FUND	1	21,650	0.02
	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	20,200	0.02
	MCBFSL-TRUSTEE ABL ISLAMIC ASSET ALLOCATION FUND	1	450	0.00
	SAFEWAY MUTUAL FUND LIMITED	1	256	0.00
	SECURITY STOCK FUND LIMITED	1	36	0.00
		39	**2,205,008**	**2.39**
iii.	**Directors and their spouse (s) and minor children (name wise details)**			
	ASIF JOOMA	1	456,920	0.49
	KAMAL A.CHINOY	1	12,599	0.01
	KHAWAJA IQBAL HASSAN	1	12,500	0.01
		3	**482,019**	**0.52**
iv.	**Executives**	**14**	**3,741**	**0.00**
v	**Public Sector Companies and Corporations**	**3**	**2,536,748**	**2.75**
vi	**Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds**	**57**	**3,212,156**	**3.48**
vii	**Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)**			
	GADOON TEXTILE MILLS LIMITED	1	5,980,917	6.48
	LUCKY CEMENT HOLDINGS (PRIVATE) LIMITED	1	50,546,278	54.73
	LUCKY TEXTILE MILLS LIMITED	1	5,077,180	5.50
	YUNUS TEXTILE HOLDINGS (PRIVATE) LMITED	1	12,131,107	13.13
		4	**73,735,482**	**79.84**
viii.	**Others & General Public**	**9,684**	**5,466,244**	**5.92**
	Total (excluding : shareholders holding 5%)	**9,807**	**92,359,050**	**100.00**

ix Details of trading in the shares by the Directors, CEO, CFO, Company Secretary and their spouses

During the year, the CEO Mr. Asif Jooma had sold 50,000 shares of the Company through CDC.

Notice of 68th Annual General Meeting

Notice is hereby given that the Sixty-Eight Annual General Meeting of ICI Pakistan Limited (the "Company") will be held on Saturday, September 21, 2019, at 10.00 a.m. at ICI House, 5 West Wharf Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the year ended June 30, 2019, the report of the Auditors thereon and the report of the Directors.

2. To declare and approve Final Cash dividend @ 45% i.e. Rs.4.50/- per ordinary share of Rs.10/- each for the year ended June 30, 2019, as recommended by the Directors, payable to the Members whose names appear in the Register of the Members as at September 12, 2019.

3. To appoint the Auditors of the Company for the year 2019-20 and to fix their remuneration.

SPECIAL BUSINESS:

4. To approve by way of Special Resolution with or without modification the following resolutions in respect of related party transactions in which the majority of Directors of the Company are interested in terms of Section 207 of the Companies Act, 2017:

   "RESOLVED THAT related parties transactions in which the majority of the Directors are interested carried out by the Company with Lucky Cement Limited, Gadoon Textile Mills Limited, Lucky Textile Mills Limited, Yunus Textile Mills Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, NutriCo Pakistan (Private) Limited, NutriCo Morinaga (Private) Limited, Lucky Foods (Private) Limited, Cirin Pharmaceuticals (Private) Limited, ICI Pakistan PowerGen Limited and other such related parties to the extent of Rs.5,487,460,375/-(Rupees five billion four hundred eighty-seven million four hundred sixty thousand three hundred seventy-five only) during the year ended June 30, 2019 reported in the Financial Statements for the said period, be and are hereby ratified and confirmed.

   RESOLVED FURTHER THAT the Company may carry out transactions from time to time including, but not limited to, the purchase and sale of goods, materials, sales of various chemicals, soda ash, electricity, purchase of cement, availing or rendering of services, payment of royalty, donations, fees, dividends or subscription of shares with related parties in which the majority of the Directors are interested including but not limited to, Lucky Cement Limited, Gadoon Textile Mills Limited, Lucky Textile Mills Limited, Yunus Textile Mills Limited, Lucky Knits (Private) Limited, NutriCo Pakistan (Private) Limited, NutriCo Morinaga (Private) Limited, Lucky Foods (Private) Limited, Cirin Pharmaceuticals (Private) Limited, and other such related parties to the extent of approximately Rs.7,500,000,000/- (Rupees seven billion five hundred million only) during the financial year ending June 30, 2020.

   The Shareholders have noted that for the aforesaid transactions a majority of the Directors may be interested. Notwithstanding, the Shareholders hereby grant an advance authorisation to the Board Audit Committee and the Board of Directors of the Company to review and approve all related party transactions for the aforesaid companies as noted above based on the recommendation of the Board Audit Committee.

   RESOLVED FURTHER THAT the related party transactions as aforesaid for the period ended June 30, 2020 would subsequently be presented to the Shareholders at the next Annual General Meeting for ratification and confirmation."

5. To approve by way of Special Resolution, with or without modification investment in NutriCo Morinaga (Private) Limited, an associated concern of ICI Pakistan Limited, as required under section 199 of the Companies Act 2017:

   "RESOLVED THAT the approval of the members of the Company is hereby accorded in terms of section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017, for making an investment in phases amounting upto Rs.1,000,000,000/- (Rupees one billion) in NutriCo Morinaga (Private) Limited by way of subscription of upto 10,000,000 (ten million) ordinary shares of Rs.100/- per share through subscription to rights shares and/or any unsubscribed shares in such tranches and at such times as may be offered by NutriCo Morinaga (Private) Limited.

Notice of 68th Annual General Meeting

FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and/or the Company Secretary, be and are hereby jointly or severally authorized to do all acts, deeds, execute such other documents and make necessary corporate and other filings as may be necessary or expedient for the purposes of giving effect to the above resolution and undertake all other matters incidental or ancillary thereto."

The Statement under section 134(3) of the Companies Act, 2017 pertaining to the "Special Resolutions" is being sent along with the Notice to the Members.

By Order of the Board

August 28, 2019
Karachi

Nausheen Ahmad
Company Secretary

Notes:

1. **Closure of Share Transfer Books.**

   Share Transfer Books of the Company will remain closed from September 13, 2019 to September 21, 2019 (both days inclusive). Transfers received in order at the office of our Shares Registrar, FAMCO Associates (Pvt) Limited, 8-F, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi, by the close of business on **September 12, 2019**, will be considered in time, to entitle the transferees to the Final Cash dividend and to attend the Annual General Meeting.

2. **Participation in the Meeting.**

   Members whose names appearing in the Register of Members as of September 12, 2019, are entitled to attend and vote at the Meeting. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend, speak and vote for him/her. A proxy must be a Member of the Company.

   An instrument of proxy applicable for the Meeting is being provided with the Notice sent to Members. Further copies of the instrument of proxy may be obtained from the Registered Office of the Company during normal office hours. Proxy form may also be downloaded from the Company's website: http://www.ici.com.pk.

   An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must, to be valid, be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

   Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided and notify immediately changes, if any, in their registered address to our Shares Registrar, FAMCO Associates (Pvt) Ltd.

3. **Guidelines for Central Depository Company of Pakistan Limited ('CDC') Account Holders.**

   CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For Attending the Meeting:

   (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original CNIC/SNIC or original passport at the time of attending the meeting.

   (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies:

(i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC/SNIC numbers shall be mentioned on the form.

(iii) Attested copies of CNIC/SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his original CNIC/SNIC or original passport at the time of the Meeting.

(v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. Consent for Circulation of Audited Financial Statements and Notice of AGM Through E-Mail.

Circulation of Annual Audited Accounts via Email/CD/USB/DVD or any other media pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's and Director's Report) to its members through Email/CD/USB/DVD or any other Electronic Media at their registered Addresses.

Shareholders who wish to receive the hardcopy of Financial Statements shall have to fill the attached "Standard Request Form" (also available on the company's website http://www.ici.com.pk) and send us at the Company address.

5. Consent for Video Conference Facility.

Pursuant to Section 134(1)(b) of the Companies Act, 2017, if the Company receives a request from member(s) holding an aggregate ten percent (10%) or more shareholding residing at another city, such member(s) may request a video conferencing facility for the purposes of participating in the meeting at such a location by sending a request to the Company at least 10 (ten) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to the availability of such facility in that city. To avail such facility, please submit the following form with the requisite information at the registered office of the Company.

I/we _______________of _________being a member of ICI Pakistan Limited, holding ______ordinary shares as per registered Folio / CDC Account No. _____________hereby opt for video conference facility at _____________.

_________________ _________________________

Name and signature Date

The Company will intimate members regarding venue of video conference facility at least 7 days before the date of Annual General Meeting along with complete information necessary to enable them to access such facility.

6. Submission of CNIC/SNIC/NTN (Mandatory).

Pursuant to the directives of the SECP, the dividends of Shareholders whose CNIC/SNIC or NTN (in case of corporate entities) are not available with the Share Registrar could be withheld. Shareholders are therefore, requested to submit a copy of their valid CNIC/SNIC (if not already provided) to the Company's Share Registrar, FAMCO Associates (Pvt.) Ltd. 8-F, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi. In the absence of a member's valid CNIC/SNIC, the Company will be constrained to withhold dispatch of dividend warrants to such members.

7. Dividend Mandate (Mandatory).

In accordance with the provisions of Section 242 of the Companies Act 2017, and Regulation 4 of the Companies (Distribution of Dividends) Regulations 2017, a listed company is required to pay cash dividend to the shareholders **ONLY** through electronic mode directly into the bank account designated by the entitled shareholders. In compliance with the above law, in order to receive dividends directly in your bank account, you are requested to provide the information mentioned in the Form placed at the Company's website http://www.ici.com.pk otherwise the Company would be constrained to withhold payment dividend (if any) in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations 2017. Shareholders shall submit the information directly to their brokers / Central Depository Company Ltd. If the shares are held in the electronic form or to the Company's Shares Registrar if the shares are held in physical form.

Notice of 68th Annual General Meeting

8. Revised Treatment of Withholding Tax.

Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act 2019, effective July 1, 2019, withholding of tax on dividend based on ‘Active’ and ‘Non-Active’ status of shareholders shall be @ 15% and 30% respectively where ‘Active’ means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (http://www.fbr.gov.pk/) and ‘Non-Active’ means a person whose name is not being appeared on the Active Taxpayers List.

Furthermore, according to clarification provided by the FBR; in case a Folio/CDS Account is jointly held, each joint-holder is to be treated separately as Active or Non-Active. In terms of the said clarification, tax of each joint-holder has been deducted on the gross dividend amount determined by bifurcating the shareholding of each joint-holder on equal proportions, except where shareholding proportion of joint-holder(s) is pre-defined as per the records of the Company’s Share Registrar and thus tax rates are applied in line with respective proportions.

Those shareholders who are holding Folio/CDS jointly; are requested to notify (in writing) any change in their shareholding proportions to Company’s Share Registrar (in case of physical shareholding) or their Participants/CDC Investor Account Services so that their revised shareholding proportions are considered by the Company in all prospective dividend payouts of the Company, if any.

9. Exemption from Deduction of Income Tax / Zakat.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.

10. Unclaimed Dividend.

As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the Shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years are available on the Company’s website: http://www.ici.com.pk. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.

Statement Under Section 134(3) of the Companies Act, 2017 Pertaining to Special Resolution

This Statement sets out the material facts pertaining to the Special Resolutions described in items 4 and 5 of the Notice of Annual General Meeting ("AGM"), intended to be transacted at the 68th AGM of ICI Pakistan Limited (the "Company") that is scheduled to be held on September 21, 2019.

Material Facts pertaining to Item 4: **Related Party Transactions**

The Company carries out transactions with its associated companies and related parties in accordance with its policies and applicable laws and regulations. Certain related party transactions require Shareholder approval under Section 207 of the Companies Act, 2017 as majority of Directors on the ICI Pakistan's Board are interested in the transaction (by virtue of being shareholders or directors in related entities).

The details of such transactions are as under:

S/n	Company Name	Transaction Nature
1	Lucky Cement Limited	Purchase of goods, materials and services
2	Gadoon Textile Mills Limited	Sale of goods, materials and dividend
3	Lucky Textile Mills Limited	Sale of goods, materials and dividend
4	Yunus Textile Mills Limited	Sale of goods and materials
5	Lucky Holdings Limited	Royalty
6	Lucky Cement Holdings (Private) Limited	Dividend
7	Gadoon Holdings (Private) Limited	Dividend
8	Yunus Textile Holdings (Private) Limited	Dividend
9	YB Pakistan Holdings (Private) Limited	Dividend
10	Lucky Textile Holdings (Private) Limited	Dividend
11	Lucky Knits (Private) Limited	Sale of goods and materials
12	NutriCo Pakistan (Private) Limited	Reimbursement of expenses / Dividend
13	NutriCo Morinaga (Private) Limited	Sale of electricity and reimbursement of expenses / Dividend / Shares subscription
14	Lucky Foods (Private) Limited	Sale of goods and materials
15	Cirin Pharmaceuticals (Private) Limited	Purchase of goods, materials and services
16	ICI Pakistan PowerGen Limited	Purchase of electricity

All related party transactions are in accordance with ICI Pakistan's policies and comply with all legal requirements. These are primarily transactions conducted in the ordinary course of business. Under ICI Pakistan's Policy for Related Party Transactions all related party transactions are reviewed periodically by the Board Audit Committee which is chaired by an Independent Director. Following review by the Board Audit Committee, the said transactions are placed before the Board of Directors for approval.

The Shareholders are requested to ratify the transactions with related parties in which the majority of the Directors are interested as disclosed in the Financial Statements for the year ended June 30, 2019 and further to authorise the Company to conduct certain related party transactions in which the majority of Directors are interested for the financial year ending June 30, 2020.

Shareholder approval is also sought to authorize and grant power to the Board to periodically review and approve such transactions based on the recommendation of the Board Audit Committee and for the Board Audit Committee to review the same.

The Shareholders are informed that in the Special Resolution described in the Notice of Annual General Meeting, the Company has provided its best estimation of the quantum of related party transactions to be undertaken in the period ending June 30, 2020. The Company will present the actual figures for subsequent ratification and confirmation by the Shareholders, at the next Annual General Meeting.

Based on the aforesaid the Shareholders are requested to pass the Special Resolutions with or without modification as stated in the Notice.

The Directors who are interested in this subject matter are as follows:

- Mr. Muhammad Sohail Tabba
- Mr. Muhammad Ali Tabba
- Mrs. Amina A Aziz Bawany
- Mr. Jawed Yunus Tabba
- Mr. Asif Jooma
- Mr. Muhammad Abid Ganatra

Statement Under Section 134(3) of the Companies Act, 2017 Pertaining to Special Resolution

Material Facts pertaining to Item 5: **Investment in Associated Company**

The Company seeks Shareholder approval to pass the Special Resolutions provided in item no. 5 of the Notice allowing an investment in phases of upto Rs.1,000,000,000/- (Rupees one billion) in its associated company i.e. NutriCo Morinaga (Private) Limited ('JVCo') pursuant to section 199 of the Companies Act, 2017. The investment shall be made through subscription to rights shares and/or any unsubscribed shares in such tranches and at such times as may be offered by JVCo.

JVCo is a joint venture between ICI Pakistan Limited, Morinaga Milk Industry Co., Ltd. and Unibrands (Private) Limited. JVCo was formed to carry on the business of local manufacturing, marketing and distributing of Morinaga formula products. The manufacturing facility, which commenced construction in 2017 is expected to commence commercial operations in the upcoming fiscal year 2019-2020. The Shareholders had earlier vide Special Resolutions passed at the EOGM held on February 16, 2018 authorized an investment of Rs.958,800,000/- (Rupees nine hundred and fifty eight million and eight hundred thousand) in JVCo, when it became an associated company.

In compliance with the relevant provisions of the Companies Act 2017, and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017, information about the proposed investment is as under:

Name of associated company associated undertaking	NutriCo Morinaga (Private) Limited ('JVCo')
Basis of relationship	The relationship is established based on 51% shareholding of the Company in JVCo and common directorship of Mr. Muhammad Sohail Tabba, Mr. Asif Jooma and Mr. Muhammad Abid Ganatra.
Earnings per share for the last three years	Earnings per share for the year ended June 30, 2019: Rs. 0.81 Earnings per share for the year ended June 30, 2018: Rs. 2.14 Earnings per share for the year ended June 30, 2017: Rs. (0.55)
Break-up value per share, based on latest audited financial statements	Break-up value based on audited financial statements for the year ended June 30, 2019 is Rs.102 per share.
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Total Assets as at June 30, 2019; Rs. 5,993,505,000 Total liabilities as at June 30, 2019: Rs. 3,059,554,000 Profit for the year ended June 30, 2019: Rs. 23,283,000
In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely, (I) description of the project and its history since conceptualization; (II) starting date and expected date of completion of work; (III) time by which such project shall become commercially operational; (IV) expected time by which the project shall start paying return on investment; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts	(i) ICI Pakistan Limited, Unibrands (Private) Limited and Morinaga Milk Industry Co., Ltd. entered into a joint venture to construct, through JVCo, a state of the art manufacturing facility to manufacture Morinaga's formula products. (ii) The manufacturing facility is nearing completion and is expected to commence commercial operations in Q2 of the year ending June 30, 2020. The commissioning of the plant was initiated in June 2019. (iii) Based on the current feasibility, the project is expected to start paying return on investment by the third year of commercial production. (iv) Total funds invested to date by the sponsors (ICI Pakistan Limited, Unibrands (Private) Limited and Morinaga Milk Industry Co., Ltd.) is Rs. 2.88 billion.
Maximum amount of investment	Upto Rs.1,000,000,000/- (Rupees one billion) in tranches from time to time over a period of 24 months as offered by JVCo.

Purpose, benefits and period of investments	The purpose of the additional equity is to improve the profitability of JVCo through reduction of borrowing keeping in mind current inflationary and discount rate trends. The Company shall be offered shares in proportion to its shareholding in JVCo which is 51%.
Source of fund from which securities will be acquired	Funds to be arranged through Company's internal cash generation
Salient features of the agreement(s), if any, entered into with its associated company with regards to the proposed investment	N/A
Direct or indirect interest of Directors, Sponsors, Majority Shareholders and their relatives, if any, in the associated company or the transaction under consideration.	• three common directors • The respective directors of ICI Pakistan are interested only to the extent of their directorship in JVCo.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information / justification for any impairment or write offs.	JVCo has not yet initiated commercial operations, as such performance review of the investment is currently not available.
Any other important details necessary for the members to understand the transaction.	NIL
Maximum price at which securities will be acquired.	Rs. 100/- per share (face value of the share)
In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	N/A
Maximum number of securities to be acquired	10,000,000 (ten million) ordinary shares of Rs. 100/- each
Number of securities and percentage thereof held before and after the proposed investment	ICI Pakistan Limited as at June 30, 2019 holds 51% shareholding in JVCo. The additional investment of upto Rs.1,000,000,000/- (Rupees one billion) shall be made through subscription to rights shares and/or to any unsubscribed shares in such tranches and at such times as issued by JVCo.
Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities.	N/A
Fair value determined in terms of sub-regulation (1) of regulation 5 of the Regulation for investments in unlisted securities	Rs.100/- per share

Other Information:

The associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company	Mr. Asif Jooma, Chief Executive of JVCo holds 456,920 shares in ICI Pakistan Limited as at June 30, 2019.

Form of Proxy

Annual General Meeting

I / We ______________________________

of ______________________________

being member(s) of ICI Pakistan Limited holding ______________________________

ordinary shares hereby appoint ______________________________

of ______________________________ or failing him / her ______________________________

of ______________________________ who is / are also member(s) of ICI Pakistan Limited as my/our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on September 21, 2019 and at any adjournment thereof.

As witness my / our hand / seal this ______________ day of ______________ 2019

Signed by the said ______________________________

in the presence of 1. ______________________________

____

2. ______________________________

____

Folio / CDC Account No.

Signature

This signature should agree with the specimen registered with the Company.

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at ICI House, 5 West Wharf, Karachi, not less than 48 hours before the time of holding the Annual General Meeting.
2. No person shall act as proxy unless he himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC / SNIC (Computer National Identity Card / Smart National Identity Card) numbers shall be mentioned on the form.

ii) Attested copies of CNIC / SNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his original CNIC / SNIC or original passport at the time of the Annual General Meeting.

iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Affix
Correct
Postage

The Company Secretary
ICI Pakistan Limited
ICI House
5 West Wharf
Karachi-74000

ICI Pakistan Limited and its Subsidiary Companies

Consolidated Financial Statements

Report of the Directors
for the year Ended June 30, 2019

The Directors are pleased to present their report together with the audited Group results of ICI Pakistan Limited for the year ended June 30, 2019. The ICI Pakistan Group comprises of ICI Pakistan Limited, ICI Pakistan PowerGen Limited (PowerGen), Cirin Pharmaceuticals (Private) Limited (Cirin) and NutriCo Morinaga (Private) Limited as its subsidiaries.

The Directors' Report, which provides a commentary on the performance of ICI Pakistan Limited for the year ended June 30, 2019, has been presented separately.

The net turnover of PowerGen for the year ended stood at PKR 751 million, being 37% higher as compared to the last year due to a rise in furnace oil price by 37%. The sale of electricity units was 10% higher vs the SPLY despite the Polyester plant shutdown as the Company started to sell electricity to its associate concern, Nutrico Morinaga (Pvt) Limited. Overall, the operating profit rose by 24% against the SPLY.

Cirin posted a net turnover of PKR 1,057 million, 20% higher as compared to the SPLY, and an operating loss of PKR 106 million as compared to an operating profit of 117 million in the SPLY.

The operating loss was mainly due to 32% devaluation of rupee against the US dollar, which negatively impacted the cost of all imported raw and packing materials and, thus, led to a marked increase in product manufacturing costs. The local costs also continued to increase throughout the year on account of rising inflation. The overall increased costs of running the business were only partially compensated by a price increase allowed by the DRAP in January 2019, which led to a significant erosion of margins and profitability.

NutriCo Morinaga (Private) Limited is expected to commission the plant in Q1 of FY 2019. Contingent on the result of trial production, commercial operations are expected to commence during the second half of FY 2019.

During the period, the Company generated income of PKR 37 million on its bank deposits, which translated into a Profit After Tax (PAT) of PKR 23 million and an EPS of PKR 0.81.

On a consolidated basis, including the results of the Company's subsidiaries, ICI Pakistan PowerGen Limited, Cirin Pharmaceuticals (Private) Limited and NutriCo Morinaga (Private) Limited, the Profit After Tax (PAT) for the year was PKR 2,537 million of which PKR 11 million is attributable to non-controlling interests. This translates into an EPS of PKR 27.34, which is 23% lower than the SPLY. During the year, the Company recognised PKR 526 million as a share of profit from NutriCo Pakistan (Private) Limited as compared to PKR 586 million recognised during the SPLY.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Dated: July 25, 2019

Karachi

Building a better working world

EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: + 9221 111 11 39 37 (EYFR)
Tel: + 9221 3565 0007-11
Fax: + 9221 3568 1965
e.y.khi@pk.ey.com
ey.com/pk

Independent Auditors' Report

To the members of ICI Pakistan Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **ICI Pakistan Limited** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at **30 June 2019**, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 30 June 2019, 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 *Auditor's 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 the 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. First time adoption of IFRS 9 – Financial Instruments As referred to in note 48.1 to the consolidated financial statements, the Group has adopted IFRS 9 with effect from 1 July 2018. The new standard requires the Group to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Group. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Group to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Group as well as the related external sources as used for this purpose. We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. In addition to above, we assessed the adequacy of disclosures in the consolidated financial statements of the Group regarding application of IFRS 9 as per the requirements of the above standard.

Building a better working world

Independent Auditors' Report

Key audit matter	How our audit addressed the key audit matter
2. Net Realisable Value (NRV) of inventories and provision for obsolescence	
As at the year end, the Group held inventories amounting to PKR 10,105 million, after considering allowance for inventories obsolescence amounting to PKR 196.4 million, as disclosed in note 12 of the accompanying consolidated financial statements. The inventories obsolescence is calculated by taking into account the NRV of related inventories while mainly keeping in view the estimated selling price, forecasted inventories usage, forecasted sale volumes and product expiry dates. We have considered this area to be a key audit matter due to its materiality and significance in terms of judgements involved in estimating the NRV of underlying inventories.	Our audit procedures included, amongst others, reviewing the management procedures for evaluating the NRV of inventories, observing physical inventory counts at major locations to ascertain the condition and existence of inventories, confirming inventories held by others and performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete inventories as at the year end. Further, our audit procedures included, amongst others, reviewing inventories turnover ratios; understanding and evaluating the appropriateness of the basis of identification of the obsolete inventories; evaluating the historical accuracy of allowance of inventories assessed by management by comparing the actual loss to historical allowance recognized, on a sample basis; testing the accuracy of the aging analysis of inventories, on a sample basis; testing cost of goods with underlying invoices and expenses incurred in accordance with inventory valuation method and reviewing the minutes of the relevant meetings at the management and Board level to identify any indicators of obsolesce. We further tested the NRV of the inventories held by preforming a review of sales close to and subsequent to the year-end and compared with the cost for a sample of products. We also reviewed the inventories' expiry date report to identify slow moving or obsolete inventories and tested its accuracy on sample basis to check the provision for slow moving and obsolete inventories was reasonable.

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 Annual Report, but does not include the consolidated financial statements and our auditor's 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 the 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 Companies Act, 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.

Building a better working world

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is **Arif Nazeer.**

EY Ford Rhodes

Date: 20 August, 2019
Karachi

EY Ford Rhodes
Chartered Accountants

Consolidated Statement of Financial Position

As at June 30, 2019

Amounts in PKR '000

	Note	**June 30, 2019**	June 30, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	6	**25,873,777**	22,375,943
Intangible assets	7	**1,695,889**	1,688,377
		27,569,666	24,064,320
Long-term investments	8	**1,478,273**	1,132,504
Long-term loans	9	**452,038**	443,791
Long-term deposits and prepayments	10	**43,518**	43,602
		1,973,829	1,619,897
		29,543,495	25,684,217
Current assets			
Stores, spares and consumables	11	**1,052,054**	946,642
Stock-in-trade	12	**10,105,003**	9,010,634
Trade debts	13	**2,449,659**	2,718,120
Loans and advances	14	**583,691**	552,752
Trade deposits and short-term prepayments	15	**322,889**	322,494
Other receivables	16	**2,277,781**	1,498,166
Taxation - net		**2,682,961**	2,592,156
Cash and bank balances	17	**423,888**	1,687,351
		19,897,926	19,328,315
Total assets		**49,441,421**	45,012,532

Amounts in PKR '000

	Note	**June 30, 2019**	June 30, 2018
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2018: 1,500,000,000) ordinary shares of PKR 10 each		**15,000,000**	15,000,000
Issued, subscribed and paid-up capital	18	**923,591**	923,591
Capital reserves	19	**309,643**	309,643
Surplus on revaluation of property, plant and equipment - net of tax	19	**744,266**	821,982
Revenue reserve - unappropriated profit		**17,977,449**	16,551,410
Attributable to the equity holders of the Holding Company		**19,954,949**	18,606,626
Non-controlling interests		**1,437,617**	1,426,208
Total equity		**21,392,566**	20,032,834
Non-current liabilities			
Provisions for non-management staff gratuity	20	**113,012**	125,586
Long-term loans	21	**9,454,188**	8,243,012
Deferred tax liability - net	22	**1,748,366**	1,903,094
		11,315,566	10,271,692
Current liabilities			
Trade and other payables	24	**7,155,477**	6,066,938
Accrued mark-up		**433,649**	251,496
Short-term financing	25	**7,356,142**	7,332,327
Unclaimed dividend		**93,518**	89,379
Current portion of long-term loans	21	**1,694,503**	967,044
Current portion of liabilities subject to finance lease	23	**-**	822
		16,733,289	14,708,006
Total equity and liabilities		**49,441,421**	45,012,532
Contingencies and commitments	26		

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended June 30, 2019

Amounts in PKR '000

	Note	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Net turnover	28.1	**59,382,411**	49,992,068
Cost of sales	28.2	**(49,637,402)**	(41,005,429)
Gross profit		**9,745,009**	8,986,639
Selling and distribution expenses	30	**(3,344,129)**	(3,103,257)
Administration and general expenses	31	**(1,457,445)**	(1,281,172)
Operating result		**4,943,435**	4,602,210
Other charges	32	**(273,180)**	(326,091)
Finance costs	33	**(1,485,754)**	(654,094)
Exchange loss		**(437,615)**	(430,706)
		(2,196,549)	(1,410,891)
Other income	34	**131,305**	156,355
Share of profit from an associate	8	**525,769**	585,968
Profit before taxation		**3,403,960**	3,933,642
Taxation	35	**(867,330)**	(635,988)
Profit after taxation		**2,536,630**	3,297,654
Attributable to:			
Owners of the Holding Company		**2,525,221**	3,280,006
Non-controlling interests		**11,409**	17,648
		2,536,630	3,297,654
Basic and diluted earnings per share (PKR)	36	**27.34**	35.51

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Consolidated Statement of Other Comprehensive Income

For the year ended June 30, 2019

Amounts in PKR '000

	For the year ended June 30, 2019	For the year ended June 30, 2018
Profit after taxation	**2,536,630**	3,297,654
Other comprehensive income / (loss)		
Items not to be reclassified to consolidated statement of profit or loss:		
Remeasurement of defined benefit plans	**31,530**	(317,833)
Income tax effect	**(7,760)**	74,664
	23,770	(243,169)
Reversal of surplus on revaluation of property, plant and equipment	**-**	(11,783)
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate - note 19.3	**-**	5,622
	-	(6,161)
Total comprehensive income for the year	**2,560,400**	3,048,324
Attributable to:		
Owners of the Holding Company	**2,548,991**	3,030,676
Non-Controlling interests	**11,409**	17,648
	2,560,400	3,048,324

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2019

Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Surplus on revaluation of property plant and equipment	Revenue reserve - unappropriated profit	Total reserves	Non-controlling interests	Total equity
As at June 30, 2017	**923,591**	**309,643**	**902,788**	**15,102,391**	**16,314,822**	**487,360**	**17,725,773**
Final dividend for the year ended June 30, 2017 @ PKR 10.00 per share	-	-	-	(923,591)	(923,591)	-	(923,591)
Interim dividend for the year ended June 30, 2018 @ PKR 8.00 per share	-	-	-	(738,872)	(738,872)	-	(738,872)
	-	**-**	**-**	**(1,662,463)**	**(1,662,463)**	**-**	**(1,662,463)**
Shares issued to non-controlling interests	-	-	-	-	-	921,200	921,200
Profit attributable to non-controlling interest for the year	-	-	-	-	-	17,648	17,648
	-	**-**	**-**	**-**	**-**	**938,848**	**938,848**
Profit for the year	-	-	-	3,280,006	3,280,006	-	3,280,006
Other comprehensive loss for the year - net of tax	-	-	(6,161)	(243,169)	(249,330)	-	(249,330)
Total comprehensive income	**-**	**-**	**(6,161)**	**3,036,837**	**3,030,676**	**-**	**3,030,676**
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(74,645)	74,645	-	-	-
	-	**-**	**(74,645)**	**74,645**	**-**	**-**	**-**
As at June 30, 2018	**923,591**	**309,643**	**821,982**	**16,551,410**	**17,683,035**	**1,426,208**	**20,032,834**
Final dividend for the year ended June 30, 2018 @ PKR 8.50 per share	-	-	-	(785,052)	(785,052)	-	(785,052)
Interim dividend for the year ended June 30, 2019 @ PKR 4.50 per share	-	-	-	(415,616)	(415,616)	-	(415,616)
	-	**-**	**-**	**(1,200,668)**	**(1,200,668)**	**-**	**(1,200,668)**
Profit attributable to non-controlling interest for the year	-	-	-	-	-	11,409	11,409
	-	**-**	**-**	**-**	**-**	**11,409**	**11,409**
Profit for the year	-	-	-	2,525,221	2,525,221	-	2,525,221
Other comprehensive income for the year - net of tax	-	-	-	23,770	23,770	-	23,770
Total comprehensive income	**-**	**-**	**-**	**2,548,991**	**2,548,991**	**-**	**2,548,991**
Transfer from surplus on revaluation of property, plant and equipment - incremental depreciation for the year - net of deferred tax - note 19.3	-	-	(77,716)	77,716	-	-	-
	-	**-**	**(77,716)**	**77,716**	**-**	**-**	**-**
As at June 30, 2019	**923,591**	**309,643**	**744,266**	**17,977,449**	**19,031,358**	**1,437,617**	**21,392,566**

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2019

Amounts in PKR '000

	For the year ended June 30, 2019	For the year ended June 30, 2018
Cash flows from operating activities		
Cash generated from operations - note 37	**6,611,781**	486,758
Payments for :		
Staff retirement benefit plans - note 20.1.2	**(64,007)**	(66,196)
Non-management staff gratuity and eligible retired employees' medical scheme	**(43,169)**	(31,858)
Taxation	**(1,120,623)**	(1,220,107)
Interest	**(1,303,601)**	(506,071)
Net cash generated from / (used in) operating activities	**4,080,381**	(1,337,474)
Cash flows from investing activities		
Capital expenditure	**(6,347,240)**	(4,927,748)
Proceeds from disposal of operating fixed assets	**19,136**	15,883
Interest received on bank deposits	**39,160**	74,032
Business acquisition	**-**	(1,935,700)
Dividend from associate	**180,000**	420,000
Net cash used in investing activities	**(6,108,944)**	(6,353,533)
Cash flows from financing activities		
Issuance of shares to non-controlling interests	**-**	921,200
Long-term loans obtained *	**2,985,024**	4,290,239
Long-term loans repaid *	**(1,046,389)**	(647,328)
Payment against finance lease liability	**(822)**	(1,986)
Dividends paid	**(1,196,529)**	(1,653,653)
Net cash generated from financing activities	**741,284**	2,908,472
Net decrease from cash and cash equivalents	**(1,287,279)**	(4,782,535)
Cash and cash equivalents at the beginning of the year	**(5,644,975)**	(862,441)
Cash and cash equivalents at the end of the year	**(6,932,254)**	(5,644,976)
Cash and cash equivalents at the end of the year comprise of:		
Cash and bank balances - note 17	**423,888**	1,687,351
Short-term financing - note 25	**(7,356,142)**	(7,332,327)
	(6,932,254)	(5,644,976)

*No non-cash items are included in these activities

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Muhammad Sohail Tabba
Chairman / Director

Asif Jooma
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

1 Status and Nature of Business

The Group consists of:

- ICI Pakistan Limited (the "Holding Company");
- ICI Pakistan PowerGen Limited ("PowerGen");
- Cirin Pharmaceuticals (Private) Limited ("Cirin"); and
- Nutrico Morinaga (Private) Limited ("NutriCo Morinaga").

The Holding Company is incorporated in Pakistan and is listed on the Pakistan Stock Exchange Limited. The Holding Company's registered office is situated at 5 West Wharf, Karachi. The Holding Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals and manufacturing of Masterbatch. It also acts as an indenting agent and toll manufacturer.

PowerGen is incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI Pakistan Limited. PowerGen is engaged in generating, selling and supplying electricity to the Group.

Cirin is incorporated in Pakistan as a private limited company and is a wholly owned subsidiary company of ICI Pakistan Limited. Cirin is engaged in manufacturing and sale of pharmaceutical products.

NutriCo Morinaga is incorporated in Pakistan as a private limited company. ICI Pakistan Limited has 51% ownership in NutriCo Morinaga. Nutrico Morinaga is engaged in manufacturing of infant milk powder.

Geographical location and addresses of major business units including mills/plants of the Group are as under:

Karachi	**Purpose**
ICI House, 5 West Wharf	Head Office and Production Plant
S-33, Hawksbay road, S.I.T.E	Production Plant
Lahore	
ICI House, 63 Mozang road	Regional Office
30-Km, Sheikhupura road, Lahore	Regional Office and Production Plant
45-Km, Off Multan road, Lahore	Production Plant
Khewra	
ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	Regional Office and Production Plant
Haripur	
Plot No.32/2A Phase III, Industrial Estate Hattar, District Haripur	Production Plant
Islamabad	
Islamabad Corporate Center, 2nd Floor, H-13, Islamabad	Head Office

2 Summary of significant transactions and events occurred during the year

Following is the summary of significant transactions and events that have affected the financial position and performance of the Group:

- Masterbatch manufacturing facility is commisioned and is operating as per plan to enhance the portfolio of Chemical & Agri Sciences Business.

- Lucky Cement Holdings (Private) Limited became the Holding Company by acquiring the 54.73% shareholding of the Company previously held by Lucky Holdings Limited.

3 Summary of significant accounting policies

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

3.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except:

a) Certain classes of property, plant and equipment (i.e. freehold land, buildings on freehold, leasehold land and plant and machinery) have been measured at revalued amounts; and

b) Provision for management staff gratuity and non-management staff gratuity are stated at present value.

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

Judgments and estimates made by the management that may have a significant risk of material adjustments to the consolidated financial statements in subsequent years are stated in note 47.

3.3 Basis of consolidation

Subsidiaries are those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill acquired in a business combination is, on the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination. Goodwill is tested annually or whenever there is an indication of impairment exists. Impairment loss in respect of goodwill is recognised in consolidated statement of profit or loss and is not reversed in future periods.

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

All intra-group transactions, balances, income, expenses and unrealised gains and losses on transactions between Group companies are eliminated in full.

Subsidiaries have same reporting period as that of the Holding Company. The accounting policies of subsidiaries have been changed to confirm with accounting policies of the Group, wherever needed.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

3.4 Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method of accounting. Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment.

The Group's share of its associate's post-acquisition profits or losses is recognised in the consolidated statement of profit or loss, and its share of profit of post-acquisition movements in reserve is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the investment. When the Group's share of losses in the associate equals or exceeds its interest in associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of profit or loss.

3.5 Property, plant and equipment and depreciation

Property, plant and equipment (except freehold land, buildings on freehold and leasehold land and plant and machinery) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, buildings on freehold and leasehold land and plant and machinery are stated at revalued amounts less subsequent accumulated depreciation and subsequent impairment losses, if any. Capital work-in-progress is stated at cost less impairment, if any. Cost of certain property, plant and equipment comprises historical cost. Such cost includes the cost of replacing parts of the property, plant and equipment and the cost of borrowings for long-term construction projects, if the recognition criteria is met.

A revaluation surplus is recorded in the consolidated statement of other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, the increase is recorded in the consolidated statement of profit or loss to the extent it reverses a revaluation deficit of the same asset previously. A decrease as a result of revaluation is recognised in the consolidated statement of profit or loss however, a decrease is recorded in consolidated statement of other comprehensive income to the extent of any credit balance entry in revaluation surplus in respect of same assets.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Depreciation charge is based on the straight-line method whereby the cost or revalued amount of an asset is written off to consolidated statement of profit or loss over its estimated useful life after taking into account residual value, if material. The cost of leasehold land is depreciated in equal installments over the lease period. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month of disposal.

Spare parts and servicing equipment are classified as property, plant and equipment under plant and machinery rather than store, spares and loose tools where they meet the definition of property, plant and equipment. Available for use capital spares, and servicing equipment are depreciated over their useful lives, or the remaining life of principal asset, whichever is lower.

The residual value, depreciation method and the useful life of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed at each reporting date and adjusted, if appropriate.

Maintenance and normal repairs are charged to consolidated statement of profit or loss as and when incurred. Improvements are capitalised when it is probable that respective future economic benefits will flow to the Group and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

Gains and losses on disposal of assets are taken to the consolidated statement of profit or loss, and the related surplus / deficit on revaluation of property, plant and equipment is transferred directly to unappropriated profit.

3.6 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in business combinations is their fair value at the date of acquisition.

Intangible assets with finite useful lives are amortised over useful lives and assessed for impairment whenever there is indication that the asset may be impaired. Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the cash generated unit (CGU) level, as appropriate. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, a change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3.7 Stores, spares and consumables

Stores, spares and consumables are stated at the lower of weighted average cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less net estimated costs to sell, which is generally equivalent to replacement cost.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

3.8 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realisable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and sell.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date.

3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in consolidated statement of other comprehensive income, respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is recognised using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Group recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax relating to items recognised outside consolidated statement of profit or loss is recognised outside consolidated statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in consolidated statement of other comprehensive income or directly in equity.

Further, the Group recognises deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

3.10 Cash and cash equivalents

These are carried at cost. Cash and cash equivalents comprise of cash in hand and current and deposit accounts held with banks, which are subject to insignificant risk of change. Short term finance facilities availed by the Group, which are payable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of consolidated statement of cash flows.

3.11 Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for asset is required then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less cost of disposal, recent market transaction are taken into account, if no such transaction can be identified appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or available fair value budgets. The Group bases its impairment calculation on detailed budget and forecast calculation, which are prepared separately for each of the Group CGU to which individual assets are allocated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit, or CGU").

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

3.12 Staff retirement benefits

The Group's retirement benefit plans comprise of provident funds, pensions, gratuity schemes and a medical scheme for eligible retired employees.

Defined benefit plans

The Group operates a funded pension scheme and a funded gratuity scheme for management staff. The pension and gratuity schemes are salary schemes providing pension and lump sums, respectively. Pension and gratuity schemes for management staff are invested through two approved trust funds. The Group also operates gratuity scheme for non-management staff and the pensioners' medical scheme which are unfunded. The pension and gratuity plans are final salary plans. The pensioner's medical plan reimburses actual medical expenses to pensioners as per entitlement. The Group recognises expense in accordance with IAS 19 "Employee Benefits".

An actuarial valuation of all defined benefit schemes except eligible retired employees' medical scheme is conducted every year. The valuation uses the Projected Unit Credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the consolidated statement of other comprehensive income.

All past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Group has recognised related restructuring or termination benefits.

Defined contribution plans

The Group operates two registered contributory provident funds for its entire staff and a registered defined contribution superannuation fund for its management staff, who has either opted for this fund by July 31, 2004 or have joined the Group after April 30, 2004. In addition to this the Group also provides group insurance to all its employees.

Compensated absences

The Group recognises the accrual for compensated absences in respect of employees for which these are earned up to the reporting date. The accrual has been recognised on the basis of actuarial valuation.

3.13 Operating leases / ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases (net of any incentives received from the lessor) and Ijarah contracts are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

3.14 Borrowing cost

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 capitalized as part of the cost of that asset.

3.15 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. They are reviewed at each reporting date and adjusted prospectively.

3.16 Foreign currency translation

Transactions denominated in foreign currencies are translated to Pak Rupees, at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are re-translated into Pak Rupees at the foreign exchange rates at the reporting date. Exchange differences are taken to the consolidated statement of profit or loss.

3.17 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. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

3.18 Dividend

Dividend distribution to the Group’s shareholders is recognised as a liability in the period in which the dividends are approved. However, if these are approved after the reporting period but before the consolidated financial statement are authorised for issue, disclosure is made in the consolidated financial statements.

3.19 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. An operating segment’s operating results are reviewed regularly by the Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Polyester, Soda Ash, Life Sciences and Chemicals and Agri Sciences, which also reflects the management structure of the Group.

4 New accounting policies under IFRS 9 and IFRS 15 effective for period beginning on July 01, 2018.

During the year, the Group has adopted IFRS 9 and IFRS 15 which became applicable on July 01, 2018. This has resulted in a change in accounting policies of the Group for financial instruments and revenue recognition. The changes are discussed in note 47.1 to these consolidated financial statements.

The new accounting policies for financial instruments and revenue recognition are as follows:

4.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in note 4.2 to these consolidated financial statements.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Not withstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 47
- Trade receivables Note 13

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at 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 at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.2 Revenue from contracts with customers

The Group is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 47.

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts with the Group's customers provide them with a right of return, price adjustments and volume rebates and are considered as variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Volume rebates

The Group provides retrospective volume rebates (discounts) to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer.

The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The Group pays sales commission to its sales agents for certain contracts. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

Accounts receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Performance obligations

Information about the Group’s performance obligations are summarised below:

Soda Ash

The performance obligation is satisfied upon transfer of physical possession of the goods to the customer (i.e. ex-works) for local sales whereas for export sales, performance obligation is satisfied when the customer has accepted the goods.

Payment is generally due within 30 to 90 days from delivery.

Polyester

The performance obligation is satisfied when the physical possession of the goods has passed to the customers for local sales whereas for export sales, performance obligation is satisfied when the risk and rewards in respect of the goods are transferred to the customer. Payment is generally due within 30 to 90 days from delivery.

Chemicals, Agri Sciences and Life Sciences

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Power generation

Performance obligation for transmission of electricity to customers is satisfied as the electricity is transmitted and payment is generally due within 30 to 90 days from transmission.

Commission income is recognised on the date of shipment from suppliers.

Profit on short-term deposits is accounted for using the effective interest rate method.

Dividend income is recognised when the right to receive dividend is established.

Toll manufacturing income is recognised when services are rendered

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Following accounting policies (from 4.3 to 4.12) were effective for the period ended on or before June 30, 2018

4.3 Investments

Investments in subsidiary and associates are stated at cost less provision for impairment, if any. Other investments that are stated at available for sale are measured at fair value plus directly attributable transaction costs. For investments traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each reporting date.

4.4 Long term loans

Long term loans are discounted to present value using the EIR method, less impairment.

4.5 Trade debts loans and other receivables

Trade debts and other receivables are recognised at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables (Refer note 44.6). Bad debts are written off when identified.

4.6 Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of profit or loss.

4.7 Trade and other payables

Trade and other payables are recognised initially at fair value net of directly attributable cost whether billed or not, if any.

4.8 Financial liabilities

All financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

4.9 Revenue recognition

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer. For those products which are often sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

Commission income is recognised on the date of shipment from suppliers.

Profit on short-term deposits is accounted for using the effective interest rate method.

Dividend income is recognised when the right to receive dividend is established.

Toll manufacturing income is recognised when services are rendered.

4.10 Financial expense and financial income

Financial expenses are recognised using the effective interest rate method and comprise foreign currency losses and markup / interest expense on borrowings.

Financial income comprises interest income on funds invested. Markup / interest income is recognised as it accrues in consolidated statement of profit or loss, using the effective interest rate method.

4.11 Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivatives qualifying for hedge accounting are accounted for accordingly whereas, derivatives that do not qualify for hedge accounting are accounted for as held for trading instruments. All changes in the fair value are recognised in the consolidated statement of profit or loss.

4.12 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is, legally enforceable right to set-off the recognised amount and the Group intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

5 Details of related parties of the Group

Details of related parties with whom the Group has entered into transactions with or has arrangments / agreements in place during the year are as follows;

Name of related party	Basis of relationship
ICI Pakistan PowerGen Limited	Wholly owned subsidiary
ICI Pakistan Management Staff Provident Fund	Common Directorship
ICI Pakistan Management Staff Gratuity Fund	Common Directorship
ICI Pakistan Management Staff Defined Contribution Superannuation Fund	Common Directorship
ICI Pakistan Non-Management Staff Provident Fund	Common Directorship
ICI Pakistan Management Staff Pension Fund	Common Directorship
ICI Pakistan Foundation	Common Directorship
Arabian Sea Country Club Limited	Equity Investment
NutriCo Pakistan (Private) Limited	Common directorship & Equity Investment 40%
Cirin Pharmaceutical (Private) Limited	Wholly owned subsidiary & Common Directorship
NutriCo Morinaga (Private) Limited	Common Directorship & Equity Investment 51%
Lucky Cement Holdings (Private) Limited	Parent Company
Lucky Holdings Limited	Group Company & Common Directorship
Lucky Cement Limited	Group Company & Common Directorship
Yunus Textile Mills Limited	Group Company & Common Directorship
Lucky Textile Mills Limited	Group Company & Common Directorship
Gadoon Textile Mills Limited	Group Company & Common Directorship
Kia Lucky Motors Limited	Group Company & Common Directorship
Lucky Knits (Private) Limited	Group Company & Common Directorship
Pakistan Business Council	Common Directorship
Global Commodities Limited	Common Directorship
Pakistan Cables Limited	Common Directorship
Jubilee Life Insurance Company Limited	Common Directorship
Askari Bank Limited	Common Directorship
Lucky Foods (Private) limited	Group Company & Common Directorship
Lahore University of Management Sciences	Member of Board of Governers
Morinaga Milk Industry	Common Directorship
Asif Jooma	Key Management Personnel
M Abid Ganatra	Key Management Personnel
Arshaduddin Ahmed	Key Management Personnel
Aamer Mahmud Malik	Key Management Personnel
Fariha Salahuddin	Key Management Personnel
Nausheen Ahmed	Key Management Personnel
Eqan Ali Khan	Key Management Personnel

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

	As at June 30, 2019	As at June 30, 2018
6 Property, plant and equipment		
6.1 The following is a statement of property, plant and equipment:		
Operating fixed assets - note 6.2	**19,906,253**	20,350,838
Capital work-in-progress - note 6.9	**5,967,524**	2,025,105
	25,873,777	22,375,943

6.2 The following is a statement of operating fixed assets:

	Land		Lime beds	Buildings		Plant and	Railway	Rolling	Furniture	Total
	Freehold	Leasehold	on freehold land	On freehold land	On leasehold land	machinery	sidings	stock and vehicles	and equipment	
	Note 6.3 & 6.4			Note 6.3 & 6.4		Note 6.3 & 6.4				
					As at June 30, 2019					
Net carrying value basis										
Opening net book value (NBV)	**1,092,698**	**-**	**259,059**	**873,877**	**2,594,310**	**15,213,385**	**-**	**42,720**	**274,789**	**20,350,838**
Additions / transfers - note 6.2.1	**25,436**	**-**	**79,304**	**15,240**	**605,989**	**1,270,417**	**-**	**42,460**	**231,579**	**2,270,425**
Disposals (at NBV)	**-**	**-**	**-**	**-**	**(29)**	**(10,498)**	**-**	**(4,439)**	**(71)**	**(15,037)**
Depreciation charge - note 6.7	**-**	**-**	**(20,475)**	**(65,816)**	**(195,529)**	**(2,298,217)**	**-**	**(14,436)**	**(105,500)**	**(2,699,973)**
Closing net book value	**1,118,134**	**-**	**317,888**	**823,301**	**3,004,741**	**14,175,087**	**-**	**66,305**	**400,797**	**19,906,253**
Gross carrying value basis										
Cost / Revaluation	**1,118,134**	**562,166**	**515,676**	**3,329,423**	**4,699,885**	**37,510,030**	**297**	**195,270**	**1,115,916**	**49,046,797**
Accumulated depreciation	**-**	**(562,166)**	**(197,788)**	**(2,506,122)**	**(1,695,144)**	**(23,334,943)**	**(297)**	**(128,965)**	**(715,119)**	**(29,140,544)**
Closing net book value	**1,118,134**	**-**	**317,888**	**823,301**	**3,004,741**	**14,175,087**	**-**	**66,305**	**400,797**	**19,906,253**
Depreciation rate % per annum	**-**	**2 to 4**	**5 to 25**	**5 to 50**	**3 to 33.33**	**3.33 to 50**	**3.33**	**10 to 33.33**	**10 to 50**	
					As at June 30, 2018					
Net carrying value basis										
Opening net book value (NBV)	539,962	-	198,805	724,104	1,925,393	11,863,645	-	51,027	231,226	15,534,162
Additions / transfers - note 6.2.1	561,062	-	76,819	212,714	849,987	5,497,054	-	4,498	138,359	7,340,493
Impairment *	-	-	-	-	-	(48,542)	-	-	-	(48,542)
Disposals (at NBV)	(8,326)	-	-	-	(88)	(753)	-	-	(462)	(9,629)
Depreciation charge - note 6.7	-	-	(16,565)	(62,941)	(180,982)	(2,098,019)	-	(12,805)	(94,334)	(2,465,646)
Closing net book value	1,092,698	-	259,059	873,877	2,594,310	15,213,385	-	42,720	274,789	20,350,838

* Out of this total impairment, an amount of PKR 11.783 million had been recorded in the consolidated statement of other comprehensive income as a reversal of surplus on revaluation of property, plant and equipment

	Freehold land	Leasehold land	Lime beds on freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Railway sidings	Rolling stock and vehicles	Furniture and equipment	Total
Gross carrying value basis										
Cost / Revaluation	1,092,698	562,166	436,373	3,314,182	4,094,707	36,375,871	297	192,474	886,454	46,955,222
Accumulated depreciation	-	(562,166)	(177,314)	(2,440,305)	(1,500,397)	(21,162,486)	(297)	(149,754)	(611,665)	(26,604,384)
Closing net book value	1,092,698	-	259,059	873,877	2,594,310	15,213,385	-	42,720	274,789	20,350,838
Depreciation rate % per annum	-	2 to 4	5 to 25	5 to 50	3 to 33.33	3.33 to 50	3.33	10 to 33.33	10 to 50	

	As at June 30, 2019	As at June 30, 2018
6.2.1 Additions to plant and machinery include transfer from capital work-in-progress which includes borrowing cost for projects determined using an average capitalization rate of 10.56% (June 30, 2018: 6.27%) amounting to:	**32,692**	220,952

Amounts in PKR '000

	As at June 30, 2019	As at June 30, 2018
6.2.2 Operating fixed assets include the following major spare parts and stand by equipment having:		
Cost	**576,298**	505,796
Net book value	**186,738**	179,223

6.3 Subsequent to revaluation on October 1, 1959, September 30, 2000, December 15, 2006 and December 31, 2011 which had resulted in a surplus of PKR 14.207 million, PKR 1,569.869 million, PKR 704.752 million and PKR 848.191 million respectively as at June 30, 2016 further revaluation was conducted resulting in revaluation surplus net of deferred tax liability of PKR 340.721 million. The valuation was conducted by an independent valuer. Valuations for plant and machinery and building were based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking account of the age, condition and obsolescence. Land was valued on the basis of fair market value. The fair value of the assets subject to revaluation model fall under level 2 of fair value hierarchy (i.e. significant observable inputs).

6.4 Forced sale value as per the last revaluation report as of June 30, 2016 - note 6.4.1

Asset class	Forced sale value
Freehold land	392,164
Limebeds on freehold land	579,573
Building on freehold land	982,684
Building on leasehold land	93,829
Plant & Machinery	8,056,593
Total	**10,104,843**

6.4.1 The above amount does not contain assets which are capitalized from July 1, 2016 to June 30, 2019.

6.5 Particulars of immovable assets of the Group are as follows:

Location	Addresses	Usage of immovable property	Covered area (sq.ft)
Karachi	ICI House 5 West Wharf Karachi 74000	Head Office and Production Plant	117,619
	S-33, Hawksbay road, S.I.T.E 75730	Production Plant	11,500
Lahore	ICI House 63 Mozang Road Lahore 54000	Regional Office	28,454
	30-Km, Sheikhupura road Lahore	Production Plant	1,928,910
	45-Km, Off Multan Road Lahore	Production Plant	14,601
Khewra	ICI Soda Ash, Tehsil Pind, Dadan Khan, District Jhelum	Regional Office and Production Plant	2,744,404
Haripur	Plot No.32/2A Phase III, Industrial Estate Hattar District Haripur	Production Plant	39,916

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
6.6	Plant and machinery including equipment held with Searle Pakistan Limited for toll manufacturing is as follows:		
	Cost	7,412	9,392
	Net book value	2,664	3,559

		For the year ended June 30, 2019	For the year ended June 30, 2018
6.7	The depreciation charge for the year has been allocated as follows:		
	Cost of sales - note 29	2,625,440	2,390,128
	Selling and distribution expenses - note 30	40,337	37,981
	Administration and general expenses - note 31	33,612	36,993
	Transfer to capital work-in-progress	584	544
		2,699,973	2,465,646

6.7.1 Depreciation charge is inclusive of the incremental depreciation due to revaluation.

		As at June 30, 2019	As at June 30, 2018
6.8	Had there been no revaluation, the net book value of specific classes of property, plant and equipment would have amounted to:		
	Net book value		
	Freehold land	780,157	754,721
	Buildings	3,544,735	3,184,880
	Plant and machinery	13,327,155	14,365,453
		17,652,047	18,305,054
6.9	Capital work-in-progress comprises of:		
	Civil works and buildings	1,623,857	670,344
	Plant and machinery	3,528,088	578,076
	Miscellaneous equipment	558,058	132,225
	Advances to suppliers / contractors	140,707	571,110
	Designing, consultancy and engineering fee	116,814	73,350
		5,967,524	2,025,105
6.9.1	This includes interest charged in respect of long-term loans obtained for various projects determined using capitalization rate of 10.97% (June 30, 2018: 6.33%) amounting to:	150,882	145,868
6.9.2	The following is the movement in capital work-in-progress during the year:		
	Balance at the beginning of the year	2,025,105	4,424,453
	Additions during the year	6,122,335	3,911,542
		8,147,440	8,335,995
	Transferred to operating fixed assets during the year	(2,179,916)	(6,310,890)
	Balance at the end of the year	5,967,524	2,025,105

Amounts in PKR '000

6.10 Details of operating fixed assets disposal having net book value in excess of PKR 500,000 are as follows:

	Mode of disposal	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceed	Gain/ (loss)	Relationship of purchaser with the Group	Particulars of buyers
For the year ended June 30, 2019								
Note: There is no disposal having net book value in access of PKR 500,000 during the year ended June 30, 2019.								
For the year ended June 30, 2018								
Gas turbine	Scrap	3,995	3,337	658	1,500	842	Third party	Engro Polymer & Chemicals Limited

7 Intangible assets

	Goodwill	Brands	Software	Licenses	Total
			As at June 30, 2019		
Net carrying value basis					
Opening net book value (NBV)	**206,374**	**1,437,679**	**5,743**	**38,581**	**1,688,377**
Additions / transfers	**-**	**-**	**18,421**	**2,000**	**20,421**
Amortisation charge - note 7.1	**-**	**-**	**(9,599)**	**(3,310)**	**(12,909)**
Closing net book value	**206,374**	**1,437,679**	**14,565**	**37,271**	**1,695,889**
Gross carrying amount					
Cost	**206,374**	**1,437,679**	**204,797**	**238,868**	**2,087,718**
Accumulated amortisation	**-**	**-**	**(190,232)**	**(201,597)**	**(391,829)**
Closing net book value	**206,374**	**1,437,679**	**14,565**	**37,271**	**1,695,889**
Amortisation rate % per annum	**-**	**-**	**20**	**20 to 50**	
			As at June 30, 2018		
Net carrying value basis					
Opening net book value (NBV)	79,864	684,219	9,311	9,962	783,356
Additions / transfers	126,510	753,460	2,174	31,711	913,855
Amortisation charge - note 7.1	-	-	(5,742)	(3,092)	(8,834)
Closing net book value	206,374	1,437,679	5,743	38,581	1,688,377
Gross carrying amount					
Cost	206,374	1,437,679	186,376	236,868	2,067,297
Accumulated amortisation	-	-	(180,633)	(198,287)	(378,920)
Closing net book value	206,374	1,437,679	5,743	38,581	1,688,377
Amortisation rate % per annum	-	-	20	20 to 50	

The management has decided that no change is required in the value of Goodwill and Brands with indefinite useful life as disclosed in the annual audited consolidated financial statements of the Group for the year ended June 30, 2018 in respect of acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3: Business Combination.

	For the year ended June 30, 2019	For the year ended June 30, 2018
7.1 The amortisation charge for the year has been allocated as follows:		
Cost of sales - note 29	**2,274**	1,556
Selling and distribution expenses - note 30	**831**	569
Administration and general expenses - note 31	**9,804**	6,709
	12,909	8,834

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

7.2 Impairment testing of goodwill, intangibles with indefinite lives

The Group has performed its annual impairment test on the following cash generating units as at June 30, 2019.

Life Sciences division (Wyeth and Pfizer Business)

Goodwill acquired through business combinations and intangibles with indefinite useful lives have been allocated and monitored at the Life Sceinces division of the Group. Intangible assets with indefinite useful lives include Brands. The Group has performed its annual impairment test as at June 30, 2019.

The recoverable amount is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management covering a five year period and applying the expected value approach. The discount rate applied to cash flow projections is 22.3% for goodwill impairment testing and 23.3% for intangibles with indefinite useful lives. The growth rate used to extrapolate the cash flows beyond the five-year period is 8.0%. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill of PKR 126.510 million and intangibles with indefinite useful lives (Brands) of PKR 753.460 million are allocated.

Goodwill acquired through business combinations and intangibles with indefinite useful lives have been allocated and monitored at Cirin level. Intangible assets with indefinite useful lives include Brands. The Group has performed its annual impairment test as at June 30, 2019.

Life Sciences division (Cirin Business)

The recoverable amount is determined based on a value-in-use calculation using cash flow projections from financial budgets approved by the senior management covering a five year period and applying the expected value approach. The discount rate applied to cash flow projections is 22.3% for goodwill impairment testing and 23.3% for intangibles with indefinite useful lives. The growth rate used to extrapolate the cash flows beyond the five-year period is 8.0%. As a result of this analysis, the management did not identify any impairment for the cash generating unit to which goodwill of PKR 79.864 million and intangibles with indefinite useful lives (Brands) of PKR 684.219 are allocated.

Key assumptions used in value-in-use calculations

The calculation of value-in-use is most sensitive to the following assumptions:

- Discount rates
- Key business assumptions

Discount rates

The discount rate reflects current market assessment of the rate of return required for the business and is calculated using the Capital Asset Pricing Model. The discount rate reflects the target Weighted Average Cost of Capital of the Company.

Key business assumptions

These assumptions are based on industry data for growth rates, management assess how the unit's position, relative to its competitors, might change over the projected period. Management expects revenues and margins to improve on the basis of multiple strategies planned including increase in sales volume and price.

Sensitivity to changes in assumptions

Management believes that after considering the various scenarios no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
8	**Long-term investments**		
	Unquoted at equity method		
	Associate		
	- NutriCo Pakistan (Private) Limited 40% ownership 200,000 ordinary shares (June 30, 2018: 200,000) of PKR 1,000 each and premium of PKR 3,800 per share	**960,000**	960,000
	Post acquisition profits at the beginning	**170,004**	4,036
	Share of profit for the year	**525,769**	585,968
	Dividend received	**(180,000)**	(420,000)
	Carrying Value of Associate	**1,475,773**	1,130,004
	Others		
	Equity		
	-Arabian Sea Country Club Limited 250,000 ordinary shares (June 30, 2018: 250,000) of PKR 10 each	**2,500**	2,500
		1,478,273	1,132,504

Investment in an associate has been made in accordance with the requirements of Act.

		As at end for the year ended June 30, 2019	As at end for the year ended June 30, 2018
8.1	The summary of financial information of an associate as at the reporting date is as follows:		
	Total assets	**5,466,489**	5,159,026
	Total liabilities	**1,777,492**	2,334,452
	Total equity and reserves	**3,688,997**	2,824,574
	Turnover	**10,307,149**	10,116,220
	Profit for the year	**1,314,422**	1,464,919

		As at June 30, 2019	As at June 30, 2018
9	**Long-term loans**		
	Considered good - secured		
	Due from executives and employees - note 9.1	**452,038**	443,791

9.1 Due from executives and employees

	Motor Vehicle	House Building	Total	Total
Due from executives - note 9.2	**74,540**	**100,150**	**174,690**	124,804
Receivable within one year	**(13,692)**	**(42,237)**	**(55,929)**	(35,643)
	60,848	**57,913**	**118,761**	89,161
Due from employees - note 9.2			**433,557**	449,522
Receivable within one year			**(100,280)**	(94,892)
			333,277	354,630
			452,038	443,791
Outstanding for period:				
- less than three years but over one year			**149,215**	142,960
- more than three years			**302,823**	300,831
			452,038	443,791

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018

9.2 Loans for purchase of motor cars and house building are repayable between two to ten years. These loans are interest free and granted to the employees, including executives of the Group, in accordance with their terms of employment.

10 Long-term deposits and prepayments

	Deposits	**41,199**	37,818
	Prepayments	**2,319**	5,784
		43,518	43,602

11 Stores, spares and consumables

	Stores - note 11.1	**72,403**	54,906
	Spares - note 11.1	**984,328**	899,832
	Consumables	**143,601**	127,131
		1,200,332	1,081,869
	Provision for slow moving and obsolete stores and spares - note 11.2	**(148,278)**	(135,227)
		1,052,054	946,642
11.1	The above amounts include stores and spares in transit:	**36,230**	37,520
11.2	Movement of provision for slow moving and obsolete stores and spares is as follows:		
	Balance at the beginning of the year	**135,227**	142,984
	Charge for the year - note 31	**13,051**	3,171
	Write-off during the year	**-**	(10,928)
	Balance at the end of the year	**148,278**	135,227

12 Stock-in-trade

	Raw and packing material include in-transit PKR 2,230.042 million (June 30, 2018: PKR 1,879.507 million) - note 12.3	**5,734,475**	4,689,153
	Work-in-process	**242,921**	101,131
	Finished goods include in-transit PKR 16.445 million (June 30, 2018: PKR 20.798 million)	**4,323,971**	4,238,874
		10,301,367	9,029,158
	Provision for slow moving and obsolete stock-in-trade - note 12.1		
	- Raw materials	**(70,754)**	(16,239)
	- Work-in-process	**(2,105)**	-
	- Finished goods	**(123,505)**	(2,285)
		(196,364)	(18,524)
		10,105,003	9,010,634
12.1	Movement of provision for slow moving and obsolete stock-in-trade is as follows		
	Balance at the beginning of the year	**18,524**	65,059
	Charge / (Reversal) for the year - note 31	**183,823**	(8,852)
	Write-off during the year	**(5,983)**	(37,683)
	Balance at the end of the year	**196,364**	18,524

12.2 Stock amounting to PKR 3,924.490 million (June 30, 2018: PKR 2,399.087 million) is measured at net realisable value and expense amounting to PKR 56.616 million (June 30, 2018: PKR 160.810 million reversal) has been realized in cost of sales.

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
12.3	Raw and packing materials held with various toll manufacturers:		
	Searle Pakistan Limited	**415,187**	246,512
	Breeze Pharma (Private) Limited	**14,527**	6,259
	Nova Med Pharmaceuticals	**34,150**	51,926
	Others	**11,111**	12,223
		474,975	316,920

13	**Trade debts**		
	Considered good		
	- Secured	**1,029,170**	384,180
	- Unsecured		
	Due from associated companies - note 13.1 and 13.2	**26,200**	17,641
	Others	**1,834,400**	2,669,703
		2,889,770	3,071,524
	Considered doubtful - note 13.3	**258,309**	219,903
		3,148,079	3,291,427
	Allowance for ECL - note 13.3	**(258,309)**	(219,903)
	Provision for price adjustments and discounts	**(440,111)**	(353,404)
		(698,420)	(573,307)
		2,449,659	2,718,120

13.1 The above balances include amounts due from the following associated undertakings which are neither past due nor impaired as of the reporting date:

Unsecured		
Lucky Cement Limited	**142**	-
Lucky Textile Mills Limited	**1,594**	1,755
Yunus Textile Mills Limited	**17,879**	14,766
Lucky Knits (Private) Limited	**893**	-
Lucky Foods (Private) Limited	**5,692**	1,106
Oil & Gas Development Company	**-**	14
	26,200	17,641

13.2 The maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:

Unsecured		
Lucky Cement Limited	**6,741**	-
Lucky Textile Mills Limited	**7,099**	1,777
Yunus Textile Mills Limited	**17,879**	17,232
Lucky Knits (Private) Limited	**1,042**	-
Lucky Foods (Private) Limited	**5,692**	1,106
Oil & Gas Development Company	**-**	14
	38,453	20,129

13.3 Allowance for ECL

Balance at the beginning of the year	**219,903**	88,944
Charge for the year	**43,555**	133,910
Allowance no longer required	**(3,974)**	-
Write - off	**(1,175)**	(2,951)
Balance at end of the year	**258,309**	219,903

Notes to the Consolidated Financial Statements
For the year ended June 30, 2019

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
14	**Loans and advances**		
	Considered good		
	Loans due from:		
	Executives - note 14.1	**55,929**	35,643
	Employees	**100,280**	94,892
		156,209	130,535
	Advances to:		
	Executives	**15,968**	9,670
	Employees	**6,338**	15,695
	Contractors and suppliers	**402,351**	393,113
	Others	**2,825**	3,739
		427,482	422,217
		583,691	552,752
	Considered doubtful	**16,120**	27,254
		599,811	580,006
	Allowance for ECL on loans and advances - note 44.6	**(16,120)**	(27,254)
		583,691	552,752
14.1	The maximum amount outstanding at any time during the year calculated with reference to month end balances are as follows:	**56,952**	37,246
15	**Trade deposits and short-term prepayments**		
	Trade deposits	**189,366**	221,008
	Short-term prepayments	**133,523**	101,486
		322,889	322,494
16	**Other receivables**		
	Considered good		
	Duties, sales tax and octroi refunds due	**1,798,224**	1,027,758
	Commission and discounts receivable	**127,514**	94,849
	Due from associated company - note 16.1 and 16.2	**16,875**	17,415
	Receivable from principal - note 16.3	**78,810**	102,813
	Others	**256,358**	255,331
		2,277,781	1,498,166
	Considered doubtful	**2,798**	24,320
		2,280,579	1,522,486
	Allowance for ECL on other receivables - note 16.4	**(2,798)**	(24,320)
		2,277,781	1,498,166
16.1	Due from related parties which are neither past due nor impaired includes the following:		
	NutriCo Pakistan (Private) Limited	**-**	17,415
16.2	The maximum amount outstanding at any time during the year calculated by reference to month end balances are as follows:		
	NutriCo Pakistan (Private) Limited	**36,412**	179,999
16.3	This includes receivable from a foreign vendor in relation to margin support guarantee:	**-**	66,581

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
16.4	Movement of allowance for ECL on other receivables		
	Balance at the beginning of the year	**24,320**	5,055
	Charge for the year	**64**	22,699
	Write-off during the year	**(21,586)**	(3,434)
	Balance at the end of the year	**2,798**	24,320

17	**Cash and bank balances**		
	Cash at bank:		
	- Short-term deposits - note 17.1	**123,560**	101,037
	- Current accounts - Conventional banks	**71,011**	130,200
	- Current accounts - Shariah Compliant banks	**104,562**	-
	- Saving accounts - note 17.2	**114,117**	1,449,092
	Cash in hand	**10,638**	7,022
		423,888	1,687,351

17.1 Represents security deposits from distributors that are placed with various separate bank accounts at pre-agreed rate maturing at various dates. These are interest based arrangements. The mark-up percentage on these deposits during the year was ranging from 7.0% to 10.0% (June 30, 2018: 5.0% to 7.0%) and these term deposits are readily encashable without any penalty.

17.2 These carry interest at the rates ranging from 5.00% to 9.00% (June 30, 2018: 5.65% to 6.12%) per annum.

18 Issued, subscribed and paid-up capital

As at June 30, 2019 (Numbers)	As at June 30, 2018 (Numbers)		As at June 30, 2019	As at June 30, 2018
83,734,062	83,734,062	Ordinary shares of PKR 10 each fully paid in cash	**837,341**	837,341
211,925	211,925	Ordinary shares of PKR 10 each issued as fully paid for consideration other than cash under scheme of arrangement for amalgamation - (note 18.1)	**2,119**	2,119
16,786	16,786	Ordinary shares of PKR 10 each issued as fully paid bonus shares	**168**	168
8,396,277	8,396,277	Ordinary shares issued pursuant to the previous scheme as fully paid for consideration of investment in associate (note 18.2)	**83,963**	83,963
92,359,050	92,359,050		**923,591**	923,591

18.1 The process for amalgamation of three companies namely Paintex Limited, ICI Pakistan Manufacturers Limited and Imperial Chemical Industries Limited resulted in a new company as ICI Pakistan Limited on April 01, 1987.

18.2 With effect from October 01, 2000, the Pure Terephthalic Acid (PTA) business of the Company was demerged under a scheme of arrangement dated December 12, 2000 approved by the shareholders and sanctioned by the High Court of Sindh.

18.3 During the year Lucky Cement Holdings (Private) Limited became the Holding Company of ICI Pakistan Ltd by acquiring the 54.73% shareholding of the Group previously held by Lucky Holdings Limited. Lucky Cement Limited is the Ultimate Holding Company.

As at June 30, 2019, the Parent Company Lucky Cement Holdings Private Limited together with Yunus Textile Holdings Private Limited, Gadoon Textile Mills Limited, Lucky Textile Mills Limited, YB Pakistan Holdings Private Limited, Lucky Textile Holdings Private Limited and Gadoon Holdings Private Limited held 84.94% (June 30, 2018: 86.14%) while institutions held 7.42% (June 30, 2018: 5.46%) and individuals, others held the balance of 7.64% (June 30, 2018: 8.40%) Voting rights, board selection, & other shareholder's rights are in proportion to their shareholding.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
19	**Capital reserves**		
	Share premium - note 19.1	**309,057**	309,057
	Capital receipts - note 19.2	**586**	586
		309,643	309,643
	Surplus on revaluation of property, plant and equipment - note 19.3	**744,266**	821,982

19.1 Share premium includes the premium amounting to PKR 0.902 million received on shares issued for the Holding Company's Polyester Plant installation in 1980 and share premium of PKR 308.982 million representing the difference between nominal value of PKR 10 per share of 8,396,277 ordinary shares issued by the Holding Company and the market value of PKR 392.958 million of these shares corresponding to 25% holding acquired in Lotte Pakistan PTA Limited, an ex-associate, at the date of acquisition i.e. November 2, 2001 and the number of shares that have been issued were determined in accordance with the previous scheme in the ratio between market value of the shares of two companies based on the mean of the middle market quotation of the Karachi Stock Exchange now Pakistan Stock Exchange (Limited) over the ten trading days between October 22, 2001 to November 2, 2001.

19.2 Capital receipts represent the amount received from various ICI plc group companies overseas for the purchase of property, plant and equipment. The remitting companies have no claim to their repayments.

19.3 Surplus on revaluation of property, plant and equipment

	As at June 30, 2019	As at June 30, 2018
Balance at the beginning of the year	**821,982**	902,788
Adjustment due to change in tax rate - note 22.1	**-**	5,622
Transferred to unappropriated profit in respect of incremental depreciation during the year - net of deferred tax	**(77,716)**	(74,645)
Reversal of surplus on revaluation of property, plant and equipment	**-**	(11,783)
Balance at the end of the year	**744,266**	821,982

		As at June 30, 2019	As at June 30, 2018
20	**Provisions for non-management staff gratuity**	**113,012**	125,586

20.1 Staff retirement benefits

	2019				2018			
		Funded		**Unfunded**		Funded		Unfunded
	Pension	**Gratuity**	**Total**		Pension	Gratuity	Total	
20.1.1 The amounts recognised in the consolidated statement of profit or loss account against defined benefit schemes are as follows:								
Current service cost	**11,341**	**45,281**	**56,622**	**8,613**	14,219	43,075	57,294	7,461
Interest cost	**80,644**	**56,397**	**137,041**	**10,138**	75,757	47,238	122,995	8,507
Expected return on plan assets	**(93,758)**	**(47,379)**	**(141,137)**	**-**	(101,796)	(44,941)	(146,737)	-
Net (reversal) / charge for the year	**(1,773)**	**54,299**	**52,526**	**18,751**	(11,820)	45,372	33,552	15,968
Other comprehensive income:								
Loss on obligation	**(68,615)**	**(106,157)**	**(174,772)**	**(11,882)**	18,044	4,939	22,983	5,611
Gain on plan assets	**94,945**	**60,179**	**155,124**	**-**	203,064	86,175	289,239	-
Net (gain) / loss	**26,330**	**(45,978)**	**(19,648)**	**(11,882)**	221,108	91,114	312,222	5,611
20.1.2 Movement in the net assets / (liability) recognised in the consolidated statement of financial position are as follows:								
Opening balance	**149,875**	**(135,067)**	**14,808**	**(125,586)**	359,163	(64,777)	294,386	(115,030)
Net reversal / (charge) - note 20.1.1	**1,773**	**(54,299)**	**(52,526)**	**(18,751)**	11,820	(45,372)	(33,552)	(15,968)
Other comprehensive income / (loss)	**(26,330)**	**45,978**	**19,648**	**11,882**	(221,108)	(91,114)	(312,222)	(5,611)
Contributions / payments during the year	**-**	**64,007**	**64,007**	**19,443**	-	66,196	66,196	11,023
Closing balance	**125,318**	**(79,381)**	**45,937**	**(113,012)**	149,875	(135,067)	14,808	(125,586)

Amounts in PKR '000

	2019				2018			
	Funded			Unfunded	Funded			Unfunded
	Pension	**Gratuity**	**Total**		Pension	Gratuity	Total	
20.1.3 The amounts recognised in the consolidated statement of financial position are as follows:								
Fair value of plan assets - note 20.1.5	**907,068**	**497,123**	**1,404,191**	**-**	1,234,794	573,038	1,807,832	-
Present value of defined benefit obligation - note 20.1.4	**(781,750)**	**(576,504)**	**(1,358,254)**	**(113,012)**	(1,084,919)	(708,105)	(1,793,024)	(125,586)
Net asset / (liability)	**125,318**	**(79,381)**	**45,937**	**(113,012)**	149,875	(135,067)	14,808	(125,586)

The recognized asset / liability of funded gratuity is netted off against recognized asset / liability of funded pension and recorded accordingly.

	2019				2018			
	Pension	**Gratuity**	**Total**	**Unfunded**	Pension	Gratuity	Total	Unfunded
20.1.4 Movement in the present value of defined benefit obligation:								
Opening balance	**1,084,919**	**708,105**	**1,793,024**	**125,586**	1,112,951	690,253	1,803,204	115,030
Current service cost	**11,341**	**45,281**	**56,622**	**8,613**	14,219	43,075	57,294	7,461
Interest cost	**80,644**	**56,397**	**137,041**	**10,138**	75,757	47,238	122,995	8,507
Benefits paid	**(326,539)**	**(127,122)**	**(453,661)**	**(19,443)**	(136,052)	(77,400)	(213,452)	(11,023)
Actuarial loss / (gain)	**(68,615)**	**(106,157)**	**(174,772)**	**(11,882)**	18,044	4,939	22,983	5,611
Closing balance	**781,750**	**576,504**	**1,358,254**	**113,012**	1,084,919	708,105	1,793,024	125,586
20.1.5 Movement in the fair value of plan assets:								
Opening balance	**1,234,794**	**573,038**	**1,807,832**	**-**	1,472,114	625,476	2,097,590	-
Expected return	**93,758**	**47,379**	**141,137**	**-**	101,796	44,941	146,737	-
Contributions	**-**	**64,007**	**64,007**	**-**	-	66,196	66,196	-
Benefits paid	**(326,539)**	**(127,122)**	**(453,661)**	**-**	(136,052)	(77,400)	(213,452)	-
Actuarial gain	**(94,945)**	**(60,179)**	**(155,124)**	**-**	(203,064)	(86,175)	(289,239)	-
Closing balance - note 20.1.7	**907,068**	**497,123**	**1,404,191**	**-**	1,234,794	573,038	1,807,832	-

20.1.6 Historical information

	June 30				
	2019	2018	2017	2016	2015
Present value of defined benefit obligation	**1,358,254**	1,793,024	1,803,204	1,688,958	1,539,657
Fair value of plan assets	**(1,404,191)**	(1,807,832)	(2,097,590)	(2,010,056)	(1,837,607)
Net (asset)	**(45,937)**	(14,808)	(294,386)	(321,098)	(297,950)

20.1.7 Major categories / composition of plan assets are as follows:

	2019	2018
Debt instruments	**49.86%**	65.34%
Equity at market value	**24.14%**	25.36%
Cash / Others	**25.99%**	9.30%

Fair value of plan asset	**Pension**	**Gratuity**	Pension	Gratuity
	As at June 30, 2019		As at June 30, 2018	
Investment				
Government bonds	**611,768**	**-**	834,644	347,016
Mutual funds - equity	**19,622**	**80,064**	70,769	42,815
Mutual funds - fixed income	**-**	**88,415**	-	-
Shares	**209,204**	**30,149**	317,201	140,990
Cash and term deposits	**57,469**	**276,386**	12,180	42,217
Income receivable	**9,005**	**22,109**	-	-
Total	**907,068**	**497,123**	1,234,794	573,038

Mortality of active employees and pensioners is represented by the EFU (61-66).
The table has been rated down three years for mortality of female pensioners and widows.

	2019	2018
Actual return on plan assets during the year:	**(13,987)**	(142,502)

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

	2019	2018
20.1.8 The principal actuarial assumptions at the reporting date were as follows:		
Discount rate	**13.25%**	8.75%
Future salary increases - Management	**8.00%**	6.50%
Future salary increases - Non - management	**6.00%**	4.25%
Future pension increases	**6.00%**	3.75%

20.1.9 Impact of changes in assumptions on defined benefit scheme Is as follows:

Assumption	**1% Increase**	**1% Decrease**
Discount rate	**(65,751)**	**72,545**
Salary increase	**50,128**	**(46,098)**
Pension increase	**25,972**	**(23,815)**

	As at June 30, 2019	As at June 30, 2018
20.1.10 During the year, the Group contributed in the fund as follows:		
Provident fund	**133,026**	109,694
Defined contribution superannuation fund	**88,855**	88,044

20.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	As at June 30, 2019	As at June 30, 2018
21 Long-term loans	**9,454,188**	8,243,012
Loans from banking companies / financial institutions:		
Interest based arrangement - note 21.1		
Long-term finance facility	**2,287,484**	2,567,208
Other long-term loan	**5,266,667**	5,633,333
Shariah compliant - note 21.1 and 21.2		
Islamic term finance	**3,594,540**	1,009,515
	11,148,691	9,210,056
Current portion shown under current liabilities	**(1,694,503)**	(967,044)
	9,454,188	8,243,012

21.1 Represents the long term loans availed from various banks. These loans are secured against fixed assets of Soda Ash Business and Polyester Business amounting to PKR 2,500 million and PKR 11,900 million respectively. The markup on LTTF ranges from SBP Rate + 0.30% to 0.50% and on other long term loans from 3 months KIBOR + 0.25% to 6 months KIBOR + 0.05%. The profit rate on Islamic term finance is 6 months KIBOR 0.05%. The markup is payable on quarterly and semi-annual basis.

The Group had obtained diminishing Musharaka financing of subsidiary aggregating to PKR 2,720 million (2018: PKR nil) for the period of 7 years, carrying mark-up ranging from 3 months KIBOR + 0.1% to 1.15% (2018: nil). The mark-up is payable on quarterly and annual basis. These facilities are secured by hypothecation charge over present and future fixed assets of the Group.

The total maturity of Long Term Loans ranges from 1 to 8 years, whereas the maturity period of LTFF ranges from 1 to 6 years.

21.2 The Group had obtained diminishing Musharaka financing facilities for vehicles aggregating to PKR 17.38 million from First Habib Modaraba for periods ranging from 3 to 5 years, carrying mark-up at the rate of 6 months KIBOR plus 2.25%, per annum, with a floor of 8.25% and ceiling of 20%. The Musharaka units are to be purchased during the said periods in monthly installments, latest payment due by August, 2021.

Amounts in PKR '000

		As at June 30, 2019			As at June 30, 2018		
		Opening	**Charge / (Reversal)**	**Closing**	Opening	Charge / (Reversal)	Closing
22	**Deferred tax liability - net**						
	Deductible temporary differences						
	Provisions for retirement benefits, doubtful debts and others	**(255,942)**	**(66,772)**	**(322,714)**	(273,718)	17,776	(255,942)
	Retirement funds provisions	**(112,382)**	**7,760**	**(104,622)**	(37,718)	(74,664)	(112,382)
	Business Loss	**-**	**(26,847)**	**(26,847)**	-	-	-
	Minimum Tax	**(57,147)**	**57,147**	**-**	-	(57,147)	(57,147)
	Taxable temporary differences						
	Property, plant and equipment - note 22.1	**2,328,565**	**(126,016)**	**2,202,549**	1,536,518	792,047	2,328,565
		1,903,094	**(154,728)**	**1,748,366**	1,225,082	678,012	1,903,094

22.1	Charge during the year includes amount adjusted in surplus on revaluation of property, plant and equipment on account of change in tax rate of:	**-**	5,622

23 Liabilities subject to finance lease

	As at June 30, 2019		As at June 30, 2018	
	Minimum lease payments	**Present value of minimum lease payments**	Minimum lease payments	Present value of minimum lease payments
Within one year	**-**	**-**	828	822
After one year but not more than five years	**-**	**-**	-	-
Total minimum lease payments	**-**	**-**	828	822
Less: Finance charges allocated to future periods	**-**	**-**	6	-
Present value of minimum lease payments - note 23.1	**-**	**-**	822	822
Less: Current maturity shown under current liability	**-**	**-**	822	822
	-	-	-	-

23.1 Represents conventional obligation in respect of assets acquired under finance lease arrangements from various conventional financial institutions. Rentals are payable in equal monthly installments. Repairs and insurance costs are to be borne by lessee. Financing rate ranging from KIBOR plus 3.5% to 4% per annum has been used as discounting factor. Overdue rental payments are subject to additional charge upto 2% per month or part thereof on all sums not paid by the lessee when due and payable under the respective agreements. Purchase option can be exercised by the lessee by adjusting security deposit against residual value at the expiry of the leased period.

		As at June 30, 2019	As at June 30, 2018
24	**Trade and other payables**		
	Trade creditors	**1,667,805**	1,329,659
	Bills payable	**1,263,934**	985,384
	Accrued expenses	**2,896,400**	2,622,652
	Technical service fee / royalty - note 24.1	**5,157**	25,323
	Workers' profit participation fund - note 24.2	**188,258**	36,060
	Workers' welfare fund	**145,436**	93,020
	Distributors' security deposits - payable on termination of distributorship - note 24.4	**124,632**	120,704
	Contractors' earnest / retention money	**231,605**	44,400
	Contract liability (running account with customers)	**333,357**	339,425
	Payable for capital expenditure	**119,238**	233,213
	Provision for compensated absences - note 24.3	**31,500**	31,500
	Others	**148,155**	205,598
		7,155,477	6,066,938
24.1	This amount includes royalty payable to associated company, namely “Lucky Holdings Limited” having registered office at 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan.	**5,157**	25,323

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

		As at June 30, 2019	As at June 30, 2018
24.2	**Workers' profit participation fund**		
	Balance at the beginning of the year	**36,060**	243,326
	Allocation for the year - note 32	**168,489**	207,724
		204,549	451,050
	Interest on funds utilised in the Group's businesses at 135 % (June 30, 2018: 135%) per annum - note 33	**1,419**	1,377
	Payment to the fund	**(17,710)**	(416,367)
	Balance at the end of the year	**188,258**	36,060

24.3 This figure is based on actuarial valuation and estimation.

24.4 Interest on security deposits from certain distributors that are placed with various separate bank account is payable at ranging from 7.0% to 10.0% (June 30, 2018: 5.0% to 7.0%) per annum as specified in the respective agreements. These security deposits are non utlizable. Further, the Company has not utilized any such deposit for the purpose of its business during the year.

25	**Short-term financing**	**7,356,142**	7,332,327
	Export refinance - note 25.1	**200,000**	200,000
	Money Market - note 25.2	**1,750,000**	-
	Short-term financing - secured - note 25.3	**5,406,142**	7,132,327

25.1 The Group has export refinance facility of upto PKR 320 million (June 30, 2018: PKR 1,200 million) available from Faysal Bank Limited as at June 30, 2019 out of which PKR.200 million was utilized (2018: PKR 200 million). The above export refinance facility is secured by first pari passu hypothecation charge. The export refinance facility carries mark-up at State Bank of Pakistan (SBP) rate currently (2% + 1.00% per annum) (June 30, 2018: SBP rate 2 % + 0.25 % per annum).

25.2 During the year the Group had obtained numerous money market loans from different banks with price ranging 1 Month KIBOR + 0.05% to 6 Month KIBOR + 0.05%.

25.3 Short-term financing facility from various banks aggregated to PKR 13,646 million (June 30, 2018: PKR 10,481 million) and carry mark-up during the year ranging from KIBOR +0.05% to KIBOR + 1% per annum with an average mark-up rate of relevant KIBOR +0.30% on utilized limits (June 30, 2018: relevant KIBOR -0.05% to KIBOR +0.50% per annum with an average mark-up rate of relevant KIBOR +0.09% on utilized limits). These facilities are secured by hypothecation charge over the present and future current assets of the Group.

During the year, Group has converted six of its short-term financing facility from conventional banking to islamic banking. The total approved limit from islamic bank accounts stand at PKR 5,400 Million (June 30, 2018: PKR 2,100 Million) and conventional bank accounts at PKR 7,946 Million (June 30, 2018: PKR 8,381 Million).

		As at June 30, 2019	As at June 30, 2018
26	**Contingencies and commitments**		
	Claims against the Group not acknowledged as debts are as follows:		
	Local bodies - note 26.1	**71,583**	166,501
	Others	**11,318**	11,318
		82,901	177,819

Amounts in PKR '000

26.1 Details of material cases

Collectorate of customs - classification issue in PCT heading

Customs raised a demand for PKR 51.5 million on June 25, 2011 relating to classification issue of Titanium Di-Oxide during prior years. During the prior year, Holding Company received a positive outcome for its case filed with Customs Appellate Tribunal and the case was decided in Holding Company's favor.

Collectorate of customs raised demand of PKR 17.4 million on January 10, 2015, against the Holding Company on the ground that the Holding Company is classifying its imported product Wannate 8019 in wrong PCT Heading. During the prior year, consignments were withheld by Customs Appraisement due to classification issue. For clearance of these consignments, the Holding Company paid PKR 15.8 million as Security Deposit for getting Provisional clearance till the final decision of Classification Committee and Appellate forums, which is still awaited.

For one other product Wannate PM 2010/ 8221, consignments were again withheld by Customs Intelligence on Classification issue. The Holding Company paid PKR 94.0 million as Security Deposit for Provisional Clearance of these consignments till final decision. Classification committee through a Public notice dated June 12, 2017 gave its view on classification of the product against the Holding Company. Customs after the issuance of this Public Notice raised further demand relating to period prior to issuance of Public Notice, amounting to PKR 65.0 million. The Holding Company, being dissatisfied with the verdict, filed a Suit in Sindh High Court on certain grounds including that applicability of public notice cannot be done retrospectively. The court has granted a stay in favor of the Holding Company till the next date of hearing. The Holding Company is confident that it has a strong grounds to defend the case and is hopeful of positive outcome.

The Company has received a notice dated March 11, 2016 issued by the Tehsil Municipal Administration Pin Dadan Khan, Tehsil Officer, whereby a sum of PKR 67.0 million was demanded as conversion fee with respect to land acquired/purchased in the years 2010 and 2015. The Company filed a response to the said notice as well as appeal before the Secretary Local Government Community (SLG). The SLG disposed of the appeal by stating that the land purchased was Banjar Qadeem and that MC was competent to charge conversion fee. Thereafter another notice was by issued by the MC on November 15, 2018 for payment of PKR 67.0 million.

The Company filed a Writ Petition No.225 of 2019 on January 17, 2019 before the Lahore High Court, Rawalpindi Bench against the Notices as well as order of SLG. On October 31, 2019 the Learned Judge was pleased to stay the operation of the impugned orders/notices, subject to the deposit of PKR 24.0 million with the Deputy Registrar Judicial, which was deposited through Pay Order No.05138957 on February 14, 2019.

26.2 Tax related contingencies are disclosed in note 47 to these consolidated financial statements for income tax and sales tax contingencies.

	As at June 30, 2019	As at June 30, 2018
26.3 Commitments		
Commitments in respect of capital expenditure including various projects	**820,106**	3,032,970
Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:		
Year		
2018-19	**-**	76,101
2019-20	**87,699**	80,895
2020-21	**93,399**	85,991
2021-22	**99,471**	91,409
2022-23	**105,937**	-
	386,506	334,396
Payable not later than one year	**87,699**	76,101
Payable later than one year but not later than five years	**298,807**	258,295
	386,506	334,396
Outstanding letter of credit: (Unutilized PKR 13,338.413 million (June 30, 2018: 14,658.033 million)	**3,539,282**	3,408,583
Commitments in respect of Post dated cheques	**567,784**	173,073

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

27. Operating segment results

	Polyester		**Soda Ash**		**Life Sciences**		**Chemicals & Agri Sciences**		**Others**		**Group**	
	For the year ended June 30, 2019	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Sales												
Bangladesh	**-**	-	**321,209**	-	**-**	-	**-**	-	**-**	-	**321,209**	-
India	**-**	-	**654,344**	685,444	**-**	-	**-**	-	**-**	-	**654,344**	685,444
United States	**317,785**	-	**25,282**	-	**-**	-	**-**	-	**-**	-	**343,067**	-
Others	**113,426**	40,729	**33,603**	112,405	**18,684**	2,301	**-**	566	**-**	-	**165,713**	156,001
	431,211	40,729	**1,034,438**	797,849	**18,684**	2,301	**-**	566	**-**	-	**1,484,333**	841,445
Inter-segment	**-**	-	**-**	-	**-**	-	**4,850**	9,457	**878,604**	641,170	**883,454**	650,627
Local	**23,557,885**	18,484,955	**19,157,732**	14,762,640	**13,926,294**	13,568,367	**9,569,312**	9,379,700	**-**	-	**66,211,223**	56,195,662
	23,989,096	18,525,684	**20,192,170**	15,560,489	**13,944,978**	13,570,668	**9,574,162**	9,389,723	**878,604**	641,170	**68,579,010**	57,687,734
Commission / Toll income	**-**	-	**-**	-	**62,264**	96,567	**112,090**	68,541	**-**	-	**174,354**	165,108
Turnover	**23,989,096**	18,525,684	**20,192,170**	15,560,489	**14,007,242**	13,667,235	**9,686,252**	9,458,264	**878,604**	641,170	**68,753,364**	57,852,842
Sales tax	**-**	(27)	**(2,786,228)**	(2,156,167)	**(63,946)**	(88,863)	**(652,803)**	(743,643)	**(127,660)**	(93,161)	**(3,630,637)**	(3,081,861)
Commission	**-**	-	**(187,300)**	(158,275)	**(372,803)**	(262,903)	**-**	-	**-**	-	**(560,108)**	(421,178)
Discounts / price adjustment	**(359,895)**	(370,043)	**(680,808)**	(699,086)	**(2,459,391)**	(1,842,655)	**(924,326)**	(888,485)	**-**	-	**(4,424,425)**	(3,800,269)
	(359,895)	(370,070)	**(3,654,336)**	(3,013,528)	**(2,896,140)**	(2,194,421)	**(1,577,129)**	(1,632,128)	**(127,660)**	(93,161)	**(8,615,160)**	(7,303,308)
Net turnover	**23,629,201**	18,155,614	**16,537,834**	12,546,961	**11,111,102**	11,472,814	**8,109,123**	7,826,136	**750,944**	548,009	**60,138,204**	50,549,534
Cost of sales - note 29	**(22,936,977)**	(17,617,573)	**(12,120,296)**	(9,177,591)	**(8,485,351)**	(8,074,898)	**(6,216,888)**	(6,241,097)	**(633,683)**	(453,476)	**(50,393,195)**	(41,562,895)
Gross profit	**692,224**	538,041	**4,417,538**	3,369,370	**2,625,751**	3,397,916	**1,892,235**	1,585,039	**117,261**	94,533	**9,745,009**	8,986,639
Selling and distribution expenses - note 30	**(395,222)**	(270,431)	**(422,334)**	(300,056)	**(1,647,184)**	(1,615,854)	**(879,389)**	(916,916)	**-**	-	**(3,344,129)**	(3,103,257)
Administration and general expenses - note 31	**(231,604)**	(220,460)	**(364,407)**	(322,444)	**(550,283)**	(348,406)	**(307,744)**	(381,181)	**(3,407)**	(8,681)	**(1,457,445)**	(1,281,172)
Operating result	**65,398**	47,150	**3,630,797**	2,746,870	**428,284**	1,433,656	**705,102**	286,942	**113,854**	85,852	**4,943,435**	4,602,210
27.1 Segment assets - note 27.5 and 28.3	**10,851,731**	11,178,674	**24,294,504**	24,602,890	**9,240,433**	10,495,179	**8,482,903**	8,953,650	**4,836,266**	3,621,852	**43,584,298**	39,643,819
27.2 Unallocated assets											**5,857,123**	5,368,713
											49,441,421	45,012,532
27.3 Segment liabilities - note 27.5 and 28.4	**14,848,186**	14,884,879	**2,755,858**	3,292,937	**4,180,147**	4,076,319	**1,631,871**	4,048,357	**394,032**	116,310	**9,016,855**	8,096,440
27.4 Unallocated liabilities											**19,032,000**	16,883,258
											28,048,855	24,979,698

27.5 Inter unit current account balances of respective businesses have been eliminated from the total.

	Polyester 2019	Polyester 2018	**Soda Ash 2019**	Soda Ash 2018	**Life Sciences 2019**	Life Sciences 2018	**Chemicals & Agri Sciences 2019**	Chemicals & Agri Sciences 2018	**Others 2019**	Others 2018	**Group 2019**	Group 2018
27.6 Depreciation and amortisation charge note 6.7 and 7.1	**767,100**	788,306	**1,689,325**	1,469,738	**157,937**	133,222	**62,850**	48,601	**35,086**	34,069	**2,712,298**	2,473,936
27.7 Capital expenditure	**371,925**	202,780	**1,110,766**	2,023,718	**178,909**	2,030,126	**819,309**	134,104	**3,752,356**	1,464,272	**6,233,265**	5,855,000

27.8 There was no major customer of the Group which formed part of 10% or more of the Group's revenue.

Amounts in PKR '000

		For the year ended June 30, 2019	For the Year ended June 30, 2018
28	**Reconciliations of reportable segment net turnover, cost of sales, assets and liabilities**		
28.1	**Net turnover**		
	Total net turnover for reportable segments - note 27	**60,138,204**	50,549,534
	Elimination of inter-segment net turnover - note 27	**(4,850)**	(9,457)
	Elimination of inter-segment net turnover from the subsidiary	**(750,943)**	(548,009)
	Total net turnover	**59,382,411**	49,992,068
28.2	**Cost of sales**		
	Total cost of sales for reportable segments - note 27	**50,393,195**	41,562,895
	Elimination of inter-segment purchases - note 27	**(4,850)**	(9,457)
	Elimination of inter-segment purchases from the subsidiary	**(750,943)**	(548,009)
	Total cost of sales	**49,637,402**	41,005,429

		As at June 30, 2019	As at June 30, 2018
28.3	**Assets**		
	Total assets for reportable segments	**43,584,298**	39,643,819
	Taxation recoverable	**2,682,961**	2,592,156
	Intangibles - goodwill and brands	**1,695,889**	1,644,053
	Long-term investments - note 8	**1,478,273**	1,132,504
	Total assets	**49,441,421**	45,012,532
28.4	**Liabilities**		
	Total liabilities for reportable segments	**9,016,855**	8,096,440
	Short-term financing - note 25	**7,356,142**	7,332,327
	Long-term loan - note 21	**11,148,691**	9,210,056
	Accrued mark-up	**433,649**	251,496
	Unclaimed dividend	**93,518**	89,379
	Total liabilities	**28,048,855**	24,979,698

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

29. Cost of Sales

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	
	For the year ended June 30, 2019	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Raw and packing materials consumed												
Opening stock	**1,387,531**	742,941	**1,328,911**	645,261	**1,370,125**	607,473	**562,019**	552,987	**24,328**	21,625	**4,672,914**	2,570,287
Purchases												
Inter-segment	**865,467**	6,277	**-**	-	**2,064**	3,180	**-**	-	**15,923**	-	**883,454**	9,457
Others	**18,794,383**	15,550,745	**4,097,726**	3,835,609	**3,738,933**	2,976,992	**3,262,768**	2,797,903	**519,646**	370,071	**30,413,456**	25,531,320
	19,659,850	15,557,022	**4,097,726**	3,835,609	**3,740,997**	2,980,172	**3,262,768**	2,797,903	**535,569**	370,071	**31,296,910**	25,540,777
	21,047,381	16,299,963	**5,426,637**	4,480,870	**5,111,122**	3,587,645	**3,824,787**	3,350,890	**559,897**	391,696	**35,969,824**	28,111,064
Closing stock - note 12	**(1,864,192)**	(1,387,531)	**(1,308,718)**	(1,328,911)	**(1,494,023)**	(1,370,125)	**(980,564)**	(562,019)	**(16,224)**	(24,328)	**(5,663,721)**	(4,672,914)
Raw and packaging material consumed	**19,183,189**	14,912,432	**4,117,919**	3,151,959	**3,617,099**	2,217,520	**2,844,223**	2,788,871	**543,673**	367,368	**30,306,103**	23,438,150
Salaries, wages and benefits - note 29.1	**531,129**	514,838	**1,002,516**	927,637	**475,903**	416,429	**105,103**	65,693	**20,122**	20,855	**2,134,773**	1,945,452
Stores and spares consumed	**293,499**	232,241	**221,985**	168,214	**81,626**	46,731	**16,143**	11,591	**23,702**	21,962	**636,955**	480,739
Conversion fee paid to contract manufacturers	**-**	-	**-**	-	**333,592**	416,539	**28,877**	40,941	**-**	-	**362,469**	457,480
Oil, gas and electricity	**1,746,534**	1,416,990	**4,813,317**	3,318,412	**106,897**	18,455	**32,019**	25,954	**597**	581	**6,699,364**	4,780,392
Rent, rates and taxes	**1,471**	1,559	**1,625**	1,523	**29,026**	29,476	**4**	261	**420**	420	**32,546**	33,239
Insurance	**26,229**	19,940	**45,102**	35,566	**6,816**	455	**8**	1,652	**1,137**	1,594	**79,292**	59,207
Repairs and maintenance	**14,750**	13,452	**10,969**	8,803	**27,294**	20,177	**10,412**	8,489	**141**	140	**63,566**	51,061
Depreciation and amortisation charge - note 6.7 and 7.1	**759,578**	781,321	**1,673,584**	1,455,561	**122,735**	97,411	**36,731**	23,322	**35,086**	34,069	**2,627,714**	2,391,684
Write-offs - inventory	**-**	-	**-**	-	**-**	46,727	**-**	225,751	**-**	-	**-**	272,478
Excise duty	**-**	-	**-**	-	**-**	-	**-**	-	**7,435**	5,450	**7,435**	5,450
Technical fees	**-**	-	**-**	-	**-**	-	**-**	1,482	**-**	-	**-**	1,482
General expenses	**256,731**	230,316	**315,905**	289,260	**60,923**	107,739	**36,424**	38,666	**1,370**	1,037	**671,353**	665,278
Opening stock of work-in-process	**39,659**	52,831	**-**	-	**51,500**	35,354	**9,972**	21,905	**-**	-	**101,131**	110,090
Closing stock of work-in-process - note 12	**(148,741)**	(39,659)	**-**	-	**(64,650)**	(51,500)	**(27,425)**	(9,972)	**-**	-	**(240,816)**	(101,131)
Cost of goods manufactured	**22,704,028**	18,136,261	**12,202,922**	9,356,935	**4,848,761**	3,401,513	**3,092,491**	3,244,606	**633,683**	453,476	**43,481,885**	34,591,051
Opening stock of finished goods	**1,242,681**	733,887	**264,903**	87,897	**1,264,696**	828,531	**1,464,309**	1,583,209	**-**	-	**4,236,589**	3,233,524
Finished goods purchased	**(118,474)**	(9,894)	**(3,141)**	(2,338)	**3,595,880**	5,092,506	**3,584,745**	2,885,783	**-**	-	**7,059,010**	7,966,057
	23,828,235	18,860,254	**12,464,684**	9,442,494	**9,709,337**	9,322,550	**8,141,545**	7,713,598	**633,683**	453,476	**54,777,484**	45,790,632
Closing stock of finished goods - note 12	**(891,258)**	(1,242,681)	**(343,031)**	(264,903)	**(1,093,360)**	(1,264,696)	**(1,872,817)**	(1,464,309)	**-**	-	**(4,200,466)**	(4,236,589)
Provision / Reversal for slow moving and obsolete stock-in-trade - note 31	**-**	-	**(1,357)**	-	**(130,626)**	17,044	**(51,840)**	(8,192)	**-**	-	**(183,823)**	8,852
	22,936,977	17,617,573	**12,120,296**	9,177,591	**8,485,351**	8,074,898	**6,216,888**	6,241,097	**633,683**	453,476	**50,393,195**	41,562,895

29.1 Staff retirement benefits

	2019	2018
Salaries, wages and benefits include amounts in respect of staff retirement benefits:	**126,011**	103,564

Amounts in PKR '000

30. Selling and distribution expenses

	Polyester		Soda Ash		Life Sciences		Chemicals & Agri Sciences		Others		Group	
	For the year ended June 30, 2019	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018	**For the year ended June 30, 2019**	For the year ended June 30, 2018
Salaries and benefits - note 30.1	**60,487**	54,044	**46,436**	42,829	**696,759**	736,037	**298,675**	395,653	**-**	-	**1,102,357**	1,228,563
Repairs and maintenance	**191**	223	**761**	973	**4,308**	5,110	**8,362**	6,056	**-**	-	**13,622**	12,362
Advertising and publicity expenses	**43,485**	3,952	**32,864**	5,507	**227,662**	293,321	**65,631**	59,745	**-**	-	**369,642**	362,525
Rent, rates and taxes	**517**	469	**3,106**	3,740	**22,661**	14,723	**5,824**	5,476	**-**	-	**32,108**	24,408
Insurance	**-**	-	**1,165**	84	**15,630**	16,248	**11,733**	11,305	**-**	-	**28,528**	27,637
Lighting, heating and cooling	**122**	107	**1,755**	2,041	**7,847**	7,219	**7,868**	7,881	**-**	-	**17,592**	17,248
Depreciation and amortisation charge - note 6.7 and 7.1	**-**	-	**69**	86	**23,530**	25,474	**17,569**	12,990	**-**	-	**41,168**	38,550
Write-offs	**-**	-	**-**	-	**-**	630	**-**	-	**-**	-	**-**	630
Outward freight and handling	**44,053**	10,770	**169,764**	104,262	**220,355**	177,289	**166,722**	157,407	**-**	-	**600,894**	449,728
Travelling expenses	**13,002**	9,814	**2,249**	2,493	**234,079**	173,294	**93,584**	95,506	**-**	-	**342,914**	281,107
Postage, telegram, telephone and telex	**1,906**	1,393	**1,898**	1,676	**21,423**	20,530	**9,472**	10,905	**-**	-	**34,699**	34,504
Royalty - note 30.2	**220,603**	181,556	**154,397**	125,470	**-**	-	**-**	-	**-**	-	**375,000**	307,026
General expenses	**10,856**	8,103	**7,870**	10,895	**172,930**	145,979	**193,949**	153,992	**-**	-	**385,605**	318,969
	395,222	270,431	**422,334**	300,056	**1,647,184**	1,615,854	**879,389**	916,916	**-**	-	**3,344,129**	3,103,257

30.1 Staff retirement benefits

Salaries and benefits includes amount in respect of staff retirement benefits:	**79,788**	65,420

30.2 Royalty amounting to PKR 375.000 million (June 30, 2018: 307.026 million) is charged by the associate company namely "Lucky Holding Limited" registered on the specified address 6-A, Mohammad Ali Society A. Aziz Hashim Tabba Street Karachi - 75350, Pakistan.

31 Administration and general expenses

	Polyester 2019	Polyester 2018	Soda Ash 2019	Soda Ash 2018	Life Sciences 2019	Life Sciences 2018	Chemicals & Agri Sciences 2019	Chemicals & Agri Sciences 2018	Others 2019	Others 2018	Group 2019	Group 2018
Salaries and benefits - note 31.1	**156,410**	131,199	**240,207**	195,506	**224,366**	216,812	**185,205**	128,936	**-**	-	**806,188**	672,453
Repairs and maintenance	**2,317**	1,852	**5,253**	4,149	**6,534**	6,566	**1,762**	1,760	**-**	-	**15,866**	14,327
Advertising and publicity expenses	**4,762**	3,399	**10,480**	8,169	**5,156**	5,436	**3,463**	2,688	**-**	-	**23,861**	19,692
Rent, rates and taxes	**5,394**	4,975	**3,677**	3,629	**10,468**	9,622	**1,210**	1,194	**-**	-	**20,749**	19,420
Insurance	**945**	571	**1,669**	907	**4,418**	4,168	**558**	815	**-**	-	**7,590**	6,461
Lighting, heating and cooling	**4,069**	4,171	**4,451**	5,195	**14,993**	15,854	**10,704**	6,344	**-**	-	**34,217**	31,564
Depreciation and amortisation charge - note 6.7 and 7.1	**7,522**	6,985	**15,672**	14,091	**11,672**	10,337	**8,550**	12,289	**-**	-	**43,416**	43,702
Allowance / reversal of allowance for ECL on trade debts/ Loans and advances / Other receivable	**(50)**	153	**-**	15,673	**46,774**	11,786	**(7,741)**	156,251	**-**	-	**38,983**	183,863
Provision / reversal for slow moving and obsolete stock-in-trade - note 12.1	**-**	-	**1,357**	-	**130,626**	(17,044)	**51,840**	8,192	**-**	-	**183,823**	(8,852)
Provision / reversal for slow moving and obsolete stores and spares - note 11.2	**-**	-	**12,392**	3,171	**-**	-	**659**	-	**-**	-	**13,051**	3,171
Travelling expenses	**7,625**	5,116	**10,129**	8,187	**17,338**	18,265	**7,893**	6,563	**-**	-	**42,985**	38,131
Postage, telegram, telephone and telex	**2,501**	2,213	**3,605**	3,020	**5,449**	4,740	**3,789**	2,707	**-**	-	**15,344**	12,680
General expenses	**40,109**	59,826	**55,515**	60,747	**72,489**	61,864	**39,852**	53,442	**3,407**	8,681	**211,372**	244,560
	231,604	220,460	**364,407**	322,444	**550,283**	348,406	**307,744**	381,181	**3,407**	8,681	**1,457,445**	1,281,172

31.1 Staff retirement benefits

Salaries and benefits includes amount in respect of staff retirement benefits:	**87,990**	69,188

Notes to the Consolidated Financial Statements
For the year ended June 30, 2019

Amounts in PKR '000

		For the year ended June 30, 2019	For the Year ended June 30, 2018
32	**Other charges**		
	Auditors' remuneration - note 32.1	**7,833**	7,115
	Donations - note 32.2	**40,558**	41,116
	Workers' profit participation fund - note 24.2	**168,489**	207,724
	Workers' welfare fund	**52,416**	27,168
	Impairment of operating fixed asset	**-**	36,759
	Others	**3,884**	6,209
		273,180	326,091
32.1	**Auditors' remuneration**		
	Statutory audit fee	**4,604**	4,195
	Half yearly review	**1,540**	1,400
	Out of pocket expenses	**614**	560
	Other certifications	**1,075**	961
		7,833	7,115

32.2 Represents provision in respect of donation to ICI Pakistan Foundation (Head office, Karachi). Mr. Asif Jooma, Chief executive of the Company, Mr. Muhammad Abid Ganatra, Mr.Arshaduddin Ahmed, Mr.Aamer Mahmud Malik, Ms. Nausheen Ahmad and Ms. Fariha Salahuddin, Executives of the Company are amongst the Trustees of the Foundation.

		For the year ended June 30, 2019	For the Year ended June 30, 2018
33	**Finance costs**		
	Mark-up on financing	**1,297,513**	558,931
	Interest on workers' profit participation fund - note 24.2	**1,419**	1,377
	Discounting charges on receivables	**177,817**	84,079
	Guarantee fee and others	**9,005**	9,707
		1,485,754	654,094
	Penalty		
	This includes penalty that are either charge to the consolidated statement of profit or loss or waived	**-**	125
34	**Other income**		
	Income from financial assets		
	Profit on interest bearing short-term and call deposits	**39,160**	74,032
	Income from non-financial assets		
	Scrap sales	**63,903**	64,206
	Gain on disposal of operating fixed assets - note 37	**4,099**	6,255
	Provisions and accruals no longer required written back	**3,974**	130
	Exchange gain	**127**	-
	Sundries	**20,042**	11,732
		131,305	156,355
35	**Taxation**		
	Current	**1,115,374**	593,759
	Prior	**(85,556)**	(712,340)
	Deferred	**(162,488)**	754,569
	Net tax charged - note 35.2	**867,330**	635,988

Amounts in PKR '000

	For the year ended June 30, 2019	For the Year ended June 30, 2018

35.1 Provision against tax in the consolidated financial statements for the years 2018, 2017 and 2016 amounts to PKR 593.759 million, PKR 691.446 million and PKR 475.726 million as against the assessed tax of PKR 444.089 million, PKR 520.967 million and PKR 384.842 million respectively. The Group has assessed the sufficiency of the tax provisions and considers that these are sufficient for the purpose.

35.2 Tax reconciliation

	June 30, 2019	June 30, 2018
Profit before tax	**3,403,960**	3,933,642
Tax @ 29% (June 30, 2018: 30%)	**987,268**	1,180,093
Effect of exempt income	**(34,650)**	(36,000)
Effect of share of profit from associate	**(25,200)**	(63,000)
Effect of credit under section 65B	**(17,515)**	(497,925)
Effect of change in tax rate on beginning deferred tax	**-**	(49,312)
Effect of prior year charge	**(85,556)**	-
Others	**42,983**	102,132
Net tax charged	**867,330**	635,988
Average effective tax rate	**25.48%**	16.17%

36 Basic and diluted earnings per share (EPS)

	June 30, 2019	June 30, 2018
Profit after taxation for the year	**2,525,221**	3,280,006
	Number of shares	
Weighted average number of ordinary shares in issue during the year	**92,359,050**	92,359,050
	PKR	
Basic and diluted earnings per share (EPS)	**27.34**	35.51

37 Cash flows from operating activities

	June 30, 2019	June 30, 2018
Profit before taxation	**3,403,960**	3,933,642
Adjustments for:		
Depreciation and amortization - note 6.2 and 7.1	**2,712,298**	2,473,936
Gain on disposal of operating fixed assets - note 34	**(4,099)**	(6,255)
Impairment charge of fixed asset	**-**	36,759
Provision for staff retirement benefit plan - note 20.1.1	**52,526**	33,552
Provisions for non-management staff gratuity and eligible retired employees' medical scheme	**43,227**	39,616
Interest on short-term bank deposits	**(39,160)**	(74,032)
Share of profit from associate	**(525,769)**	(585,968)
Interest expense	**1,485,754**	654,094
Allowance for ECL	**38,983**	183,863
Provision for slow moving and obsolete stock-in-trade - note 12.1	**183,823**	(8,852)
Provision for slow moving stores and spares - note 11.2	**13,051**	3,171
Provisions and accruals no longer required written back	**(3,974)**	(130)
	7,360,620	6,683,396
Movement in:		
Working capital - note 37.1	**(740,677)**	(6,130,293)
Long-term loans	**(8,247)**	(61,370)
Long-term deposits and prepayments	**85**	(4,975)
	6,611,781	486,758

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

	For the year ended June 30, 2019	For the Year ended June 30, 2018
37.1 Movement in working capital		
(Increase) / Decrease in current assets		
Stores, spares and consumables	**(118,463)**	106,676
Stock-in-trade	**(1,278,192)**	(3,000,459)
Trade debts	**229,478**	(312,105)
Loans and advances	**(26,965)**	(110,637)
Trade deposits and short-term prepayments	**30,733**	(24,645)
Other receivables	**(779,615)**	123,436
	(1,943,024)	(3,217,734)
Increase / (Decrease) in current liabilities		
Trade and other payables	**1,202,347**	(2,912,559)
	(740,677)	(6,130,293)

38 Remuneration of Chief Executive, Directors and other executives

The amounts charged in the consolidated financial statements for the remuneration, including all benefits, to the Chief Executive, Directors and other executives of the Group are as follows:

	Chief Executive		Directors		Other Executives		Total	
	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2019	For the year ended June 30, 2018	For the year ended June 30, 2019	For the year ended June 30, 2018
Managerial remuneration	**57,755**	54,390	**38,048**	36,251	**728,229**	633,788	**824,032**	724,429
Gratuity	**2,729**	2,580	**1,943**	1,846	**39,744**	40,400	**44,416**	44,826
Provident Fund	**3,288**	3,108	**2,341**	2,224	**57,086**	50,078	**62,715**	55,410
Pension	**3,486**	3,294	**2,482**	2,358	**52,786**	44,876	**58,754**	50,528
Rent and house maintenance	**2,011**	2,117	**-**	-	**228,563**	197,680	**230,574**	199,797
Utilities	**943**	1,308	**-**	-	**55,933**	47,915	**56,876**	49,223
Medical and others	**322**	376	**180**	151	**29,345**	25,077	**29,847**	25,604
Bonus paid	**21,432**	29,473	**12,634**	14,624	**190,416**	205,280	**224,482**	249,376
	91,966	96,646	**57,628**	57,454	**1,382,102**	1,245,094	**1,531,695**	1,399,193
Number of persons as at the reporting date	**1**	1	**1**	1	**237**	206	**239**	208

38.1 The directors and certain executives are provided with free use of cars (obtained on lease by Group) in accordance with their entitlement. The Chief Executive is provided with free use of the Holding Company leased car, certain household equipment and maintenance when needed.

	For the year ended June 30, 2019	For the year ended June 30, 2018
38.2 Remuneration paid to Chairman during the year:	**-**	-
38.3 During the year fee paid to six non-executive directors for attending board and other meetings, which is not part of remuneration amounts to:	**5,094**	3,000

Amounts in PKR '000

		As at and for the year ended June 30, 2019	As at and for the year ended June 30, 2018
38.4	Total number of employees as at the reporting date	**2,143**	2,128
	Average number of employees during the year	**2,136**	2,048
38.5	Total number of factory as at the reporting date	**1,022**	1,030
	Average number of factory during the year	**1,026**	936

39 Transactions with related parties

The related parties comprise the Holding Company (Lucky Cement Holdings (Private) Limited), the Ultimate Holding Company (Lucky Cement Limited) and related group companies, local associated companies, directors of the Group, companies where directors also hold directorship, key employees (note 38) and staff retirement funds (note 20). All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Group. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

Relationship with the company	Nature of transaction	For the year ended June 30, 2019	For the year ended June 30, 2018
Associated companies	Royalty	**375,000**	307,026
	Purchase of goods, materials and services	**766,381**	133,081
	Sale of goods and materials	**1,774,377**	1,973,792
	Dividend received from associate	**180,000**	420,000
	Reimbursement of expenses	**85,897**	84,125
	Dividend paid to associates	**1,029,249**	1,431,974
	Donations paid	**2,300**	41,116
	Issuance of shares	**-**	921,200
Others	Staff retirement benefits	**274,775**	268,630
Key management personnel	Remuneration paid	**237,790**	215,835
	Post employment benefits	**33,237**	34,183
	Dividends paid	**6,723**	9,168
	Director meeting fee	**5,094**	3,000

40 Plant capacity and annual production

- in metric tonnes except PowerGen which is in thousands of Megawatt hours:

	For the year ended June 30, 2019		For the year ended June 30, 2018	
	Annual Name Plate Capacity	**Production**	Annual Name Plate Capacity	Production
Polyester	**122,250**	**121,585**	122,250	126,853
Soda Ash - note 40.1	**425,000**	**422,168**	425,000	378,248
Sodium Bicarbonate	**40,000**	**40,353**	40,000	38,000
PowerGen - note 40.3	**122,640**	**34,454**	122,640	31,334

40.1 Out of total production of 422,168 metric tonnes soda ash, 36,319 metric tonnes was transferred for production of 40,353 tonnes of Sodium Bicarbonate.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

40.2 The capacity of Chemicals, Neutraceuticals, Life Sciences and Cirin pharmaceutical is indeterminable because these are multi-product with multiple dosage and multiple pack size plants. The production capacity of Morinaga is currently not assessable since the plant is currently under development.

40.3 Electricity by PowerGen is produced as per demand of the Group.

41 Fair value of financial assets and liabilities

The carrying amounts of the financial assets and financial liabilities as at the reporting date approximate their fair values.

42 Financial risk management

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

42.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

43 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 three types of risk currency risk, interest rate risk and other price risk.

43.1 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances. At the reporting date the interest rate profile of Group's interest-bearing financial instruments were:

	Carrying Amount	
	As at June 30, 2019	As at June 30, 2018
Fixed rate instruments		
Financial assets - note 17	**237,677**	1,550,129
Financial liabilities - note 20 and 21	**(2,412,116)**	(2,687,912)
	(2,174,439)	(1,137,783)
Variable rate instruments		
Financial liabilities - note 21 and 24	**(16,217,349)**	(13,975,175)

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 interest rates at the reporting date would not affect the consolidated statement of profit or loss.

Sensitivity analysis for variable rate instruments

If KIBOR had been 1% higher / lower with all other variables held constant, the impact on the profit before tax for the year would have been: PKR 162.173 million (June 30, 2018: PKR 139.752 million).

Amounts in PKR '000

43.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Group is exposed to foreign currency risk on sales and purchases which are entered in a currency other than Pak Rupees. When the management expects future depreciation of Pak Rupees, the Group enters into forward foreign exchange contracts in accordance with State Bank of Pakistan instructions and the Group's treasury policy. The policy allows the Group to take currency exposure within predefined limits while open exposures are rigorously monitored.

Following is the gross exposure classified into separate foreign currencies:

	CNY	EURO	USD	GBP	JPY
			As at June 30, 2019		
Other receivables	**105**	**1,600**	**115,094**	**-**	**-**
Cash and bank balances	**-**	**-**	**104,562**	**-**	**-**
	105	**1,600**	**219,656**	**-**	**-**
Trade and other payables	**(365,402)**	**(101,427)**	**(461,405)**	**(305)**	**-**
Gross consolidated statement of financial position exposure	**(365,297)**	**(99,827)**	**(241,749)**	**(305)**	**-**
			As at June 30, 2018		
Other receivables	-	6,053	11,741	-	-
Cash and bank balances	-	-	-	-	-
	-	6,053	11,741	-	-
Trade and other payables	-	(31,822)	(141,663)	(4,623)	(620)
Gross consolidated statement of financial position exposure	-	(25,769)	(129,922)	(4,623)	(620)

Significant exchange rates applied during the year were as follows:

	Average rate		**Spot rate**	
	For the year ended June 30, 2019	For the year ended June 30, 2018	**As at June 30, 2019**	As at June 30, 2018
PKR per	**PKR**		**PKR**	
EURO	**155.07**	131.43	**182.32**	141.59
USD	**136.20**	110.07	**160.05**	121.63
GBP	**176.06**	148.40	**203.01**	159.49
CNY	**19.95**	13.69	**23.31**	18.39
JPY	**1.22**	1.00	**1.49**	1.10

Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before tax for the year by PKR 7.093 million (June 30, 2018: PKR 1.609 million). The following table demonstrates the sensitivity to the change in exchange rates. As at June 30, 2019, if Pak Rupee (PKR) had weakened / strengthened by 1% against other currencies, with all other variables held constant, the effect on the Company profit before tax at June 30, 2019 and June 30, 2018 would be as follows:

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

	Increase / decrease in exchange rates	Effect on Profit before tax (CNY)	Effect on Profit before tax (EURO)	Effect on Profit before tax (USD)	Effect on Profit before tax (GBP)	Effect on Profit before tax (JPY)
2019						
Pak Rupee	**+1%**	**3,653**	**998**	**2,417**	**3**	**-**
Pak Rupee	**-1%**	**(3,653)**	**(998)**	**(2,417)**	**(3)**	**-**
2018						
Pak Rupee	+1%	-	258	1,299	46	6
Pak Rupee	-1%	-	(258)	(1,299)	(46)	(6)

44 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	As at June 30, 2019	As at June 30, 2018
44.1 Financial assets		
Long-term investment - note 8	**1,478,273**	1,132,504
Long-term loans - note 9	**452,038**	443,791
Long-term deposits - note 10	**41,199**	37,818
Trade debts - note 13	**2,449,659**	2,718,120
Loans and advances - note 14	**583,691**	552,752
Trade deposits - note 15	**189,366**	221,008
Other receivables - note 16	**479,557**	470,408
Bank balances - note 17	**413,250**	1,680,329
	6,087,033	7,256,730

44.2 The Group has placed its funds with banks which are rated A1+ by PACRA and A1+ by JCR-VIS.

44.3 Financial assets		
- Secured	**1,659,723**	983,871
- Unsecured	**4,427,310**	6,272,859
	6,087,033	7,256,730

44.4 The ageing of trade debts and loans and advances at the reporting date is as follows:

Not past due	**2,730,415**	2,675,099
Past due but not impaired:		
Not more than three months	**315,062**	629,425
Past due and Impaired:		
More than three months and not more than six months	**45,717**	54,105
More than six months and not more than nine months	**12,781**	51,173
More than nine months and not more than one year	**68,528**	53,788
More than one year	**135,276**	54,439
	577,364	842,930
Allowance for ECL:		
- on trade debts - note 13	**(258,309)**	(219,903)
- on loans and advances - note 14	**(16,120)**	(27,254)
	(274,429)	(247,157)
	3,033,350	3,270,872

Amounts in PKR '000

	As at June 30, 2019	As at June 30, 2018

44.4.1 There were no past due or impaired receivables from related parties.

44.5 The maximum exposure to credit risk for past due at the reporting date by type of counterparty was:

Wholesale customers	**220,378**	412,628
Retail customers	**355,374**	421,672
End-user customers	**1,612**	8,630
	577,364	842,930
Allowance for ECL:		
- on trade debts - note 13	**(258,309)**	(219,903)
- on loans and advances - note 14	**(16,120)**	(27,254)
	(274,429)	(247,157)
	302,935	595,773

44.6 Movement of allowance for ECL on trade debts, loans and advances

	Trade debts	**Loans and advances**	**Total**	Total
Balance at the beginning of the year	**219,903**	**27,254**	**247,157**	88,944
Additional provision	**43,555**	**(4,636)**	**38,919**	161,164
Written off during the year	**(1,175)**	**(6,498)**	**(7,673)**	(2,951)
Allowance no longer required/reversal	**(3,974)**	**-**	**(3,974)**	-
Balance at the end of the year	**258,309**	**16,120**	**274,429**	247,157

44.7 Concentration risk

The sector wise analysis of receivables, comprising trade debts, loans and advances and bank balances are given below:

	As at June 30, 2019	As at June 30, 2018
Textile and chemicals	**593,104**	1,953,669
Glass	**138,956**	9,669
Paper and board	**31,463**	4,698
Life Sciences	**966,718**	873,266
Paints	**70,704**	48,564
Banks	**423,888**	1,687,351
Others	**1,946,945**	628,163
	4,171,778	5,205,380
Allowance for ECL:		
- trade debts - note 13	**(258,309)**	(219,903)
- loans and advances - note 14	**(16,120)**	(27,254)
	(274,429)	(247,157)
	3,897,349	4,958,223

44.8 Other price risk is the risk that the value of future cash flows of the financial instrument will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the reporting date, the Group is not materially exposed to other price risk.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Amounts in PKR '000

45 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the maturity date.

	Carrying amount	Contractual cash flows	Less than one year
		As at June 30, 2019	
Financial liabilities			
Trade creditors - note 24	**1,667,805**	**(1,667,805)**	**(1,667,805)**
Bills payable - note 24	**1,263,934**	**(1,263,934)**	**(1,263,934)**
Accrued mark-up	**433,649**	**(433,649)**	**(433,649)**
Accrued expenses - note 24	**2,119,400**	**(2,119,400)**	**(2,119,400)**
Technical service fee / Royalty - note 24	**5,157**	**(5,157)**	**(5,157)**
Distributors' security deposits - payable on termination of distributorship - note 24	**124,632**	**(137,095)**	**(137,095)**
Contractors' earnest / retention money - note 24	**231,605**	**(231,605)**	**(231,605)**
Unclaimed dividends	**93,518**	**(93,518)**	**(93,518)**
Payable for capital expenditure - note 24	**119,238**	**(119,238)**	**(119,238)**
Others - note 24	**148,155**	**(148,155)**	**(148,155)**
Long-term loans - note 21	**11,148,691**	**(11,148,691)**	**(1,694,503)**
Liabilities subject to finance lease - note 23	**-**	**-**	**-**
Short-term financing - note 25	**7,356,142**	**(7,356,142)**	**(7,356,142)**
	24,711,926	**(24,724,390)**	**(15,270,202)**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amount.

		As at June 30, 2018	
Financial liabilities			
Trade creditors - note 24	1,329,659	(1,329,659)	(1,329,659)
Bills payable - note 24	985,384	(985,384)	(985,384)
Accrued mark-up	251,496	(251,496)	(251,496)
Accrued expenses - note 24	1,831,991	(1,831,991)	(1,831,991)
Technical service fee / royalty - note 24	25,323	(25,323)	(25,323)
Distributors' security deposits - payable on termination of distributorship - note 24	120,704	129,153	129,153
Contractors' earnest / retention money - note 24	44,400	(44,400)	(44,400)
Unclaimed dividends	89,379	(89,379)	(89,379)
Payable for capital expenditure - note 24	233,213	(233,213)	(233,213)
Others - note 24	205,598	(205,598)	(205,598)
Long-term loan - note 21	9,210,056	(9,210,056)	(967,044)
Liabilities subject to finance lease - note 23	822	(822)	822
Short-term financing - note 25	7,332,327	(7,332,327)	(7,332,327)
	21,660,352	(21,410,495)	(13,165,839)

Amounts in PKR '000

46 Capital risk management

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

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, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at June 30, 2019 and June 30, 2018 is as follows:

	As at June 30, 2019	As at June 30, 2018
Long-term loans - note 21	**11,148,691**	9,210,056
Short-term financing - note 25	**7,356,142**	7,332,327
Total debt	**18,504,833**	16,542,383
Cash and bank balances - note 17	**(423,888)**	(1,687,351)
Net debt	**18,080,945**	14,855,032
Share capital	**923,591**	923,591
Capital reserves	**309,643**	309,643
Surplus on revaluation of property, plant and equipment	**744,266**	821,982
Revenue reserve - unappropriated profit	**17,977,449**	16,551,410
Equity	**19,954,949**	18,606,626
Capital	**38,035,894**	33,461,658
Gearing ratio (Net debt / (Net debt + Equity)	**47.54%**	44.39%

47 Accounting estimates and judgements

47.1 Income and sales tax

The Group takes into account current income and sales tax laws and decisions taken by the appellate authorities. Instances where the Group's view differs from the view taken by the authorities at the assessment stage and where the Group, in consultation with its external counsel, considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities (unless there is remote possibility of transfer of benefits). The details of the tax matters are as follows:

In case of assessment year [AY] 1998-99, the Appellate Tribunal Inland Revenue (The Tribunal) on September 19, 2008 had set aside the assessments made by FBR. The re-assessment was finalized by the department on June 29, 2010 in which the issues pertaining to date of commissioning of PTA's plant & the tax depreciation claimed thereon, restriction of cost of capitalization of PTA plant and addition to income in respect of trial production stocks were decided against the Group. The Group had filed an appeal against the said order before the Commissioner (Appeals) [CIR(A)] which was decided on November 24, 2015 in which the issue of date of commissioning of PTA's plant & the tax depreciation claimed thereon along with the issue of addition to income in respect of trial production stocks were decided in Group's favor. However, the issue of restriction of cost of capitalization of PTA plant was decided against the Group. The Group and FBR have filed the appeals on respective matters decided against them in Tribunal, hearing of which is pending disposal.

In the case of AY 2002-2003, on receipt of notice under section 62 of the Income Tax Ordinance, 1979, the Group had filed a writ petition in the Supreme Court, after its earlier petition being dismissed by the Sindh High Court on maintainability, challenging FBR's notice which stated that the effective date of PTA's demerger was August 6, 2001 (falling in AY 2002-03) rather than the effective date given in the Scheme of Arrangement as October 1, 2000 (which falls in AY 2001-02). The notice also raised certain issues relating to vesting of PTA assets by the Group. On March 18, 2015, the Supreme Court passed an interim order stating that this case has nexus with the case of AY 2001-02 and hearing will take place once the High Court decides the case in AY 2001-02. The High Court decided the same in favor of the Group and stated that the assessment for AY 2001-02 is time barred. The department then filed an appeal in the Supreme Court against the order of the High Court. On March 13, 2017, the Supreme Court dismissed the appeal of the department pertaining to AY 2001-02, endorsed the directions of the High Court, adjudged the case as being barred by limitation and thereby restoring the position in the original order whereby unabsorbed depreciation was allowed.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

Further, the Honorable Supreme Court gave directions to the Group vide its order dated March 14, 2017 to file its reply to the notice dated May 26, 2005 with respect to AY 2002-03. Thereafter, the Group submitted its response to the department in consultation with its external counsel. On May 15, 2017 the DCIR passed its assessment order disallowing depreciation relating to PTA assets, capital gain on transfer of PTA plant, capital gain on exchange of shares, financial charges on loans subordinate to Pakistan PTA, excess perquisites, discounts, interest paid to ICI Japan, provisions and write offs. An appeal against this assessment order was preferred before CIR(A) who, vide his appellate Order dated January 19, 2018, decided majority of the issues against the Group. Consequently, the department issued appeal effect order dated March 1, 2018 giving effect to the findings of CIR(A) order. The Group has then preferred an appeal, against the CIR(A) order, before Tribunal which is pending disposal. Moreover, demand created vide appeal effect order dated March 1, 2018 has also been stayed by the High Court.

Depreciation relating to PTA assets pertaining to AY 2001-02 was absorbed against tax payable in AY 2002-03 to 2010. As a result of order dated May 15, 2017 for the AY 2002-03 whereby a certain portion of the said depreciation was disallowed, department on June 15, 2017 issued orders for the Tax Years 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010 through which spillover impact of the disallowed depreciation in AY 2002 - 03 was incorporated. This resulted in tax payable by the Group for the Tax Years 2008, 2009 and 2010. Appeals against these orders were filed before CIR(A), who vide his combined appellate Order dated January 19, 2018 decided the case against the Group.

Consequently, the department issued rectified orders for Tax Years 2003 to 2010, all dated March 2, 2018, giving consequential effect to the Combined CIR(A) order, in line with the revised position in AY 2002-03. The Group then preferred an appeal against the combined CIR(A) order dated January 19, 2018, before the Tribunal which is pending disposal. Moreover, demand created vide rectified orders for Tax Years 2008, 2009, 2010 dated March 2, 2018 has also been stayed by the High Court.

In addition to the above orders, for Tax Years 2003 to 2010, FBR had made disallowances on the matters related to provisions charged under various heads, financial charges, gain on disposal of fixed assets, exchange loss, proration of expenses against capital gains and interest free loans offered to employees. The CIR(A) allowed all the issues in Tax Years 2003 to 2010 in Group's favor (except for two issues in tax year 2003 and 2010) against which appeals have been filed by FBR in the Tribunal. Out of the 2 issues decided against the Group, one relates to disallowance of financial charges of PKR 46.38 million in tax year 2003 which has now been decided in Group's favor vide appeal effect order dated June 15, 2017. With respect to the issue of disallowances of provisions of PKR 78.67 million charged under various heads for tax year 2010, an appeal in the Tribunal has been filed, which is pending disposal.

The Additional Commissioner Inland Revenue (ACIR) through its order dated June 07, 2012 disallowed tax loss on disposal of fixed assets of PKR 6.46 million for Tax Year 2009 on the grounds that the same were sold through negotiations and not through auction as required by law. An appeal against the said order was filed with the CIR(A), who decided the appeal in Group’s favor. Consequently, the department being dissatisfied with the CIR(A) order filed an appeal with the ATIR who vide its order dated December 01, 2016 decided the matter against the Group. The Group has preferred an appeal before the Honorable High Court against the said order, which is pending disposal.

In Tax Year 2016, the Group paid dividend to Lucky Holdings Limited, without tax deduction, based on the exemption as per clause 103 A, Part 1, 2nd Schedule of Income Tax Ordinance, 2001 [ITO, 2001] under Group Relief - section 59B of the ITO, 2001. Dividend was also paid to Mutual Funds and Banks, without tax deduction, based on the specific exemption available under ITO, 2001. However, the tax officer vide Order dated September 2, 2016, created tax demand of PKR 138.26 million on account of non-deduction of income tax on such dividends along with penalties and default surcharge. The Group had then preferred an appeal before CIR(A) who, vide order dated January 19, 2018, maintained the demand raised on account of Lucky Holdings Limited whereas remaining issue was remanded back for fresh verification. An appeal on the issue decided against the Group has been filed before Tribunal which is pending disposal whilst remand back proceedings are yet to be initiated.

While conducting sales tax audit for the period July 2012 to June 2013, DCIR raised certain issues with respect to the declaration of exempt and zero / reduced rate sales in monthly sales tax returns and vide order dated September 12, 2014, raised a demand of PKR 952 million. An appeal was filed with CIR(A), who decided majority of the issues against the Group, while giving directions to the assessing officer to amend the original order if the returns are revised by the Group. The Group had then filed several applications for approval of revision of returns, which are pending with FBR. An appeal against the CIR(A) order has also been filed before the Tribunal, which is pending disposal.

During the year, sales tax audit for tax period July 2014 to June 2015 was finalized vide order dated September 25, 2018 through which sales tax demand of PKR 25.5 million on various issues was raised. The Group, while discharging the said demand, preferred an appeal against the order before the CIR(A) who, vide appellate order dated April 15, 2019, had remanded back all the issues. Consequently, the department being dissatisfied with the order has filed an appeal before the ATIR which is pending disposal.

Sales tax audit for the period July 2013 to June 2014 has also been finalized vide order dated May 29, 2019, through which sales tax demand of PKR 17.27 million was raised on various issues. The Group, while discharging the demand, has preferred an appeal against the order before the CIR(A) which is pending disposal.

The CIR(A) passed an appellate order dated March 20, 2019 against the income tax assessment for tax year 2014, amended vide order dated December 31, 2016. Through the appellate order, majority of the issues have been decided in Group's favor, whereas an appeal on the issues decided against the Group has been filed before Tribunal which is pending disposal.

The Group is confident that the above cases would be decided in Group's favor. Accordingly, no provision in this respect has been made in these consolidated financial statements.

47.2 Pension and Gratuity

Certain actuarial assumptions have been adopted as disclosed in note 20 to the consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

47.3 Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. The future cash flows used in the impairment testing of assets is based on management's best estimates which may change in future periods. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

47.4 Provision for expected credit losses of certain financial assets

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for Groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets exposed to credit risk is disclosed in Note 44.

47.5 Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sale of equipment with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

48 New standards, amendments to approved accounting standards and new interpretations

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year except as follows :

48.1 Adoption of standards and amendments effective during the year

The Group has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective for the current year:

IFRS 2	Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 40	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	Foreign Currency Transactions and Advance Consideration"

Improvements to accounting standard issued by IASB in December 2016

IAS 28	Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 9 and IFRS 15 is given below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the consolidated financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Group generates its revenue from sale of goods. The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Group.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together aspects of the accounting for financial instruments: classification and measurement and impairment.

Classification and measurement

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

At transition date to IFRS 9, the Group has financial assets measured at amortised cost and equity instruments at FVOCI. The new classification and measurement of the Group's financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instruments were classified as AFS financial assets.

The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Group's debt financial assets.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		**Effective date (annual periods beginning on or after)**
IFRS 3	Definition of a Business (Amendments)	01 January 2020
IFRS 3	Business Combinations: Previously held interests in a joint operation	01 January 2019
IFRS 9	Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	01 January 2019
IFRS 16	Leases	01 January 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	01 January 2019
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	01 January 2019
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation	01 January 2019
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	01 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	01 January 2019

Notes to the Consolidated Financial Statements

For the year ended June 30, 2019

The above standards and amendments are not expected to have any material impact on the Group's financial statements in the period of initial application except for IFRS 16 - 'Leases'. The Group is currently evaluating the impact of these standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after January 01, 2019. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 17	Insurance Contracts	January 01, 2021

The Group expects that above new standards will not have any material impact on the Group's financial statements in the period of initial application.

49 Post consolidated statement of financial position events - dividends

The Directors in their meeting held on July 25, 2019 have recommended a final dividend of PKR 4.50 per share (June 30, 2018: PKR 8.50 per share). This dividend is in addition to interim dividend paid of PKR 4.50 per share during the current year. The consolidated financial statements for the year ended June 30, 2019 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

50 Date of authorisation

These consolidated financial statements were authorised for issue in the Board of Directors meeting held on July 25, 2019.

51 General

51.1 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

51.2 Figures have been rounded off to the nearest thousand rupees except as stated otherwise.

Muhammad Sohail Tabba	Asif Jooma	Muhammad Abid Ganatra
Chairman / Director	Chief Executive	Chief Financial Officer

Glossary

ADD	Anti Dumping Duties
AGM	Annual General Meeting
APCMA	All Pakistan Cement Manufacturing
AY	Assessment Year
AR	Annual Report
BAC	Board Audit Committee
BBS	Behaviour Based Safety
BCR	Best Corporate Report
BSL	Business School Lausanne Switzerland
CAA	Civil Aviation Authority of Pakistan
CAGR	Compound Annual Growth Rate
CCG	Code of Corporate Governance
CCPA	Corporate Communication and Public Affairs
CDC	Central Depositary Company
CDP	Core Development Program
CEO	Chief Executive Officer
CFB	Coal Fired Boiler
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CIR	Commissioner Inland Revenue
CM	Contribution Margin
CME	Continued Medical Education
Co.	Company
CO2	Carbon DiOxide
COD	Chemical Oxygen Demand
CPEC	China Pakistan Economic Corridor
CSR	Corporate Social Responsibility
DA	Dense Ash
DCIR	Deputy Commissioner Inland Revenue
DFI	Department of Financial Institutions
DGAD	Directorate General of Anti-Dumping and Allied Duties
DNA	de-oxy ribo nucleic acid
DRAP	Drug Regulatory Authority of Pakistan
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest tax depreciation and amortization
ECL	Expected credit loss
EIA	Environment Impact Assessment
EMT	Executive Management Team
EoGM	Extra Ordinary General Meeting
EPA	Environmental Protection Agency
EPM	Enterprise Performance Management
EPS	Earnings per share
ER	Endoplasmic reticulum
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
EVP	Employee Value Proposition
FFFP	Fellowship Fund for Pakistan
FTR	Final Tax Regime
FWO	Frontier Works Organization
FBR	Federal Board of Revenue
FY	Financial Year
GC	General Chemicals
GDP	Gross Domestic Product
GIDC	Gas Infrastructure Development Cess
GJ/Te	Giga joule per ton
GM	General Manager
GPM	Gross Profit Margin
GR	Graduate Recruit
GRI	Global Reporting Initiative
HAPI	Health Assessment Performance Index
HFO	Heavy Furnace Oil
HR	Human Resources
HR&RC	Human Resource and Remuneration Committee
HS CODE	Harmonized System Codes
HSE	Health Safety and Environment
HSE&S	Health Safety Environment and Security
HSFO	High Sulphur Furnace Oil
HTM	Heat Transfer Method
HYPI	Hygiene Performance Index
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBFT	Inter Bank Fund Transfer
ICAP	Institute of Chartered Accountants of Pakistan
ICC	International Chamber of Commerce
ICMAP	Institute of Cost and Management Accountant of Pakistan
IFAC	International Federation of Accountants
IFAS	Islamic Financial Accounting Standards
IFRSs	International Financial Reporting Standards
ISE	Islamabad Stock Exchange Limited
ISO	International Organization for Standardization
IT	Information Technology
IVSAA	Indus Valley School of Art and Architecture
JCR-VIS	Japan Credit Rating Vital Information Services
KIBOR	Karachi Inter Bank Offer Rate
KPI	Key Performance Indicators
KPK	Khyber PakhtunKhuwa
KSE	Karachi Stock Exchange Limited
KTPA	Thousand tons per annum
L&D	Learning and Development
LA	Light ash
LDRM	Leadership Development Roadmap
LEDs	Light-emitting diode
LNG	Liquid Natural Gas
LOI	Loss of Ignition
LRBT	Layton Rahmatullah Benevolent Trust
LSE	Lahore Stock Exchange Limited
LTFF	Long Term Financing Facility
LTI	Lost time injury
LUMS	Lahore University of Management Sciences
LSA	Light Soda Ash
LC	Letter of Credit
LWC	Ladies Welfare Centre
m3/te	Meter Cube per ton
MALC	Marie Adelaide Leprocy Centre
MAP	Management Association of Pakistan
MEG	Mono-Ethylene Glycol
MoA	Memorandum of Association
MOU	Memorandum of Understanding
MS	MicroSoft
MT	Metric Ton
MW	megawatt
NAFA	NBP Fullerton Asset Management Limited
NBFI	Non-bank Financial Instituitions
NBP	National Bank of Pakistan
NBV	Net Book Value
NEQS	National Environment Quality Standards
NGO	Non Government Organization
NIB	National Investment Bank
NOx	Nitrogen Oxide
NPR	Non-product related
NSI	Net Sales Income
NTC	National Tariff Commission
OEE	Operational Eco Efficiency
OHSAS	Occupational Health and Safety Administration Standards
OCI	Other Comprehensive Income
OLM	Operating Loss Margin
OPD	Out Patient Department
OPEC	Organization of Petroleum Exporting Countries
OPM	Operating Profit Margin
OPV	Open pollinated variety
P&DD	Performance and Development Discussion
PAC	Pakistan Agricultural Collation
PACRA	Pakistan Credit Rating Agency
PAT	Profit After Tax
PBC	Pakistan Business Council
PBS	Patient Benefit Schemes
PBT	Profit Before Tax
PCP	The Pakistan Center for Philanthropy
PCT	Pakistan Customs Tariff
PHE	Plate Heat Exchanger
PIACL	Pakistan International Airline Corporation Limited
PICG	Pakistan Institute of Corporate Governance
PIJBC	Pakistan-India Joint Business Council
PKR	Pakistani Rupee
PPEs	Personal Protective Equipment
PPG	Polypropylene Glyco
PSF	Polyester Staple Fibre
PSX	Pakistan Stock Exchange
PTA	Pure Terephthalic Acid
PU	Polyurethanes
PwC	PricewaterhouseCoopers
PX	Paraxylene
Q	Quarter
R&D	Research and Development
RCMS	Responsible Care Management System
RISE	Reach Inspire Sustain Enable
ROCE	Return on Capital Employed
Rs	Rupees
RSB	Refined Sodium Bicarbonate
SAP	Systems Applications and Products
SBP	State Bank of Pakistan
SC	Specialty Chemicals
SCB	Standard Chartered Bank
SECP	Securities and Exchange Commission of Pakistan
SOGP	Society of Obs and Gynae Pakistan
SOP	Standard Operating Procedure
SOx	Sulphur Oxide
SNGPL	Sui Northern Gas Pipelines Limited
SPLY	Same period last year
S.I.T.E	Sindh Industrial Trading Estate
SWOT	Strenghts Weaknesses Opportunites and Threats
TCF	The Citizens Foundation
TJ	Terajoule
TNA	Training Needs Assesment
TPD	Tons per day
TSR	Total Shereholder Return
UK	United Kingdom
UN	United Nations
UNGC	United Nations Global Compact
URS	United Registrar Systems
USA	United States of America
USAID	The United States Agency for International Development
USD	United States Dollar
VOC	Volatile Organic Compound
VP	Vice President
WEF	World Economic Forum
WOB	Women on Board
WWF	World Wildlife Fund
YBG	Yunus Brothers Group
YGL	Young Global Leader

ICI PAKISTAN LTD.

Admission Slip

The Sixty-Eighth Annual General Meeting of ICI Pakistan Limited will be held on Saturday, September 21, 2019, at 10.00 a.m. at ICI House, 5 west Wharf, Karachi.

Kindly bring this slip duly signed by you for attending the Annual General Meeting.

Company Secretary

Name ______________________ Holding ______________________

Shareholder No. ______________________ Signature ______________________

Note:

i) The signature of the shareholder must tally with the specimen signature on the Company's record.

ii) Shareholders are requested to hand over duly completed admission slips at the counter before entering the Meeting premises.

CDC Account Holders / Proxies / Corporate Entities:

a) The CDC Account Holder / Proxy shall authenticate his/her identity by showing his / her original Computerized National Identity Card / Smart National Identity Card (CNIC/ SNIC) or original passport at the time of attending the Annual General Meeting.

b) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Annual General Meeting (unless it has been provided earlier).

This Admission Slip is Not Transferable

ICI PAKISTAN LTD.

DIVIDEND MANDATE (MANDATORY)

In accordance with the provisions of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations 2017, it is mandatory for a listed company to pay cash dividend to its shareholders **only through electronic mode by remitting directly into the designated bank account ("the Bank Account") as provided by the entitled shareholders.**

In order to receive your dividends directly into your Bank Account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your valid CNIC to the Shares Registrar of ICI Pakistan Limited ("the Company") M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

IF YOU DO NOT PROVIDE BANK ACCOUNT DETAILS, THE COMPANY WILL WITHHOLD DIVIDEND PAYMENT AS REQUIRED BY LAW.

Bank Account Details of Shareholder for Payment of Cash Dividend through electronic mode

I hereby communicate to receive my future dividends directly in my Bank Account as detailed below:

Name of Shareholder : ___________________________________

CNIC No./SNIC/ Passport Number
(in case of Foreign Shareholder) attach copy : ___________________________________

NTN (in case of corporate shareholder) : ___________________________________

Folio Number/ CDC Account number : ___________________________________

Contact number of Shareholder : ___________________________________

Email address of shareholder : ___________________________________

International Bank Account No. (IBAN) :___________________________________**24 Digit***

Title of Bank Account : ___________________________________

Name of Bank : ___________________________________

Bank Branch : ___________________________________

Full mailing address of Branch
& contact number of branch : ___________________________________

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company informed in case of any changes in the said particulars in future.

______________________ ______________________ ______________________

Shareholder's signature Date CNIC / SNIC No. (copy attached)

[As per specimen signature registered with the ICI Pakistan Limited/Shares Registrar]

*Please provide complete IBAN Number (24 digits), after checking with your concerned bank branch to enable electronic credit directly into your bank account. The payment of cash dividend will be processed based on the 24 digit IBAN alone.

Affix
Correct
Postage

The Company Secretary
ICI Pakistan Limited
ICI House
5 West Wharf
Karachi-74000

ICI PAKISTAN LTD.

Standard Request Form
Circulation of Annual Audited Accounts

The Company Secretary
ICI Pakistan Limited
ICI House, 5 West Wharf,
Karachi 74000

Subject: **Circulation of Annual Audited Accounts via Email/CD/USB/DVD or Any Other Media**

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(1)/2014 dated September 8, 2014 and SRO 470(1)/2016 dated May 31, 2016 that have allowed the companies to circulate its Annual Audited Accounts (i.e. Annual Balance Sheet and Profit and Loss Accounts, Statements of Comprehensive Income, Cash Flow Statement, Notes to the Financial Statements, Auditor's Report, Directors' Report) and Chairman's Review Report along with Notice of General Meeting(s) to its members through Email/CD/DVD/USB/ or any other Electronic Media at their registered Addresses. **In this connection, we request you to provide your email address.**

Email Address.

Name of the Member/ Shareholder : ______________________________

CNIC /SNIC # : ______________________________

Folio / Shareholder Number/CDC Account No. : ______________________________

Valid Email Address : ______________________________
(to receive Annual Audited Accounts along with Notice of General Meeting(s) instead of hard copy, CD/DVD/USB).

Further, shareholders who wish to receive a hardcopy of Annual Audited Accounts should fill the form below and send the same to the Company's address.

In case Hard copy is requested.

Name of the Member/ Shareholder : ______________________________

CNIC / SNIC # : ______________________________

Folio / Shareholder Number/CDC Account No. : ______________________________

Mailing Address : ______________________________
(on which I wish to receive Annual Audited Accounts along with Notice of General Meeting(s). ______________________________

____

I/We hereby confirm that the above – mentioned information is correct and in case of any change therein, I/we will immediately intimate to the Company's Shares Registrar. I/we further confirm that the transmission of Company's Annual Audited Accounts and Notice of General Meeting(s) through my/our above address would be taken as compliance with Section 223(6) of the Companies Act, 2017.

____
Shareholder's signature

Affix
Correct
Postage

The Company Secretary
ICI Pakistan Limited
ICI House
5 West Wharf
Karachi-74000

ICI PAKISTAN LTD.

Revised Treatment of Withholding Tax

Under Section 150 of the Income Tax Ordinance 2001, and pursuant to Finance Act 2019, withholding tax on dividend income will be deducted for 'Active' and 'Non-Active' shareholders at the rate 15% and 30% respectively. According to clarification issued by Federal Board of Revenue (FBR) withholding tax will be determined separately on 'Active/ Non Active' status of Principal Shareholders as well as Joint-Holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard, all Shareholders of ICI Pakistan Limited ("the Company") who hold shares with joint shareholders are requested to provide shareholding proportions of Principal shareholder and Joint-Holder(s) in respect of shares held by them to the Company's Shares Registrar, FAMCO Associates (Pvt.) Limited, 8-F, Block-6, P.E.C.H.S. Nursery, Next to Hotel Faran, Shahrah-e-Faisal, Karachi.

Following are the details held by Principal / Joint-Holder of the shares of **ICI Pakistan Limited.**

<table>
<tr><th colspan="4">Principal Shareholder</th><th colspan="2">Joint – Holder 1</th></tr>
<tr><td>Folio/CDS Account #</td><td>Total Shares</td><td>Name and CNIC #</td><td>No. of Shares</td><td>Name and CNIC #</td><td>No. of Shares</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><th colspan="4">Joint – Holder 2</th><th colspan="2">Joint – Holder 3</th></tr>
<tr><td colspan="3">Name and CNIC #</td><td>No. of Shares</td><td>Name and CNIC #</td><td>No. of Shares</td></tr>
<tr><td colspan="3"></td><td></td><td></td><td></td></tr>
</table>

It is stated that the above mentioned information is correct and that I will intimate the changes in the above-mentioned information to the company and its Shares Registrar as soon as these occur.

Signature of Principle Shareholder : ___________________

Signature of Joint-Holder 1: ___________________

Name : _____________________________________
[NAME IN BLOCK LETTER]

Signature of Joint-Holder 2 :_______________________

Name : ____
[NAME IN BLOCK LETTER]

Signature of Joint-Holder 3: ___________________

Name : _____________________________________
[NAME IN BLOCK LETTER]

Affix
Correct
Postage

Share Registrar,
FAMCO Associates (Pvt) Limited,
8-F, Block-6, P.E.C.H.S. Nursery,
Next to Hotel Faran,
Shahrah-e-Faisal,
Karachi.

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

ڈائریکٹرز آئی سی آئی پاکستان لمیٹڈ کے آڈٹ شدہ گروپ رزلٹس برائے سال ختم شدہ 30 جون 2019 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ آئی سی آئی پاکستان گروپ، آئی سی آئی پاکستان لمیٹڈ، آئی سی آئی پاکستان پاورجن لمیٹڈ (پاورجن)، سرن فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ (سرن) اور نیوٹری مورینا گا پرائیویٹ لمیٹڈ کے نام سے ذیلی اداروں پر مشتمل ہے۔

سال ختم شدہ 30 جون 2019 کیلئے آئی سی آئی پاکستان لمیٹڈ کی کارکردگی کی وضاحت پر مشتمل ڈائریکٹرز رپورٹ علیحدہ سے پیش کی جا چکی ہے۔

پاورجن کا مجموعی کاروبار سال ختم شدہ 30 جون 2019 کے لئے 751 ملین روپے بنتا ہے جو کہ فرنیس آئل کی قیمتوں میں 37 فیصد تک اضافے کے سبب گزشتہ سال کے مقابلے میں 37 فیصد زائد ہے۔ بجلی کی فروخت میں 10 فیصد اضافہ سامنے آیا باوجود اس کے کہ پولیسٹر پلانٹ بند ہوا لیکن کمپنی نے اپنے متعلقہ ادارے نیوٹری کو مورینا گا پرائیویٹ لمیٹڈ کو بجلی کی فروخت شروع کردی۔ مجموعی طور پر گزشتہ سال کے مقابلے میں کاروباری منافع 24 فیصد بڑھ گیا۔

سرن نے 1,057 ملین روپے کا مجموعی کاروبار کیا جو گزشتہ سال کے اسی عرصہ کے مقابلے میں 20 فیصد زائد ہے۔ اس طرح کمپنی نے گزشتہ سال کے اسی عرصہ کے دوران حاصل کردہ 117 ملین روپے کے کاروباری منافع کے مقابلے میں اس سال 106 ملین روپے کا کاروباری نقصان کیا۔

کاروباری نقصان کی اہم وجہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی 32 فیصد نا قدری رہی جس نے خام مال کی امپورٹ اور پیکنگ اخراجات میں اضافے سے منفی اثرات مرتب کئے، اس طرح مینوفیکچرنگ اخراجات میں اضافے کا سامنا رہا۔ جبکہ بڑھتی ہوئی مہنگائی کے سبب مقامی اخراجات میں بھی واضح اضافہ ہوگیا۔ کاروباری اخراجات میں اضافے کے اثرات کو ڈرگ ریگولیٹری اتھارٹی کی طرف سے جنوری 2019 میں قیمتوں میں اضافہ کرنے سے کچھ حد تک کرنے میں مدد ملی۔

توقع کی جارہی ہے کہ نیوٹری کو مورینا گا (پرائیویٹ) لمیٹڈ مورینا گا مالیاتی سال 2019 کی پہلی سہ ماہی کے دوران اپنے پلانٹ کا آغاز کردے گا۔ تجرباتی پروڈکشن کے نتائج کی بنیاد پر توقع کی جارہی ہے کہ سال 2019 کی دوسری ششماہی کے دوران کمرشل آپریشن بھی شروع ہوجائے گا۔

زیر جائزہ عرصہ کے دوران کمپنی نے اپنے بینک ڈپازٹس پر 37 ملین روپے آمدنی کمائی جس کے نتیجے میں 23 ملین روپے بعد از ٹیکس منافع اور 0.81 روپے فی شیئر آمدنی حاصل ہوئی۔

مجموعی بنیادوں پر کمپنی نے اپنے ذیلی اداروں آئی سی آئی پاکستان پاورجن لمیٹڈ، سرن فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ اور نیوٹری کو مورینا گا (پرائیویٹ) لمیٹڈ کے ساتھ بعد از ٹیکس منافع برائے زیر جائزہ سال 2,537 ملین روپے کمایا جس میں سے 11 ملین روپے اقلیتی حصہ داروں سے متعلق ہے۔ اس کے نتیجے میں فی شیئر منافع 27.34 روپے رہا جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں 23 فیصد کم ہے۔ دوران سال کمپنی نے نیوٹری کو پاکستان (پرائیویٹ) لمیٹڈ کی جانب سے منافع کے حصے کے طور پر 526 ملین روپے اپنے نام کئے جو کہ گزشتہ سال کے اسی عرصے کے دوران 586 ملین روپے تھے۔

محمد سہیل ٹبا
چیئرمین

آصف جمعہ
چیف ایگزیکٹو

بتاریخ 25، جولائی 2019
کراچی۔

30 جون 2019 کے مطابق 5 نئی کمپنیاں بشمول جدون ٹیکسٹائل ملز لمیٹڈ اور لکی ٹیکسٹائل ملز لمیٹڈ نے 84.94% شیئرز اپنے نام رکھے ہوئے تھے جبکہ کاروباری اداروں نے 7.42%، افراد اور دیگر نے باقی 7.64% شیئرز رکھے ہوئے تھے۔

کمپنی میں شیئرز رکھنے کے طریقہ کار کا اسٹیٹمنٹ بشمول مزید معلومات برائے سال ختم شدہ 30 جون، 2019، صفحہ نمبر F62 سے F64 تک ملاحظہ کریں۔

آئی سی آئی پاکستان لمیٹڈ کے شیئرز کی سال 2018-19 کے دوران کم از کم اور زیادہ سے زیادہ مارکیٹ پرائس درج ذیل تھی:

زیادہ سے زیادہ	20 دسمبر 2018	815 روپے
کم از کم	27 جون 2019	517 روپے

دوران سال 26 نومبر 2018 کو کمپنی کے چیف ایگزیکٹو آصف جمعہ نے آئی سی آئی پاکستان لمیٹڈ کے 50 ہزار CDC شیئرز پاکستان اسٹاک ایکسچینج کے ذریعے 725 روپے کی شیئر کے حساب سے فروخت کیئے۔ دوسرے ڈائریکٹر، سی ایف او، کمپنی سیکریٹری، ہیڈ آف انٹرنل آڈٹ اور ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے شیئرز میں کوئی لین دین نہیں کی۔

گروپ کے مالیاتی گوشوارے

سال ختم شدہ 30 جون، 2019 کے لئے آئی سی آئی گروپ کے آڈٹ شدہ مالیاتی گوشوارے منسلک ہیں۔ آئی سی آئی پاکستان گروپ کے ساتھ اس کے ماتحت اداروں میں آئی سی آئی پاکستان لمیٹڈ، آئی سی آئی پاکستان پاورجن لمیٹڈ، سرن فارماسیوٹیکلز پرائیویٹ لمیٹڈ اور نیوٹریکو مورینا گا پرائیویٹ لمیٹڈ شامل ہیں۔

محمد سہیل ٹبا
چیئرمین

آصف جمعہ
چیف ایگزیکٹو

بتاریخ 25، جولائی 2019
کراچی۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

ڈائریکٹرز کی ٹریننگ

بورڈ ممبران کی اکثریت نے ڈائریکٹرز سرٹیفکیشن ٹریننگ مکمل کرلی ہے اور کوڈ آف کارپوریٹ گورننس(CCG) کی شق نمبر 20 کے مطابق ڈائریکٹرز کے ٹریننگ پروگرام کے استثنٰی کے لئے مطلوب تجربہ اور تعلیم کے حامل ہیں۔ تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کی حیثیت سے اپنی ذمہ داریوں سے بخوبی واقف ہیں۔

بورڈ کی تشکیل

CCG کے لوازمات کے مطابق، کمپنی اپنے بورڈ میں آزاد، نان ایگزیکٹوڈائریکٹرز کے ساتھ صنفی تفریق کے بغیر خواتین کی نمائندگی کے لیے بھی پرعزم ہے۔

موجودہ بورڈ کی تشکیل اس طرح ہے:

ڈائریکٹر کی کل تعداد:

الف) مرد: 7

ب) خواتین: 1

تشکیل:

آزاد ڈائریکٹرز: 2

نان ایگزیکٹوڈائریکٹرز: 4

ایگزیکٹوڈائریکٹرز: 2

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

خواجہ اقبال حسن	چیئرمین
محمد علی ٹبا	ممبر
جاوید یونس ٹبا	ممبر

ایچ آر اینڈ ریمونریشن کمیٹی

خواجہ اقبال حسن	چیئرمین
محمد سہیل ٹبا	ممبر
محمد علی ٹبا	ممبر
آصف جمعہ	ممبر
جاوید یونس ٹبا	ممبر

بینکنگ کمیٹی

آصف جمعہ	چیئرمین
محمد عابد گناترا	ممبر
خواجہ اقبال حسن	ممبر

شیئر ٹرانسفر کمیٹی

جاوید یونس ٹبا	چیئرمین
آصف جمعہ	ممبر
محمد عابد گناترا	ممبر

خطرے سے آگہی کا نظام

کمپنی کے خطرات سے نمٹنے کے فریم ورک اور داخلی ضابطے کے نظام کی تفصیل صفحہ نمبر 58 سے 61 تک دی گئی ہے۔

پیٹرن آف شیئر ہولڈنگ

اپریل 2019 میں لکی ہولڈنگ لمیٹڈ(LHL) نے ایک اسکیم آف ارینجمنٹ کے تحت اپنی تمام شیئر ہولڈنگ جو کہ 67,395,037 شیئرز یعنی 72.97% حصہ 5 نئی قائم کی ہوئی کمپنیوں جن میں (لکی سیمنٹ ہولڈنگز پرائیویٹ لمیٹڈ، جدون ہولڈنگز پرائیویٹ لمیٹڈ، یونس ٹیکسٹائل ہولڈنگز پرائیویٹ لمیٹڈ، وائی بی پاکستان ہولڈنگز پرائیویٹ لمیٹڈ، لکی ٹیکسٹائل ہولڈنگز) شامل ہیں ضم کیئے۔ تاہم وضاحت کی جاتی ہے کہ پرنسپل شیئر ہولڈر کی مجموعی شیئر ہولڈنگ میں کوئی تبدیلی واقع نہیں ہوئی اور شیئرز کے باضابطہ بینفشل اونرشپ بھی وہی رہے گی کیوں کہ نئی قائم کردہ پانچ کمپنیاں LHL کی مکمل طور پر زیرملکیتی ذیلی ادارے ہیں۔ آئی سی آئی پاکستان لمیٹڈ کے بورڈ میں کوئی تبدیلی نہیں ہوئی۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

ریٹائرمنٹ فوائد میں سرمایہ کاری

ملازمین کے ریٹائرمنٹ فنڈ سے متعلق مجموعی اثاثوں کی قدر پر موجود فوائد کا انتظام فنڈز کے ٹرسٹیز کرتے ہیں۔ ان کے فنانشل اسٹیٹمنٹ کے مطابق 30 جون 2019 کو ان کی تفصیل درج ذیل تھی:

	30 جون 2019 (PKR '000)	30 جون 2018 (PKR '000)
1۔ آئی سی آئی پاکستان مینجمنٹ اسٹاف پینشن فنڈ	907	1,235
2۔ آئی سی آئی پاکستان مینجمنٹ اسٹاف گریجویٹی فنڈ	496	572
3۔ آئی سی آئی پاکستان مینجمنٹ اسٹاف ڈیفائنڈ کنٹری بیوشن سپر اینویشن فنڈ	830	796
4۔ آئی سی آئی پاکستان مینجمنٹ اسٹاف پراویڈنٹ فنڈ	1,016	1,307
5۔ آئی سی آئی پاکستان نان مینجمنٹ اسٹاف پراویڈنٹ فنڈ	480	443

ڈائریکٹرز کی حاضری

زیر جائزہ ختم شدہ سال کے دوران، آٹھ (08) بورڈ میٹنگز، چار (04) آڈٹ کمیٹی میٹنگز اور تین (03) ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HR&RC) کی میٹنگز کا اہتمام کیا گیا۔ ہر ڈائریکٹر / ممبر / CFO / کمپنی سیکریٹری، متعلقہ بورڈ / سب کمیٹی کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام اور سیکریٹری	بورڈ آف ڈائریکٹرز میٹنگز	آڈٹ کمیٹی میٹنگز	ہیومن ریسورس اینڈ ریمونریشن کمیٹی میٹنگز
جناب محمد سہیل ٹبا	8	-	3
جناب محمد علی ٹبا	8	4	3
جناب جاوید یونس ٹبا	8	4	2
مسز امینہ اے عزیز باوانی	7	-	-
جناب آصف جمعہ	8	-	3
خواجہ اقبال حسن	7	4	3
جناب محمد عابد گناترا ڈائریکٹر اینڈ سی ایف او	8	-	-
جناب کمال اے چنائے	7	-	-
مس نوشین احمد کمپنی سیکریٹری	8	-	1
مس فریحہ صلاح الدین سیکریٹری ٹو HR&RC	-	-	1
جناب محمد علی مرزا سیکریٹری ٹو BAC	-	4	-

مس فریحہ صلاح الدین کو جنرل مینیجر ہیومن ریسورسز اینڈ ایڈمنسٹریشن کے طور پر 10 دسمبر 2018 کو مستعفی ہونے والی فاطمہ زبیری کی جگہ تعینات کیا گیا ہے۔ دسمبر 2018 میں مس فریحہ کی بطور جنرل منیجر ہیومن ریسورسز اینڈ ایڈمنسٹریشن تعیناتی کے بعد صرف ایک کمیٹی میٹنگ منعقد ہوئی جس میں وہ حاضر تھیں۔

ڈائریکٹرز کا مشاہرہ

بورڈ کی منظوری سے ایک باضابطہ پالیسی برائے ڈائریکٹرز کا مشاہرہ مرتب کردی گئی ہے۔ اس پالیسی میں کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی تعمیل میں ڈائریکٹرز کا مشاہرہ شفاف انداز میں متعین کرنے کی رہنمائی کی گئی ہے۔ مذکورہ پالیسی کے مطابق ڈائریکٹرز کو بورڈ یا اس کی سب کمیٹی میں شرکت کرنے پر ہر ایک کے لیے 75,000 روپے مشاہرہ ادا کیا جاتا ہے۔

بورڈ کا جائزہ

زیر جائزہ سال کے دوران بورڈ اور ان کی سب کمیٹی نے اپنی کارکردگی کو رسمی عمل کے ذریعے جانچنے کا اہتمام کیا۔ بورڈ اور اس کی سب کمیٹیز کی مجموعی کارکردگی متعین کردہ پیرا میٹرز کے مطابق قابل اطمینان رہی۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

ڈینس ایش کے توسیعی منصوبے کے فعال ہونے سے سوڈا ایش کاروبار کی کارکردگی میں استحکام کی امید کی جاتی ہے۔ اس کے ساتھ زیر جائزہ عرصے کے دوران فارماسیوٹیکلز بزنس کی مینوفیکچرنگ میں اضافے اور کمرشل سرگرمیوں کے اجرا، ایگری سائنسز بزنس کی بہتر ہوتی کارکردگی اور ماسٹر بیچ پروجیکٹ کے قیام سے کمپنی میں مزید ترقی کی امید کی جاتی ہے۔

کمپنی اپنے صارفین کی خدمت، اسٹیک ہولڈرز کے ساتھ تعلقات میں استحکام لانے، اپنی پروڈکٹس میں توسیع اور آرگینک وان آرگینک ترقی کے لئے نئے مواقع تلاش کرنے کے لیے کوشاں ہے۔ کیونکہ ہمارے برانڈ کا وعدہ ہی ''ترقی کے لیے کوشاں'' ہے۔

اظہار تشکر

ہمارے یہ نتائج ملازمین کی انتھک محنت اور لگن، صارفین، سپلائرز، سروس فراہم کرنے والوں اور شیئر ہولڈرز کے کمپنی پر اعتماد کا نتیجہ ہیں۔ کمپنی تمام اسٹیک ہولڈرز کے اعتماد کو تسلیم کرتی ہے اور ان کا شکریہ ادا کرتی ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ارنسٹ اینڈ ینگ فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہلیت کی بنیاد پر آنے والے مالیاتی سال کے لئے خود کو دوبارہ انتخاب کے لئے پیش کیا ہے۔

آڈٹ کمیٹی کی تجویز پر بورڈ نے میسرز ارنسٹ اینڈ ینگ فورڈ روڈز، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے باضابطہ آڈیٹرز کے طور پر منظوری دی ہے، یہ انتخاب کمپنی کے آنے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

متعلقہ پارٹی ٹرانزیکشنز

دوران سال، کمپنی نے اپنے متعلقہ پارٹیوں کے ساتھ لین دین انجام دی۔ ان ٹرانزیکشنز کی تفصیل اس رپورٹ کے ساتھ منسلک ان کنسالیڈیٹڈ فنانشل اسٹیٹمنٹ کے نوٹ نمبر 38 میں دی جا رہی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

کمپنی نے بہترین کارپوریٹ گورننس کو یقینی بنانے کے لیے تمام لازمی اقدامات اٹھائے ہیں۔ لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2017 ("CCG") کی تعمیل کے طور پر، ڈائریکٹرز درج ذیل کے بیان پر خوش ہیں:

- کمپنی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشواروں میں معاملات کی واضح صورت، اس کے انتظامی نتائج، کیش فلوز اور ایکویٹی کی تبدیلیوں کو واضح انداز میں پیش کیا گیا ہے۔
- کمپنی کے اکاؤنٹ بکس درست انداز میں برقرار رکھے گئے ہیں۔
- مالیاتی گوشواروں اور اکاؤنٹنگ بیانات کی تیاری مناسب اور محتاط انداز میں متعلقہ اکاؤنٹنگ پالیسیز کے تحت کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) کے معیاروں کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔
- انٹرنل کنٹرول کا سسٹم اپنے ڈیزائن میں بہترین ہے اور اس پر بہترین انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک وشبہے کی کوئی گنجائش نہیں۔
- کارپوریٹ گورننس پر بہترین انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔
- انتظام اور مالیات سے متعلق گزشتہ 10 سال کی اہم معلومات صفحہ نمبر 28 پر درج کی گئی ہے۔
- بقایہ ٹیکسز اور محاصل کی معلومات فنانشل اسٹیٹمنٹس کے نوٹس میں دی گئی ہے۔
- کمپنی کی انتظامیہ بہتر کارپوریٹ گورننس کے لیے پرعزم ہے اور بہترین تجربات پر عمل درآمد کے لئے مناسب اقدامات اٹھا رہی ہے۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

بزنس کے نتائج پر ایگری سائنس ڈویژن نے مثبت نتائج مرتب کیے، اس ڈویژن نے ایگرو کیمیکل سیگمنٹ میں خاص طور پر زائد منافع اور قیمتوں کے اضافی تعین کے سبب بہترین کاروباری ترقی حاصل کی، تاہم کیمیکلز ڈویژن کی کارکردگی متوقع طلب میں کمی اور منافع میں مقابلے کے سبب دباؤ کا شکار رہے، خاص طور پر پولی یوریتھن بزنس میں دباؤ برقرار رہے۔ جو کہ بنیادی طور پر روپے کی ناقدری سے متعلق غیر یقینی کی صورتحال اور بڑھتی ہوئی شرح سود کے سبب ہے جس نے کنزیومر کی طلب پر منفی اثرات اور مجموعی طور پر اقتصادی سرگرمیوں میں سست روی پیدا کردی ہے۔

مالیاتی سال 2018-19 کی آخری سہ ماہی میں ماسٹر بیچ مینوفیکچرنگ پروجیکٹ نے کامیابی کے ساتھ اپنے آپریشنز شروع کردیئے ہیں۔ یہ پروجیکٹ بزنس کی جانب سے کمپنی کے ترقی پذیر نظریے کی تکمیل کے ساتھ کیمیکلز اور ایگری سائنسز بزنس کے پروڈکٹ پورٹ فولیو کی آگے بڑھنے کی صلاحیت کا ثبوت فراہم کررہا ہے۔

مزید براں، بزنس آپریشنل مہارت اور جدت کے حصول سے، موجودہ اور نئے کسٹمرز کے لیے قدر میں اضافے کے پیش نظر شاندار کاروباری نتائج حاصل کرنے پر بھرپور توجہ مرکوز کئے ہوئے ہے۔

فنانس

کمپنی کی بیلنس شیٹ 30 جون 2019 پر کرنٹ ریشو 1.13 (2018:1.17) اور کوئیک ریشو 0.47 (2018:0.52) کے ساتھ مضبوط پوزیشن میں رہی۔

زیر جائزہ سال کا مجموعی کاروبار 58,329 ملین روپے رہا جو گزشتہ سال اسی عرصے کے مقابلے میں 19 فیصد زائد ہے، جس کی وجہ ہمارے لائف سائنسز بزنس کے علاوہ تمام بزنسز کا زائد مجموعی کاروبار رہے۔

زیر جائزہ سال کا مجموعی منافع گزشتہ سال کے مقابلے میں 10 فیصد زائد ہے۔ اس کی وجہ سیلز کی مقدار اور منافع میں اضافہ کے ساتھ آپریشنز میں مجموعی طور پر بہتر کارکردگی ہے۔

اس سال سیلز اور ڈسٹری بیوشن کے اخراجات گزشتہ سال کے اسی عرصے کے مقابلے میں 7 فیصد زیادہ ہیں جبکہ انتظامی اور عمومی اخراجات برائے سال گزشتہ سال کے مقابلے میں 12 فیصد زیادہ رہے۔ ان اخراجات میں اضافے کی بنیادی وجہ کمپنی کے ترقی اور توسیع سے متعلق عزائم کے پیش نظر بڑھتے ہوئے اسٹاف، زائد رائلٹی چارجز، آؤٹ ورڈ فریٹ میں اضافہ اور آگہی اور ایڈورٹائزنگ کے اخراجات ہیں۔

دوران سال کمپنی نے کئی بینکس سے طویل المدتی اور قلیل المدتی مالیاتی سہولیات جاری رکھیں تاکہ کاروباری امور کی انجام دہی کے لئے ضروری اخراجات اور کاروباری توسیع کی ضروریات کو پورا کیا جاسکے۔ اس کے ساتھ اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں اضافے سے بھی اس سال کے مالیاتی اخراجات گزشتہ سال کے مقابلے میں 127 فیصد زیادہ رہے۔ مزید براں، دوران سال امریکی ڈالر کے مقابلے میں پاکستان روپے کی قدر میں 32 فیصد کمی واقع ہوئی، نتیجتاً 436 ملین روپے کے زرمبادلہ نقصانات اٹھانے پڑے، جو کہ گزشتہ سال کے مقابلے میں 2 فیصد زائد ہیں (30 جون 2018 کے مطابق 429 ملین روپے)۔ ان فیکٹرز کے سبب کمپنی کی مجموعی کارکردگی خاص طور پر متاثر ہوئی۔

اس کے علاوہ دیگر آمدنی گزشتہ سال کے مقابلے میں 35 فیصد کم ہے جس کی اہم وجہ اس سال نیوٹری کو پاکستان (پرائیوٹ) لمیٹڈ (ایسوسی ایٹ کمپنی) کی جانب سے منافع منقسمہ کی آمدنی میں کمی واقع ہونا ہے۔

سال کے لیے مؤثر ٹیکس چارج ٹیکس کریڈٹس کی عدم موجودگی کے سبب گزشتہ سال کے مقابلے میں 48 فیصد زائد ہے جو کہ سوڈا ایش کے توسیعی پروجیکٹ پر گزشتہ سال کے دوران موجود تھے۔

بعد از ٹیکس منافع 2,305 ملین روپے بنتا ہے جو کہ گزشتہ سال کے اسی عرصہ کے مقابلے میں 25 فیصد کم ہے۔

فی شیئر منافع (EPS) گزشتہ سال کے مقابلے میں 25 فیصد کمی کے ساتھ 24.96 روپے ہے۔

مستقبل پر نظر

ملک کو درپیش معاشی چیلنجز کے سبب مہنگائی اور شرح سود میں اضافے کے لیے دباؤ برقرار رہنے کا امکان ہے جبکہ اس ماحول میں روپے کی قدر پر بھی دباؤ رہے گا جس سے کاروباری اور سرمایہ کاری ماحول پر منفی اثرات مرتب ہوں گے۔ آئی ایم ایف کی جانب سے بیل آؤٹ پیکیج کے بعد مالیاتی اور معاشی پالیسیوں میں سادگی سے ترقی کی رفتار کو مشکلات کا سامنا رہے گا۔ تاہم چائنا پاکستان اکنامک کوریڈور (سی پیک) کے تحت حالیہ پیش رفت، توانائی کی فراہمی میں اضافہ اور انفراسٹرکچر کی ترقی کے پروجیکٹس معیشت پر مثبت اثرات مرتب کریں گے۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

زیر جائزہ عرصے کے دوران لائف سائنسز بزنس نے 10,058 ملین روپے کی مجموعی سیلز حاصل کی جو گزشتہ سال کے اسی عرصے کے مقابلے میں 5 فیصد کم ہے۔ بزنس میں کمی کی وجہ سیاسی عدم استحکام کے سبب مارکیٹ کی سست روی اور امریکی FDA سے منظور شدہ ری کمبی ننٹ بووائن سوماٹوٹروپن (rbST) کی امپورٹ اور مارکیٹنگ پر پابندی ہے۔ کاروبار کا آپریٹنگ رزلٹ 534 ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں 59 فیصد کم ہے کیونکہ خام مال کی بڑھتی ہوئی قیمتوں، روپے کی ناقدری اور مہنگائی میں اضافے نے منفی اثرات مرتب کئے ہیں۔

فارماسیوٹیکل بزنس کا آپریٹنگ رزلٹ گزشتہ سال کے مقابلے میں 54 فیصد کم ہے کیونکہ روپے کی 32 فیصد ناقدری کے سبب کاروباری اخراجات میں اضافہ ہونے کے ساتھ بیرونی ملک سے آنے والے خام مال اور پیکنگ کے سامان کی قیمتوں میں اضافے اور مقامی مہنگائی نے منفی اثرات مرتب کئے۔ ڈرگ ریگولیٹری اتھارٹی کی جانب سے تمام ادویات کی قیمتوں میں اضافے کی اجازت کے سلسلے میں جنوری 2019 میں ہونے والی تاخیر اور پیداواری اخراجات کے مقابلے میں نامناسب تلافی سے بھی کمی رہی۔

دوسری جانب خارجی ریگولیٹری اور معاشی ماحول بھی مناسب نہیں رہے، بزنس اقدامات کی ایک سیریز کے ذریعے اپنی داخلی صلاحیتوں کو بہتر کرنے پر توجہ دے رہا ہے جس میں پیداواری صلاحیتوں میں اضافہ، مینوفیکچرنگ پروسیس کی ترقی، ڈسٹری بیوشن نیٹ ورک کی بحالی، نئے پروڈکٹس کی تیاری اور مجموعی طور پر قیمتوں کا منطقی تعین شامل ہے۔ بزنس کی ورکنگ کیپٹل مینجمنٹ کو بہتر کرنے کے سلسلے میں داخلی امور اور ضابطوں کی بہتری سے کمپنی کے سودی اخراجات کو کم کرنے کی کوشش کی جارہی ہے۔

سیلز کے حوالے سے بزنس نے مقدار میں اضافے اور مارکیٹ شیئر کی ترقی پر توجہ مرکوز کی ہوئی ہے۔ سیلز فورس کی کارکردگی کو بڑھانے کے لیے بھی کئی اقدامات اٹھائے گئے ہیں۔ موجودہ مارکیٹ رسائی کو بڑھانے کے لیے نہ صرف سیلز فورس میں اضافہ کیا گیا بلکہ آنے والے سال میں نئی پروڈکٹس کے لیے سیلز ٹیموں کی تشکیل بھی کی جارہی ہے۔

داخلی اور خارجی محاذوں پر اٹھائے جانے والے مذکورہ بالا اقدامات مجموعی طور پر کاروباری کے لیے آئندہ سالوں میں مستحکم، مساوی اور فائدہ مند ترقی کی راہ ہموار کریں گے۔

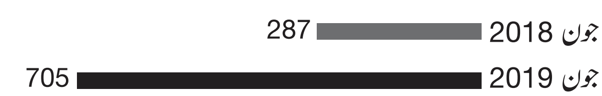
اینمل ہیلتھ ڈویژن نے امریکی FDA سے منظور شدہ ری کمبی ننٹ بووائن سوماٹوٹروپن (rbST) کی امپورٹ اور مارکیٹنگ پر پابندی کے سبب گزشتہ سال کے اسی عرصے کے مقابلے میں 64 فیصد کم کاروباری منافع درج کرایا کیونکہ یہ پروڈکٹ اینمل ہیلتھ پورٹ فولیو میں ایک قابل ذکر حصہ رکھتی تھی۔ سوماٹیک کے علاوہ، اینمل ہیلتھ بزنس نے گزشتہ سال کے اسی عرصے کے مقابلے میں 12 فیصد اضافے پر مشتمل آپریٹنگ رزلٹ اپنے نام کیا۔ لائیو اسٹاک اور پولٹری مارکیٹس میں مشکل حالات، جیسا کہ پنجاب میں فارم پر دودھ کی کم قیمت، برائلر میں اموات کی کثرت، مارکیٹ کے قابل اور ایک دن کے چوزوں کی کم قیمت اور وصولیوں کی بگڑی ہوئی صورتحال نے بزنس کی کارکردگی کو شدید متاثر کیا ہے اور انتظامیہ کریڈٹ کے حوالے سے محتاط رہنے پر مجبور ہے۔ پولٹری کسٹمرز سے قرض کی وصولی ایک بڑا مسئلہ بنا ہوا ہے لیکن بزنس رقوم کی واپسی کرانے میں کامیاب رہا۔ CAVAC پولٹری ویکسین پورٹ فولیو شاندار کارکردگی جاری رکھے ہوئے ہے اور مستقبل میں پولٹری ویکسین پورٹ فولیو میں توسیع کا راستہ ہموار ہو رہا ہے۔ مزید براں، بزنس نیوٹریشنل مارکیٹ کے شعبہ جات میں توسیع کے پیش نظر جدید لائیو اسٹاک اور پولٹری پورٹ فولیوز کی مارکیٹنگ اور ڈسٹری بیوشن کے لیے Trouw نیوٹریشن کے ساتھ مصروف عمل ہے۔

لائف سائنسز بزنس نے فارماسیوٹیکلز اور اینمل ہیلتھ کے شعبہ جات کے لیے جدید اور معیاری ہیلتھ کیئر پروڈکٹس کی فراہمی سے زندگیوں میں بہتری لانے پر توجہ مرکوز رکھی ہوئی ہے۔

کیمیکلز اینڈ ایگری سائنسز بزنس

مجموعی کاروبار (ملین روپے)

آپریٹنگ رزلٹ (ملین روپے)



سال ختم شدہ 30 جون 2019 کے لیے کیمیکلز اور ایگری سائنسز بزنس کا مجموعی کاروبار 8,109 ملین روپے رہا جو گزشتہ سال اسی عرصے کے مقابلے میں 4 فیصد زائد ہے۔ بزنس کا آپریٹنگ رزلٹ 705 ملین روپے ریکارڈ کیا گیا جو کہ گزشتہ سال کے اسی عرصہ میں 287 ملین روپے تھا، اس طرح 146 فیصد ترقی حاصل کی گئی۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

مزید براں، اوپیک اور اس کے اتحادیوں کے درمیان سپلائی کی فراہمی میں کمی کے معاہدے کی بدولت امید کی جارہی ہے کہ کروڈ آئل کی قیمتیں مستحکم رہیں گی۔ اس سے پوری پیٹرولیم مصنوعات کی قیمتیں مستحکم رہیں گی ماسوائے MEG، کیونکہ سرپلس مارکیٹ سپلائی کے سبب اس کی قیمتیں کم ہوں گی یا برقرار رہیں گی۔ اس کے ساتھ وفاقی بجٹ 20-2019 میں زیرو ریٹڈ سیکٹرز پر 17 فیصد سیلز ٹیکس کا نفاذ، کاروباری سرمایہ اور سودی اخراجات پر منفی اثرات مرتب کرے گا جس سے پوری کاروباری سرگرمی شدید متاثر ہوسکتی ہے۔

سوڈا ایش بزنس

مجموعی کاروبار (ملین روپے)

آپریٹنگ رزلٹ (ملین روپے)

اس سال مقامی سوڈا ایش مارکیٹ میں سیلز کی مقدار اور قیمتوں میں اضافے (روپے کی ناقدری کے سبب ہونے والا اضافہ) کے باعث گزشتہ سال کے مقابلے میں مجموعی کاروبار میں 32 فیصد اضافہ ہوا۔ بزنس کی مجموعی سیلز کی مقدار بشمول ایکسپورٹس گزشتہ سال کے مقابلے میں 13 فیصد بڑھ گئی۔

مقامی سوڈا ایش مارکیٹ کے تمام شعبہ جات میں تیزی کا رجحان رہا۔ گلاس سیگمنٹ ترقی کے اعتبار سے آگے رہا جبکہ سلیکیٹ کا شعبہ بھی ڈٹرجنٹ مینوفیکچرنگ اور پیکنگ انڈسٹری میں استعمال بڑھنے سے ترقی کرتا رہا۔ گلاس شعبے کی کارکردگی بہت شاندار رہی کیونکہ پیداواری اضافے کے ساتھ کچھ بند پڑے یونٹس کو دوبارہ شروع کیا گیا۔ بازار اور ڈٹرجنٹ کے شعبہ جات نے بھی جی ڈی پی کیساتھ اپنی ترقی جاری رکھی جبکہ پیپر کا شعبہ ڈاؤن اسٹریم طلب میں سست روی کے سبب کچھ متاثر ہوا۔ ریفائنڈ سوڈیم بائی کاربونیٹ کی طلب میں اینمل فیڈ اور بیکری کے شعبہ جات کی طلب میں اضافے دیکھنے میں آیا۔

سال کے دوران بزنس کا آپریٹنگ رزلٹ گزشتہ سال کی اسی مدت کے مقابلے میں 32 فیصد بڑھ گیا کیونکہ 75,000 ٹن سالانہ پیداوار کے توسیعی منصوبے کے سال بھر فعال رہنے سے کمرشل پروڈکشن پر مثبت اثرات مرتب ہوئے۔

اس توسیعی منصوبے سے بزنس نے مقامی سیلز میں ریکارڈ قائم کرتے ہوئے سال کا اختتام کیا اور باوجود یہ کہ روپے کی قدر میں شدید کمی، ڈاؤن اسٹریم مارکیٹ میں سست روی، پلوامہ حملے کے بعد انڈین مارکیٹ کی بندش (پاکستان سے تمام ایکسپورٹس پر 200 فیصد کسٹم ڈیوٹی کا نفاذ) اور ملکی معاشی حالات کی ابتری کے ماحول جیسے عناصر اس عرصے کے دوران کارفرما رہے۔ مزید یہ کہ بزنس اپنے ایکسپورٹ کو انڈیا سے بنگلادیش تبدیل کرنے میں کامیاب رہا۔ بزنس نے ایمرجنسی کی بنیاد پر بنگلادیشی مارکیٹ کو متبادل کے طور پر حاصل کیا۔

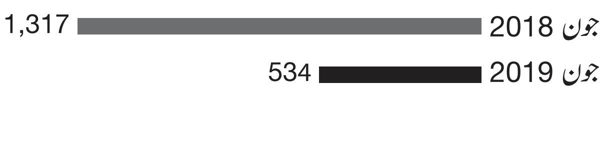
روپے کی ناقدری نے ایکسپورٹ کے محاذ پر مقابلے کو مزید مشکل کردیا ہے تاہم ایکسچینج ریٹ میں اتار چڑھاؤ اور مندی کی صورتحال کے سبب مقامی مارکیٹ غیر یقینی صورتحال کا شکار ہے۔ روپے کی قدر میں حالیہ کمی کے سبب مہنگائی میں خاطر خواہ اضافہ ہوا ہے اور ڈسپوزایبل آمدنی میں کمی واقع ہوئی ہے۔ نتیجتاً مجموعی طور پر خرچ کرنے کی شرح میں کمی واقع ہوئی ہے اور مارکیٹ سست روی کا شکار ہے۔

حکومت کے اولوالعزم پروجیکٹ ''نیا پاکستان ہاؤسنگ اسکیم'' کے اجرا سے آنے والے دنوں میں ترقی کی امید کی جارہی ہے کیونکہ اس سے تمام شعبہ جات خاص طور پر گلاس کے شعبے پر مثبت اثرات مرتب ہوں گے۔ اس طرح کے شہری مراکز سے دیگر پروڈکٹس مثلاً صابن، ڈٹرجنٹ، ٹیکسٹائیل، پیپر، پولٹری اور کنفیکشنری آئٹم کی تیاری میں سوڈا ایش کی کھپت میں اضافے کا باعث بنیں گے۔

لائف سائنسز بزنس

مجموعی کاروبار (ملین روپے)

آپریٹنگ رزلٹ (ملین روپے)



ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

آئی سی آئی پاکستان لمیٹڈ اختیارات کے حوالے سے ایک صاف وشفاف اور واضح انتظامی نظام کی حامل ہے۔ کمپنی کی سینئر مینجمنٹ عمل درآمد کے امور چلانے، خطرات پر نظر رکھنے اور مختلف ضابطوں کے اثر کو جانچنے کی ذمہ دار ہے۔

کمپنی ایک مربوط انٹر پرائز رسک مینجمنٹ (ERM) فریم ورک رکھتی ہے جو ادارے کو لاحق خطرات کی نشاندہی اور ان سے بروقت نبرد آزما ہونے کو یقینی بناتا ہے۔ یہ فریم ورک امور کے مابین استعمال کیا جاتا ہے تاکہ کمپنی کو ایک نظام کے تحت خطرات کو پہچاننے، جائزہ لینے اور مناسب انداز میں ان کا سد باب کرنے میں مدد ملے۔ نشاندہی کردہ خطرات کو ان کے اثرات کے پیش نظر ترجیحی بنیادوں پر حل کرنے کے اقدامات کئے جاتے ہیں۔

خطرات پر قابو پانا ایک ہمہ وقتی ضرورت ہے، اس لئے خطرات، ان کے حل اور/ یا درست اقدامات پر مشتمل یہ عبوری اپ ڈیٹس سالانہ عمل میں شامل ہوتی ہیں۔

آئی سی آئی پاکستان لمیٹڈ کا یہ ERM فریم ورک درج ذیل عوامل پر مشتمل ہے:

- ایک شفاف عمل کے تحت کمپنی کو لاحق خطرات سے متعلق ضروری ثبوتوں کی فراہمی
- خطرے اور اس سے متعلق امور کے لئے ایک سادہ سی زبان کا استعمال، اس سے تبادلہ خیال میں آسانی اور ہر ایک کو سمجھنے اور فیصلہ کرنے میں آسانی ہوتی ہے۔
- خطرات پر قابو پانے کے انتظام میں شفاف احتساب اور انتظام کا نفاذ

کاروباری جائزہ

پولیسٹر اسٹیپل فائبر بزنس (PSF)

مجموعی کاروبار (ملین روپے)

آپریٹنگ رزلٹ (ملین روپے)

زیر جائزہ سال کے دوران عالمی اقتصادی حالات مشکلات کا شکار رہے، تاہم حکومت کی جانب سے ایکسپورٹس سے متعلق شعبہ جات کو سہارا دینے کے اقدامات کی بدولت سال کی دوسری ششماہی کے دوران کاروباری سرگرمیوں میں بہتری آئی۔ اسی ضمن میں، امریکہ اور ترکی میں اسپیشلائزڈ ویرینٹس کی ایکسپورٹ کے تعارف کے حوالے سے ملنے والی کامیابیوں سے کاروبار کو تقویت ملی ہے۔

سال 19-2018 کے دوران چین اور امریکہ کے درمیان تجارتی جنگ کے نتیجے میں عالمی اقتصادی حالات اتار چڑھاؤ کا شکار رہے۔ سال کی آخری سہ ماہی میں، امریکہ اور چین کے درمیان تعلقات کی بہتری اور اوپیک اور اس کے اتحادیوں کی جانب سے اضافی پیداوار میں کمی کے سبب کروڈ آئل کی قیمتوں میں تیزی کا رجحان رہا۔ امریکہ کی جانب سے ایران اور وینزویلا پر عائد کی جانے والی پابندیوں اور مشرق وسطی کی بڑھتی ہوئی کشیدگی کے سبب تیل کی قیمتیں بڑھ گئیں۔ مجموعی طور پر کروڈ آئل کی قیمتیں گزشتہ سال کے اسی مدت کے مقابلے میں 2 فیصد بڑھ گئیں۔ (ڈالر 59.7 بیرل بمقابلہ ڈالر 58.4 بیرل)

رسد اور طلب میں فرق کے ساتھ کروڈ آئل کی قیمتوں میں اضافے سے گزشتہ سال کے اسی عرصے کے مقابلے میں پیرا زائلین کی قیمتیں 18 فیصد اور PTA کی قیمتیں 22 فیصد بڑھ گئیں۔ تاہم MEG کی قیمتوں میں مجموعی طور پر گزشتہ سال کے اسی عرصے کے مقابلے میں 25 فیصد کمی واقع ہوئی جو گزشتہ تین سالوں کے دوران اس کی کم ترین سطح ہے۔ اس کمی کی وجہ زائد انوینٹری لیول اور سپلائی میں استحکام تھا۔ خام مال کی قیمتوں میں اضافے کی بدولت علاقائی PSF کی قیمتوں میں بھی یہی ٹرینڈ جاری رہا۔ تیل کی قیمتوں کے ساتھ گیس/ RLNG، کوئلے اور فرنیس آئل کی قیمتوں میں بالترتیب 14 فیصد، 22 فیصد اور 35 فیصد تک اضافہ ہوگیا، نتیجتاً گزشتہ سال کے اسی عرصے کے مقابلے میں اس سال توانائی کے اخراجات 21 فیصد بڑھ گئے۔ پاکستانی روپے کی قدر میں کمی اور مہنگائی بڑھ جانے کے سبب گزشتہ سال کے مقابلے میں مقامی پی ایس ایف کی قیمتوں میں 32 فیصد اضافہ دیکھنے میں آیا۔

ملکی معیشت کی غیر یقینی سی صورتحال، مہنگائی میں اضافے، روپے کی ناقدری اور شرح سود میں اضافے سے ملکی کاروباری صورتحال سست روی کا شکار رہے۔

ملک میں کاروباری سست روی کے باوجود، بزنس اپنی سیلز مقدار میں صرف ایک فیصد کمی کے ساتھ سال مکمل کرنے میں کامیاب رہا۔ اس کمی کی تلافی PSF کی قیمتوں میں اضافے سے ہوئی اور نتیجے میں کاروبار نے گزشتہ سال کے اسی عرصہ کے مقابلے میں اپنے مجموعی کاروبار میں 30 فیصد کا اضافہ حاصل کیا۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

سماجی بہبود کے منصوبوں سے متعلق مزید معلومات اور کمیونٹی میں سرمایہ کاری کے اقدامات کے لیے، براہ مہربانی سالانہ رپورٹ کا صفحہ نمبر 149 ملاحظہ کریں۔

ہیومن ریسورسز

آئی سی آئی پاکستان لمیٹڈ اس بات پر یقین رکھتی ہے کہ تمام ملازمین کو اپنی کارکردگی سے کمپنی کی مستحکم ترقی کو برقرار رکھنے میں معاون بننا ہوگا۔ اس ضمن میں کمپنی اپنے ملازمین کو پیشہ ورانہ ترقی کے مواقع اور ان کی مستقبل کے لیڈرز بننے میں رہنمائی کے ذریعے سرمایہ کاری کررہی ہے۔

آئی سی آئی پاکستان لمیٹڈ نے پوری ملازمت پر محیط ماڈیولز کا مکمل دستاویز SAP سکسیس فیکٹرز متعارف کرایا ہے۔ ان SAP سکسیس فیکٹرز کی بنیاد پر 2018 میں آئی سی آئی پاکستان لمیٹڈ نے ایک نیا آٹومیٹڈ پرفارمنس اینڈ ڈیولپمنٹ ڈسکشن سسٹم (P&DD) متعارف کرایا ہے۔ یہ ایک جدید پرفارمنس مینجمنٹ سسٹم ہے جو کئی اضافی خصوصیات، بشمول اسپیڈ، فلیکس ایبلٹی اور پروسیس کی آسانی کا حامل ہے۔

جاری سال مسلسل دوسرا سال تھا کہ آئی سی آئی پاکستان لمیٹڈ کو گیلپ گریٹ ورک پلیس ایوارڈ سے نوازا جا رہا ہے۔ یہ ایک مایہ ناز ایوارڈ ہے جو گیلپ کی جانب سے دنیا کی بہت ہی اعلیٰ کام کا ماحول فراہم کرنے والی کمپنیوں کو تفویض کیا جاتا ہے۔ گزشتہ سال پہلی بار گیلپ کی جانب سے کمپنی کو اپنے کاروبار میں شاندار ترقی، حقیقی عزم اور واضح حکمت عملی کی بدولت اس ایوارڈ کے لیے منتخب کیا گیا تھا۔

ٹیکنالوجی اور ڈیجیٹلائزیشن کو اپنانا ادارے کی صلاحیت میں اضافے اور اس دور کے ورک فورس کی بڑھتی ہوئی ضروریات کے لیے بہت ضروری ہے۔ کمپنی نے ریس ٹو دی ہیڈ روزم کے نام سے ایک کھیل کے طرز پر گریجویٹ ریکروٹمنٹ ڈرائیو کو جاری رکھا تا کہ گریجویٹس کو بھرتی کرنے کے لیے بہترین ٹیلنٹ کو حاصل کیا جائے۔

کمپنی نے اپنے ملازمین کی قدر کے جذبے کو سامنے رکھتے ہوئے ان کے لیے تربیت اور ترقی کے اقدامات کررہی ہے۔ مختلف لیڈرشپ اور فنکشنل پروگراموں کے لیے 13,900 ٹریننگ مین آورز کا اہتمام کیا۔ SAP سکسیس فیکٹرز پر مشتمل تربیتی ماڈیول کی iLEARN کے آغاز سے اصلاح کی گئی، یہ ایک ورچوئل تربیتی سینٹر ہے تا کہ ملازمین کو اپنی ذاتی صلاحیتوں کو منوانے کا بھرپور موقع میسر ہو۔ اس نئے اقدام سے ہر ایک ملازم کو علیحدہ سے تجربہ حاصل ہوگا جس میں عالمی طور پر شہرت یافتہ ماہرین سے مخصوص عنوانات سے لیکر سافٹ اسکل ٹریننگ بھی پیش کی جائے گی۔

کمپنی کے اہم پروگرام ''ایچ آر فار نان ایچ آر'' اور ''فنانس فار نان فنانس'' اس سال بھی جاری ہے تا کہ ملازمین میں ہیومن ریسورسز سے متعلق امور اور فنانس سے متعلق بہتر آگہی کو عام کیا جائے۔

آئی سی آئی پاکستان لمیٹڈ کا لیڈرشپ ڈیولپمنٹ روڈ میپ بھی بھرپور انداز میں ملازمین کی صلاحیتوں میں نکھار لانے کے لیے بہت اہم ہے جو ایک منظم ٹیلنٹ ڈیولپمنٹ فریم ورک فراہم کررہا ہے۔

اس حوالے سے سالانہ کامیابی سے متعلق منصوبہ بندی کا جائزہ اور کیپیبلٹی گروپس کا اہتمام کیا گیا تا کہ مہارتوں کے حصول میں ترقی کے مواقع پیدا کئے جائیں۔ گزشتہ سال میں، ادارے کے اندر ہی 15 فیصد ملازمین کے لیے اپنی ملازمت میں ترقی کے مواقع میسر تھے۔

آئی سی آئی پاکستان لمیٹڈ، ملازمت کے یکساں مواقع فراہم کرنے والے ادارے کے طور پر فخر کرتا ہے کہ وہ ہر طبقے اور صنف کو خوش آمدید کہتا ہے اور اپنے متنوع ورک فورس کی صلاحیتوں کو قدر کی نگاہ سے دیکھتا ہے۔ خواتین ملازمین کی شمولیت کو بڑھانے پر خصوصی توجہ کے ساتھ Impact پروگرام کے تحت کئی اقدامات کئے جارہے ہیں۔ نتیجتاً ادارے میں خواتین ملازمین کی تعداد 6.27 فیصد ہوگئی ہے۔

کمپنی کی ہیومن ریسورسز سے متعلق تفصیلی معلومات سالانہ رپورٹ کے صفحہ نمبر 145 پر ملاحظہ کریں۔

رسک مینجمنٹ

خطرات پر قابو پانے کا نظام مستحکم ترقی میں بنیادی حیثیت رکھتا ہے۔ آئی سی آئی پاکستان لمیٹڈ میں بورڈ آف ڈائریکٹرز کو خطرات سے نمٹنے کے نظام کی مکمل ذمہ داری سونپی ہوئی ہے، جس میں خطرات سے نبرد آزما ہونا اور اندرونی نظام کے طریقے دونوں ہی شامل ہیں۔

کمپنی میں خطرات سے نمٹنے کے امور مرتب کردہ ہیں تا کہ ہمارے اثاثے محفوظ رہیں اور کاروباری تسلسل کو لاحق ممکنہ خطرات پر بھی نظر ہو۔ مرتب کردہ ان امور کو مستقل جائزے کی ضرورت ہوتی ہے اسی طرح کاروباری، انتظامی، مالیاتی اور یا عملدرآمد کے مقاصد میں ممکنہ طور پر خلل ڈالنے والے امور سے متعلق بورڈ اور اعلیٰ انتظامیہ کو اطلاع دی جاتی ہے تا کہ بروقت ایکشن لیا جاسکے اور کمپنی کے آپریشن بلا تعطل جاری رہیں۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

اعلیٰ تعلیم میں تعاون:

آئی سی آئی پاکستان فاؤنڈیشن نے مرشد اسپتال کراچی کے نرسنگ اسکول اور مڈوائفری نرسنگ اسکل لیب کے لیے فنڈز فراہم کرنے کے ساتھ ساتھ ٹریننگ کا سامان بھی مہیا کیا جس میں دیرپا ورکنگ ماڈیولز بھی شامل ہیں تاکہ طلباء کو زندگی بچانے والی میڈیکل ٹیکنیک سیکھنے کے قابل بنایا جاسکے۔ فاؤنڈیشن کے تعاون سے لائبریری کو اپ گریڈ کرنے کے ساتھ فیکلٹی کیلئے کمپیوٹر لیب کو بھی اپ گریڈ کیا گیا۔ ان سہولتوں کی بدولت نرسنگ اسکول تین سالہ ڈپلومہ کی جگہ کالج سطح کا چار سالہ ڈگری پروگرام پیش کرنے کے قابل ہوا اور مستقبل کی نرسز کے لیے تعلیمی معیار میں قابل قدر اضافہ بھی ہوا ہے۔

مرشد ہسپتال اسکول آف نرسنگ اور مڈوائفری کے ساتھ مذکورہ شراکت داری کے ساتھ ساتھ فاؤنڈیشن نے ضرورت مند اسٹوڈنٹس کو میرٹ کی بنیاد پر دو سالہ کمیونٹی مڈوائفری ڈپلومہ پروگرام میں داخلہ کے لیے 16 اسکالرشپ بھی تفویض کی ہیں۔

فاؤنڈیشن پاکستان ایگریکلچرل کولیشن (PAC) کے ساتھ ایگریکلچرل ٹیکنیکل انسٹیٹیوٹ کے قیام میں تعاون جاری رکھے ہوئے ہے۔ اس سے ملکی کسانوں کو معیاری تعلیم اور زرعی تحقیق میں قابل قدر معلومات میسر ہوں گی۔

ہیلتھ (صحت):

کھیوڑہ میں 2016 میں مدر اینڈ چائلڈ ہیلتھ کیئر ہمقدم کمیونٹی کلینک کے کامیاب آغاز کے بعد اکتوبر 2018 میں شیخوپورہ میں بھی اسی طرح کا کلینک قائم کیا گیا ہے۔ کلینک اچھا کام جاری رکھے ہوئے ہے اور مقامی لوگوں کے لیے ایک بڑی سہولت ثابت ہورہا ہے۔

فاؤنڈیشن کے طویل عرصہ سے چلنے والے آئی کیئر پروگرام نے اپنا کام ایک تسلسل کے ساتھ جاری رکھا ہوا ہے اور اس پروگرام کے تحت جنوری 2019 میں 300 کیمپ لگانے کا سنگ میل عبور کرنا ایک بہت بڑا اعزاز ہے۔ یہ پروگرام گزشتہ 27 سال سے کھیوڑہ اور اس کے گردونواح میں آنکھوں کے لاکھوں مریضوں کو مفت طبی سہولیات فراہم کرچکا ہے۔ مزید براں، کمپنی کے کاٹن ریسرچ فارم، ملتان میں بھی ایک دن پر محیط کیمپ کا انعقاد کیا گیا۔

اکتوبر میں، کھیوڑہ کی مقامی انتظامیہ کو 2 جنریٹر بھی فراہم کیے گئے تاکہ شہر کو صاف پانی کی فراہمی بلاتعطل جاری رہے۔

آئی سی آئی پاکستان فاؤنڈیشن نے لیاری جنرل ہسپتال کے پیڈیاٹرک ایمرجنسی او پی ڈی وارڈ کو تین سال کے لیے تعاون فراہم کرنے کی ذمہ داری اٹھائی ہے۔

کمیونٹی

آئی سی آئی پاکستان لمیٹڈ نے اپنے ملازمین کو کمیونٹی کے مختلف سماجی بہبود (CSR) اقدامات میں شریک کرنے کے لیے جون 2018 میں پہچان والنٹیئر پروگرام شروع کیا۔ یہ پروگرام کمپنی کی سماجی بہبود (CSR) پالیسی کے مطابق مرتب کیا گیا ہے۔ پہچان پروگرام کے تحت، کمپنی کی روایات، اقدار اور برانڈ کے وعدے ترقی کیلئے کوشاں کے پیش نظر، کمپنی اپنے اسٹاف کو اس بات پر قائل کرتی ہے کہ وہ اپنے کام کے اوقات میں سے سالانہ 2 دن (16 گھنٹے) رضاکارانہ کاموں پر صرف کریں۔ پہچان پروگرام کے تحت اس سال کی جانے والی سرگرمیوں میں شجرکاری مہم، خون کا عطیہ دینے کے کیمپ، SOS ولیج میں آزادی کا دن منانے اور سٹیزن فاؤنڈیشن کے رہبر پروگرام میں شرکت شامل ہیں۔ شجرکاری کے تحت اس سال کھیوڑا، شیخوپورہ اور کراچی میں 2000 پودے کاشت کئے گئے۔

ماحول

ماحول میں بڑھتی ہوئی آلودگی کے پیش نظر کمپنی درخت لگانے کی مہم میں شامل ہونے کی روایت کو جاری رکھے ہوئے ہے اور اپنی سالانہ رپورٹس اور اسٹیک ہولڈرز کو دیگر کارپوریٹ پبلی کیشن کی ترسیل کے لیے کاغذ کے لفافوں کے بجائے بایوڈی گریڈ ایبل لفافے استعمال کرتی ہے۔

خواتین کو بااختیار بنانا

آئی سی آئی پاکستان لمیٹڈ خواتین کو بااختیار بنانے، کام کے ماحول میں ان کے تنوع اور شمولیت کو فروغ دینے پر یقین رکھتی ہے۔ اس حوالے سے کمپنی نے Impact وومن اسکالرشپ پروگرام شروع کرنے کے لیے پاکستان کی مایہ ناز یونیورسٹیوں سے شراکت داری کی۔ جس کی بدولت ان یونیورسٹیز کی چار طالبات کی انڈرگریجویٹ ڈگری کے لیے آئی سی آئی پاکستان فاؤنڈیشن تعلیمی اخراجات فراہم کئے جائیں گے اور اس کے ساتھ انہیں آئی سی آئی پاکستان لمیٹڈ میں مینٹرنگ اور انٹرن شپ کے مواقع بھی فراہم ہوں گے۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

ایبلٹی پلانز پر عمل درآمد سے توانائی کے استعمال، کچرے میں کمی، پانی کے استعمال اور نیشنل انوائرنمنٹ کوالٹی اسٹینڈرڈز (NEQS) کی تعمیل پر توجہ مرکوز رکھی۔

تمام بزنسز نے بشمول نیوٹری کو مورینا گا اور ماسٹر بیچ پروجیکٹ کے جاری منصوبوں پر NEQS کی تعمیل سے متعلق رپورٹ پیش کی۔

کمپنی کی HSE&S اور سسٹین ایبلٹی کارکردگی سے متعلق تفصیلی معلومات کے لئے سالانہ رپورٹ کے سسٹین ایبلٹی سیکشن کا صفحہ 149 ملاحظہ کریں۔

کام میں جدت

سال 2018-19 کے دوران، ایکسپلور چیلنج کے آغاز سے جدت کی اہمیت کو اجاگر کیا گیا جس کے تحت پوری کمپنی میں ملازمین کے درمیان ٹیم کی بنیاد پر آئیڈیا دینے کے مقابلے کو فروغ دیا جا رہا ہے۔ اس اقدام سے ملازمین کے درمیان جدید اور کاروباری سوچ کو پروان چڑھانے میں مدد ملی ، اس حوالے سے کاروباری ترقی، پروسیس کی بہتری، اخراجات کے تعین اور مستحکم روایات سے متعلق 200 سے زائد آئیڈیاز کا مقابلے کے لیے پیش ہونا ایک شاندار پیش رفت ثابت ہوئی۔ ان میں سے منتخب کردہ ٹیموں نے 6 روز پر مشتمل انوویشن ورکشاپ میں شرکت بھی کی ہے یہ ورکشاپ پاکستان کے مایہ ناز ٹیک انکوبیٹرز The Nest I/O کے تعاون سے منعقد کیا گیا تھا۔ بعد ازاں، جج حضرات نے سب سے بہتر 10 آئیڈیاز کا اعلان کرتے ہوئے انہیں انعامات سے نوازا، یہ سلسلہ آئندہ مہینوں میں بھی جاری رکھا جائے گا۔

کاروباری اداروں کی سماجی ذمہ داری (کارپوریٹ سوشل ریسپانسبلٹی)

آئی سی آئی پاکستان لمیٹڈ ملک بھر میں پسماندہ طبقات کی فلاح و بہبود سے متعلق اقدامات اور شراکت داری کی ایک طویل تاریخ رکھتی ہے۔ کمپنی اپنے علاقوں میں سماجی بہبود کے منصوبوں میں سرمایہ کاری پر بھرپور یقین رکھتی ہے تاکہ ان علاقوں کے پسماندہ افراد کی زندگیوں میں مثبت تبدیلی لائی جا سکے۔

کمپنی سماجی بہبود کے اقدامات آئی سی آئی پاکستان فاؤنڈیشن کے زیر انتظام سرانجام دیتی ہے، جو ایک رجسٹرڈ ٹرسٹ ہے اور فاؤنڈیشن کے بورڈ آف ٹرسٹیز اس کے امور کی نگرانی کرتے ہیں۔ سال 2018-19 کے دوران آئی سی آئی پاکستان نے اپنے سسٹینیبلٹی ایجنڈا کے تحت اپنے سماجی بہبود کے منصوبوں کے لیے 30 ملین روپے مختص کیئے۔ آئی سی آئی پاکستان فاؤنڈیشن تعلیم، صحت، خواتین کو با اختیار بنانے، ماحول اور سماجی بہبود کے وسیع اقدامات اور پروجیکٹس پر عمل پیرا ہے۔

آئی سی آئی پاکستان لمیٹڈ کی جانب سے چلنے والے منصوبوں اور اقدامات کی تفصیل درج ذیل ہے:

تعلیم

ووکیشنل ٹریننگ

لیڈیز ویلفیئر سینٹر کھیوڑہ آئی سی آئی پاکستان لمیٹڈ نے 1973 میں کھیوڑہ کی خواتین کو ووکیشنل ٹریننگ کے ذریعے با اختیار بنانے کے مقصد سے قائم کیا تھا جو کہ اس وقت بھرپور انداز میں خدمت میں مصروف عمل ہے۔ اس وقت یہ لیڈیز ویلفیئر سینٹر انٹرن شپ اور ٹیچر ٹریننگ پروگرام بھی پیش کرتا ہے سینٹر میں اسوقت پانچ انسٹرکٹرز ہیں یہ سب اسی سینٹر کی سابقہ اسٹوڈنٹ ہیں۔

کراچی کے علاقے لیاری میں نوجوان نسل کو پیشہ ورانہ مہارت فراہم کرنے کے لیے روشن لیاری پروگرام شروع کیا گیا جس میں قلیل مدت کے فیشن ڈیزائننگ، اسچنگ، ٹیلرنگ، بیوٹی اور میک اپ پر مشتمل ووکیشنل ٹریننگ کورسز شامل ہیں اس کے ساتھ ان کے لیے ایم ایس آفس کورس بھی ترتیب دیئے گئے ہیں، اس پروگرام میں 75 فیصد سے زائد لیاری کی خواتین فائدہ اٹھا رہی ہیں۔

پرائمری تعلیم میں تعاون

گزشتہ 17 سال سے گورنمنٹ بوائز اینڈ گرلز پرائمری اسکول ٹبی ہریہ، شیخوپورہ پولیسٹر بزنس کی سماجی بہبود (CSR) ٹیم کی زیرِ نگرانی چل رہا ہے۔ اس وقت اسکول میں 120 اسٹوڈنٹس کو تعلیم کے زیور سے مزین کیا جا رہا ہے۔

گورنمنٹ بوائز اور گرلز پرائمری اسکول کا پیر گوٹھ سینڈز پٹ، کراچی میں فاؤنڈیشن طویل عرصہ سے تعاون کر رہی ہے جس میں 2010 میں پورے اسکول کی تزئین و آرائش کے ساتھ کلاس روم کیلیئے نیا فرنیچر مہیا کیا گیا۔ جبکہ 2016 سے اسکول میں چھٹی جماعت کا بھی آغاز کیا گیا ہے تاکہ علاقے کی بچیوں کو اپنے ہی گاؤں میں تعلیم کی سہولت میسر ہو۔ اسکول میں اس وقت 200 سے زائد اسٹوڈنٹس داخل ہیں۔

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

آئی سی آئی پاکستان لمیٹڈ حفاظت اعتبار سے اپنی اعلیٰ کارکردگی کی روایت برقرار رکھے ہوئے ہے۔ جس کا ثبوت یہ ہے کہ ہمارے سوڈا ایش، پولیسٹر، کیمیکلز وا یگری اور لائف سائنسز بزنسز نے بغیر کسی حادثہ کے بالترتیب 19.2، 2.76، 2.1 اور 0.46 ملین مین آورز پورے کیئے ہیں۔ ملازمین اور زیرنگرانی کنٹریکٹرز میں حادثات کی شرح 0.10 فیصد جبکہ آزاد کنٹریکٹرز میں یہ شرح 0.28 فیصد رپورٹ کی جاسکی۔

آئی سی آئی پاکستان سسٹین ایبلٹی کی ضروریات اور ان پر عمل درآمد کے حوالے سے ملازمین کو آئی سی آئی پاکستان مینجمنٹ سسٹم، آکیوپیشنل ہیلتھ مینوئل، کارپوریٹ انجینئرنگ پروسیجرز اور مینیجرز کے لیے انفارمیشن نوٹس پر مشتمل 4 کتب کے ذریعے آگہی سے رہنمائی کی جارہی ہے۔ یہ کتب عالمی طور پر مقبول بہترین تجربات پر مشتمل ہیں۔ آئی سی آئی پاکستان لمیٹڈ میں سسٹین ایبلٹی کے معیار کو اعلیٰ انتظامیہ دیکھتی ہے اور اس کی کارکردگی پر ایگزیکٹو مینجمنٹ ٹیم اور بورڈ کے اجلاسوں میں تبادلہ خیال کیا جاتا ہے۔ HSE&S کے امور کو جدید عالمی معیاروں کے مطابق جانچا جاتا ہے۔ جس کا مقصد تمام ملازمین کو تازہ ترین معلومات سے آگاہ رکھنا اور آئی سی آئی پاکستان لمیٹڈ میں HSE&S مینجمنٹ سسٹم کو سمجھنے میں مدد فراہم کرنا ہے۔ اس مقصد کے لیے بنیادی دستاویز مینیجر سیریز کے لیے معلوماتی نوٹس ہے جو مینیجرز کے لیے رہنما اصول ہیں تاکہ وہ اپنے متعلقہ بزنس میں HSE&S پر عمل درآمد کو یقینی بناسکیں۔

لرننگ ایونٹس ڈیٹا بیس ایک بہت ہی موثر ٹول ثابت ہوا ہے جس کی بدولت مضر اثرات اور متعلقہ نقصانات کو جانچا جاسکتا ہے۔ اس سسٹم کو مزید بہتر کرنے کے لیے اس سال ملازمین کے لیے ایک موبائل ایپ متعارف کرائی گئی جس کی مدد سے وہ متعلقہ مضر اثرات سے آشنا اور ان پر قابو پانے میں کامیاب ہونے کے ساتھ HSE&S سے متعلق کمزوریوں کو دور کرنے میں کامیاب ہوسکتے ہیں۔

آئی سی آئی پاکستان لمیٹڈ کے تمام آپریشنز میں عالمی اور مقامی معیاروں پر عمل درآمد کی جاتی ہے۔ اس حوالے سے کمپنی کا شمار اقوام متحدہ کے سسٹین ایبل ڈیولپمنٹ گولز (SDGs) کی تعمیل سے متعلق رپورٹ کرنے والی پہلی کمپنی ہے۔ اس سال بھی کمپنی کی سطح پر ایس ڈی جی کی ضروریات سے متعلق ملازمین کی تربیت کا انتظام کیا گیا۔ سسٹین ایبلٹی سے متعلق پروجیکٹس برائے 2018-19 کو بھی SDGs کی ضروریات سے متعلق وضع کیا گیا۔ آئی سی آئی پاکستان لمیٹڈ SDGs کے لوازمات پر عمل درآمد کے حوالے سے نہ صرف کمپنی کی سطح پر فعال ہے بلکہ منسٹری آف پلاننگ، ڈیولپمنٹ اینڈ ریفارمس جیسے حکومتی اداروں اور مختلف کمپنیوں کے ساتھ کام کرنے کے لیے کوشاں ہے تاکہ پاکستان کی والنٹری نیشنل ری ویو (VNR) رپورٹ تیار کی جاسکے۔

ہیلتھ اسیسمنٹ پرفارمنس انڈیکس (HAPI) اور ہائی جین پرفارمنس انڈیکس (HYPI) کے نام سے 2 منفرد پروگرامز پر آئی سی آئی پاکستان لمیٹڈ کے تمام مقامات پر عمل درآمد ہوتی ہے۔ یہ پروگرام ملازمین کی صحت کے جائزے اور ماحول کے مضر اثرات کا شکار ہونے کی جانچ سے متعلق ہوتے ہیں۔ سال 2018-19 کے دوران کمپنی نے اپنے آکیوپیشنل ہیلتھ مینوئل کا جائزہ لیا تاکہ اسے عالمی معیاروں کے مطابق اپ ڈیٹ کیا جائے۔ HAPI اور HYPI کا نظریہ کام کے ماحول میں آکیوپیشنل بیماریوں کے خطرات کو کم سے کم کرنے سے تعلق رکھتا ہے۔ اس کے مطابق حاصل ہونے والا ڈیٹا ملازمین کی ریٹائرمنٹ کے بعد بھی کام آتا ہے۔ ملازمین کی صحت سے متعلق ششماہی جائزے میں آڈیومیٹری اور اسپائرومیٹری ٹیسٹ اس سال بھی جاری رہے۔ سال 2018-19 میں کوئی بھی آکیوپیشنل بیماری رپورٹ نہیں ہوئی۔

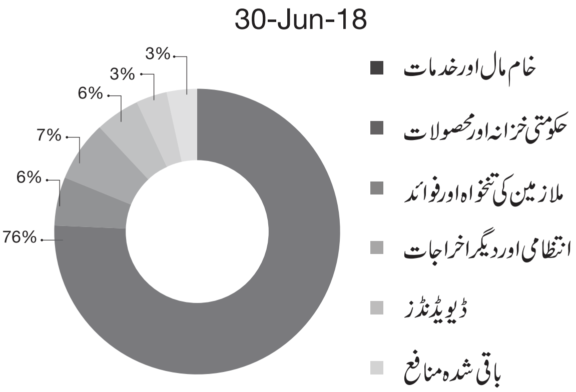
کمپنی میں HSE&S سے متعلق ہر سطح کی ٹریننگ تمام ملازمین اور کنٹریکٹرز کے لیے بنیادی اہمیت کی حامل سمجھی جاتی ہیں۔ اس سال زیادہ مضر صحت سرگرمیوں پر ٹریننگ کورس ماڈیولز کا آپریشنز کی ضروریات کے مطابق جائزہ لیا گیا اور HSE&S کے داخلی اور خارجی ماہرین سے 17,766 مین آورز پر مشتمل ٹریننگ مکمل کرائی گئی۔

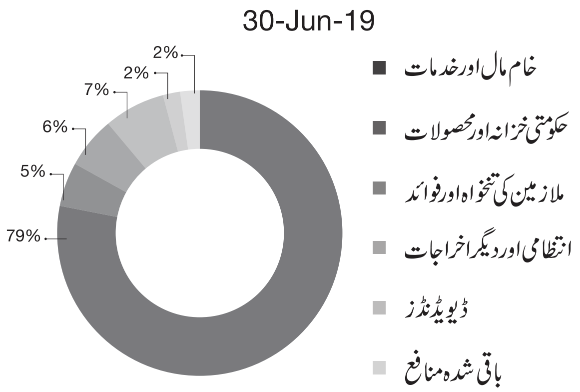
صحت مند مقابلے کا ماحول پیدا کرنے اور HSE&S سے متعلق اپنے ملازمین کی احساس ذمہ داری کو بڑھانے کے لیے شروع کردہ چیف ایگزیکٹو ''بیسٹ HSE انیشیٹو ایوارڈ'' اس سال بھی جاری رہا۔ ستائش اور حوصلہ افزائی کے اس اقدام سے ملازمین میں آگہی سے متعلق دلچسپی بڑھانے میں مدد کے ساتھ نمایاں خطرات کی نشاندہی بھی ہوئی جس سے کمپنی کی HSE&S سے متعلق کارکردگی بہتر ہوئی۔

انوائرنمنٹل پرفارمنس مینجمنٹ (EPM) ڈیٹا بیس کی ہیلتھ، سیفٹی، انوائرنمنٹ اور انرجی سے متعلق KPIs کی رپورٹنگ کو بہتر کرتے ہوئے دوبارہ ترتیب دیا گیا۔ اس کی بدولت اب کارکردگی سے متعلق رپورٹس براہ راست ڈیٹا بیس سے حاصل کی جاسکتی ہیں۔ سال 2020-21 کے ٹارگٹس سے روگردانی اور گزشتہ سالوں کے اقدامات بھی نمایاں کیئے جاسکتے ہیں اور ہر بزنس کے اعتبار سے اس کا جائزہ اور اس پر تبادلہ خیال کیا جاسکتا ہے۔ اس سال آپریشنل ایکوافیشنسی (OEE) کے اثرات کو کم کرنا آئی سی آئی پاکستان لمیٹڈ کی سب سے بڑے ترجیح رہی۔ سال کے دوران کمپنی نے اپنے تمام بزنسز میں سسٹین

ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019





ویلیو ایڈیشن اور اس کی تقسیم

پاکستانی روپے ملین میں

	30 جون 2019	%	30 جون 2018	%
مجموعی کاروبار	**58,328,849**		49,107,580	
سیلز ٹیکس	**3,502,977**		2,988,700	
مجموعی کاروبار بشمول سیلز ٹیکس	**61,831,826**	**99%**	52,096,280	99%
دیگر کاروباری آمدنی	**408,768**	**1%**	626,979	1%
	62,240,594	**100%**	52,723,259	100%
خام مال اور خدمات	**48,872,247**	**79%**	40,366,711	75%
حکومتی خزانہ اور محصولات	**3,045,921**	**5%**	2,683,872	5%
ملازمین کی تنخواہ اور فوائد	**3,817,715**	**6%**	3,587,353	7%
انتظامی اور دیگر اخراجات	**4,199,799**	**7%**	3,025,619	6%
ڈیویڈنڈز	**1,200,668**	**2%**	1,662,462	3%
باقی شدہ منافع	**1,104,244**	**2%**	1,397,242	4%
	62,240,594	**100%**	52,723,259	100%

ڈیویڈنڈ (منافع منقسمہ)

کمپنی کی آمدنی کے پیش نظر، بورڈ آف ڈائریکٹرز نے سال ختم شدہ 30 جون 2019 کے لئے حتمی نقد منافع منقسمہ 45 فیصد کے تناسب سے ہر 10 روپے کے شیئر پر 4.5 روپے دینے کی تجویز دی ہے اور اس کی ادائیگی آنے والے سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔ اس کے علاوہ عبوری منافع منقسمہ 4.5 روپے فی شیئر کے حساب سے پہلے ہی دیا جا چکا ہے، اس طرح مجموعی منافع منقسمہ 9 روپے فی شیئر بنتا ہے۔

ہیلتھ، سیفٹی، انوائرنمنٹ اور سیکیورٹی (HSE&S)

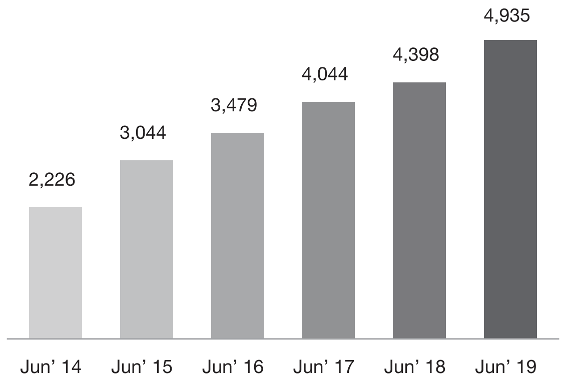
آئی سی آئی پاکستان لمیٹڈ اپنے ملازمین، صارفین اور کنٹریکٹرز بشمول ماحول کی حفاظت کے لئے HSE&S کے اصول وضوابط پر عمل درآمد کے ذریعے ہیلتھ اور سیفٹی کے اعلیٰ معیاروں کو برقرار رکھنے پر یقین رکھتی ہے۔ کمپنی موجودہ ریگولیٹری فریم ورک کے موثر ہونے کی نگرانی اور بزنسز کے اندر خطرات اور ماحولیاتی اثرات پر قابو پانے کی صلاحیت سے اس بات کو یقینی بنائے ہوئے ہے کہ ورکرز اور عوام الناس کی ممکنہ خطرات سے حفاظت کا مناسب انتظام موجود ہے۔ زیر جائزہ سال کے دوران فل ٹائیم اور زیر نگرانی کنٹریکٹر کے ملازم سے ایک عدد حادثہ پیش آیا جبکہ آزاد کنٹریکٹر کو بھی ایک حادثہ کا سامنا رہا۔

ڈائریکٹرز رپورٹ

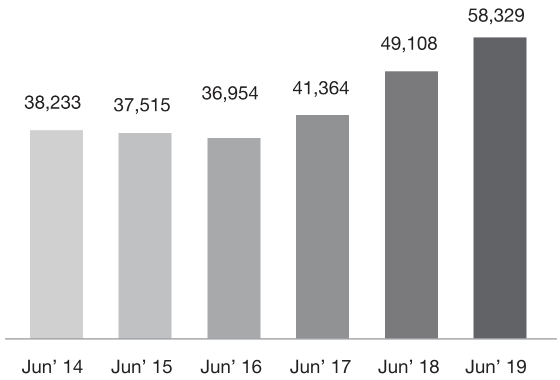
برائے سال ختم شدہ 30 جون 2019

6 سالہ مالیاتی کارکردگی پر ایک نظر

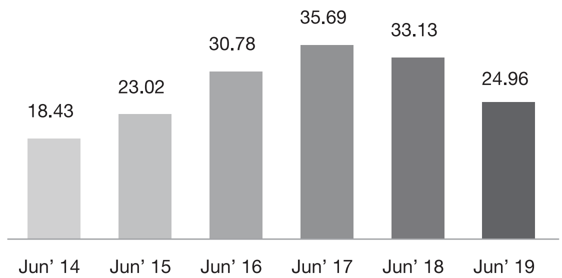
آپریٹنگ رزلٹ (روپے ملین میں)



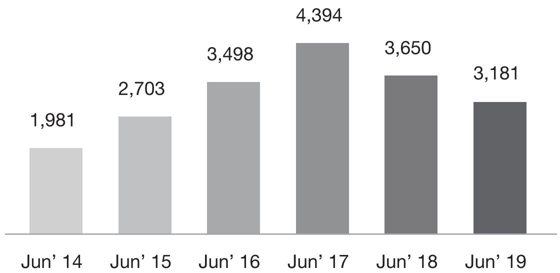
مجموعی کاروبار (روپے ملین میں)



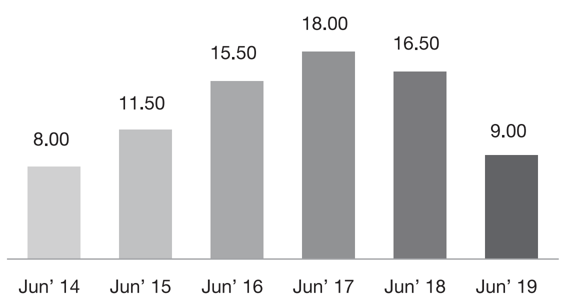
فی شیئر منافع (روپے)



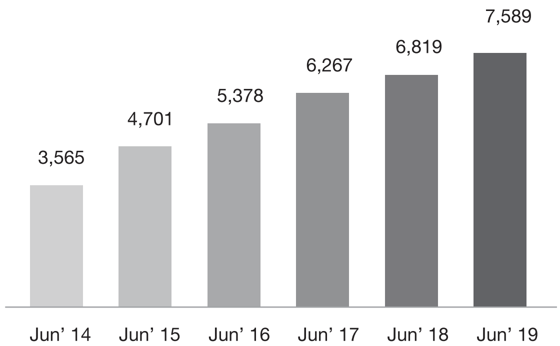
قبل از ٹیکس منافع (روپے ملین میں)



منافع منقسمہ (روپے فی شیئر)



ایبٹڈا (روپے ملین میں)



ڈائریکٹرز رپورٹ

برائے سال ختم شدہ 30 جون 2019

ڈائریکٹرز اپنی رپورٹ برائے سال ختم شدہ 30 جون 2019 بشمول کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

جائزہ

زیر جائزہ سال کا مجموعی کاروبار 58,329 ملین روپے رہا جو کہ گزشتہ سال ختم شدہ 30 جون 2018 کے مجموعی کاروبار 49,108 ملین روپے کے مقابلے میں 19 فیصد زائد ہے۔ مجموعی کاروبار میں اضافہ لائف سائنسز بزنس کے علاوہ باقی تمام بزنسز کی ترقی کے مرہونِ منت ہے۔

پولیسٹر بزنس کا مجموعی کاروبار طلب میں بہتری اور پیٹرولیم مصنوعات کی قیمتوں میں اضافے کی بدولت 30 فیصد بڑھا۔ سوڈا ایش بزنس کی آمدنی سیلز میں بہتری اور قیمت فروخت میں اضافے کے سبب 32 فیصد بڑھی۔ فارماسیوٹیکلز اور اینمل ہیلتھ بزنسز کی سیلز میں 5 فیصد کمی واقع ہوئی کیونکہ مذکورہ عرصہ کے دوران سیاسی عدم استحکام کی وجہ سے مارکیٹ میں مندی رہی اور لائیو اسٹاک کے شعبہ کے لیے امریکی FDA سے منظور شدہ ری کمبی ننٹ بوائن سوماٹوٹروپن (rbST) کی مارکیٹنگ اور امپورٹ پر پابندی لاگو رہی۔ کیمیکلز اور ایگری سائنس بزنس کے مجموعی کاروبار میں 4 فیصد اضافہ ہوا جس کی اہم وجہ ایگری سائنسز ڈویژن کے شعبہ ایگرو کیمیکل کی شاندار کارکردگی بنی۔

اس سال کا آپریٹنگ رزلٹ پولیسٹر، سوڈا ایش اور کیمیکلز وایگری سائنسز بزنسز میں بالترتیب 39 فیصد، 32 فیصد اور 146 فیصد بہتر کارکردگی سے 4,935 ملین روپے رہا جو گزشتہ سال کے اسی عرصہ کے مقابلے میں 12 فیصد زیادہ ہے۔ اس بہتر کارکردگی نے لائف سائنسز بزنس میں کمی کی بہت حد تک تلافی کی۔ پولیسٹر بزنس نے فیڈ اسٹاک پر زائد منافع کی بدولت آپریٹنگ رزلٹ میں شاندار اضافے کے ساتھ گزشتہ سال کی اسی مدت کے مقابلے میں 39 فیصد ترقی اپنے نام کی۔ سوڈا ایش بزنس میں 75000 ٹن سالانہ کے توسیعی منصوبے کی وجہ سے سال بھر پروڈکشن جاری رہنے کی بنیاد پر سیلز میں اضافے کی بدولت گزشتہ سال کی اسی مدت کے مقابلے میں 32 فیصد زائد کاروباری نتائج حاصل کئے۔ ہمارے لائف سائنسز کے بزنس میں rbST انجیکشن پر پابندی سے اور امریکی ڈالر کے مقابلے میں روپے کی 32 فیصد ناقدری سے خام مال اور پیکنگ مٹیریل کی قیمتوں میں اضافے کی وجہ سے آپریٹنگ رزلٹ میں کمی واقع ہوئی۔ کیمیکلز وایگری سائنسز بزنس نے زائد منافع اور ایگرو کیمیکلز کے شعبے میں قیمتوں کے تعین کی بدولت شاندار منافع اپنے نام کیا۔

دوران سال کمپنی نے اپنے ماسٹر بیچ مینوفیکچرنگ سہولت کا قیام کامیابی کے ساتھ مکمل کیا، اپنے کیمیکلز بزنس کے پروڈکٹ پورٹ فولیو میں توسیع کے اس اقدام سے کمپنی کے آگے بڑھتے رہنے کے عزم کا اظہار ہوتا ہے۔ اس جدید مینوفیکچرنگ سہولت سے پلاسٹکس کے لیے استعمال ہونے والے ایڈیٹوز اور کلرنٹس کی بڑھتی ہوئی طلب کو پورا کرنے میں مدد ملے گی۔

بعد از ٹیکس منافع برائے سال ختم شدہ 30 جون 2019ء 2,305 ملین روپے ہے جو گزشتہ سال کے مقابلے میں 25 فیصد کم ہے۔ جس کی اہم وجہ قرضوں میں اضافے اور شرح سود میں اضافے کی وجہ سے زائد سودی اخراجات ہیں اور قرضوں میں اضافے کی اہم وجہ زرمبادلہ کے نقصانات سے بچنے کے لیے Usance LCs سے Sight میں منتقل ہوتا ہے۔ اس کے ساتھ ساتھ Sight LCs پر آنے والے زرمبادلہ کے نقصانات اور ذیلی ادارے کی جانب سے ڈیویڈنڈ کی کم آمدنی سے بعد از ٹیکس منافع میں کمی واقع ہوئی۔ اس سال فی شیئر منافع 24.96 روپے ہے جو گزشتہ سال کے 33.13 روپے کے مقابلے میں 25 فیصد کم ہے۔

مجموعی بنیادوں پر، کمپنی نے اپنے ذیلی اداروں، آئی سی آئی پاکستان پاورجن لمیٹڈ، سرن فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ اور نیوٹری کوموریناگا (پرائیویٹ) لمیٹڈ سمیت سال کے لئے بعد از ٹیکس منافع 2,537 ملین روپے اپنے نام کیا، جس میں سے 11 ملین روپے اقلیتی حصہ داروں سے متعلق ہیں اس طرح فی شیئر منافع 27.34 روپے کمایا جو گزشتہ سال کے اسی عرصے کے مقابلے میں 23 فیصد کم ہے۔ دوران سال کمپنی نے نیوٹری کو پاکستان (پرائیویٹ) لمیٹڈ سے 526 ملین روپے منافع کے حصے کے طور پر حاصل کیے جو کہ گزشتہ سال کے اسی مدت میں 586 ملین روپے تھا۔

مالیاتی کارکردگی

پاکستانی روپے ملین میں	جون 2019	جون 2018	اضافہ (کمی) کا تناسب
مجموعی کاروبار	58,329	49,108	19%
مجموعی منافع	9,452	8,554	10%
آپریٹنگ رزلٹ	4,935	4,398	12%
قبل از ٹیکس منافع	3,181	3,650	-13%
بعد از ٹیکس منافع	2,305	3,060	-25%
فی شیئر منافع (روپے)	24.96	33.13	-25%

فارم برائے پراکسی (Form of Proxy)

۶۸واں سالانہ اجلاس عام

میں / ہم ---------------------------- کا (مکمل پتہ) --

بحیثیت آئی سی آئی پاکستان لمیٹڈ کے ممبر / ممبران ------------------------------ حصص کے مالک، بذریعہ ہذا کا (مکمل پتہ) ----------------

------------------------------ یا ان کی عدم موجودگی کی صورت میں ------------------------------

کا (مکمل پتہ) ------------------------------ جو کمپنی کا / کے ممبر / ممبرز بھی ہے / ہیں، ۲۱ ستمبر ۲۰۱۹ کو منعقد ہونے والے اور / یا ملتوی ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری جانب سے ووٹ دینے کے لئے میری / ہماری پراکسی مقرر کرتا ہوں / کرتی ہوں / کرتے ہیں۔

بطور گواہ میں / ہم نے بروز ------ بتاریخ -------- ۲۰۱۹ کو میرے / ہمارے ہاتھ سے مہر لگائی۔

مذکورہ کی جانب سے دستخط شدہ ____________________

مندرجہ ذیل گواہان کی موجودگی میں

گواہ:

1- دستخط: --

نام: --

پتہ: --

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: ----------

2- دستخط --

نام: --

پتہ: --

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: ----------

فولیو / سی ڈی سی اکاؤنٹ نمبر

دستخط

دستخط کمپنی کے رجسٹر میں درج شدہ نمونے کے دستخط کے مطابق ہونے چاہئیں۔

نوٹ:

ا۔ یہ پراکسی فارم ہر طرح سے مکمل صورت اور دستخط شدہ لازماً کمپنی کے رجسٹرڈ آفس آئی سی آئی ہاؤس، 5 ویسٹ وہارف، کراچی پر سالانہ اجلاس عام کے انعقاد کے وقت سے ۴۸ گھنٹے قبل موصول ہو جائیں۔

۲۔ کسی فرد کو بطور پراکسی شرکت کی اجازت نہیں دی جائیگی تاوقتیکہ وہ کمپنی کا / کی ممبر نہ ہو۔ ماسوائے یہ کہ ایک کارپوریشن کسی ایسے فرد کا تقرر کرسکتی ہے جو ممبر نہ ہو۔

۳۔ اگر کسی ممبر نے ایک سے زائد پراکسی کا تقرر کیا یا کمپنی کے کسی ممبر کی جانب سے پراکسی کی ایک سے زائد دستاویز جمع کرائی گئیں تو پراکسی کی ایسی تمام دستاویزات غیر مؤثر تصور کی جائیں گی۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ ادارے

مذکورہ بالا کے علاوہ مندرجہ ذیل شرائط بھی پوری کرنا ہوں گی:

ا۔ پراکسی فارم دو افراد کی جانب سے گواہی کے ساتھ ہونا چاہئے جن کے نام، پتے اور سی این آئی سی / ایس این آئی سی نمبرز فارم پر درج ہوں۔

ب۔ بینی فیشل اونرز کے سی این آئی سی / ایس این آئی سی یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ پیش کرنا ہوگی۔

ج۔ پراکسی کا سالانہ اجلاس عام کے وقت اپنا اصل سی این آئی سی / ایس این آئی سی یا اصل پاسپورٹ فراہم کرنا ہوگا۔

د۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نمونہ دستخط (اگر پہلے فراہم نہیں کئے گئے) پراکسی فارم کے ساتھ کمپنی کے پاس جمع کرانے ہوں گے۔

Affix
Correct
Postage

The Company Secretary
ICI Pakistan Limited
ICI House
5 West Wharf
Karachi-74000

ICI Pakistan Limited
Additional Disclosures

Explanation of negative changes in performance against last year and analysis of variation in interim results with final accounts

The net turnover of PKR 58,329 million for the year under review was 19% higher than PKR 49,108 million recorded for the year ended June 30, 2019. The sales revenue growth is attributable to growth across all Businesses, except for the Life Sciences Business which was mainly due to a slow market owing to political instability and a ban on the import and marketing of recombinant bovine somatotropin (rbST) injections – a US FDA approved product.

The operating profit for the year at PKR 4,935 million was 12% higher than the SPLY, with improved performances in the Polyester, Soda Ash and Chemicals & Agri Sciences Businesses by 39%, 32% and 146% respectively, which compensated for the decline in performance of the Life Sciences Business.This decline in the operating result of life Sciences business is because of a ban on rbST injections as explained above, and 32% devaluation of rupee against the US dollar leading to a significant increase in raw and packing material prices.

The Profit After Tax (PAT) for the year ended June 30, 2019 at PKR 2,305 million was 25% lower for the SPLY. This decline was primarily driven by increased financing cost due to higher interest rates and higher debt from conversion of Usance LCs to sight to avoid exchange losses. Further, exchange losses on sight LCs following rupee devaluation and lower dividend income from Associate lowered the PAT. The Earnings per share (EPS) at PKR 24.96 is 25% lower compared to PKR 33.13 for the SPLY.

Business rationale of major capital expenditure / projects during the year and for those planned for next year.

Expansion of 75,000 TPA Light Soda Ash

Light Soda Ash is an important basic industrial chemical, widely used in fixed alkali manufacturing of products such as glass, sodium salts, soap, sodium silicates, detergents, bicarbonates, pulp and paper, iron and steel, aluminium, cleaning compounds, water softening chemicals, and textile dyes. The Company's rationale for increasing production capacity of Light Soda Ash is as follows:

- To retain our market share opposite an ambitious competitor and realize efficiencies of scale
- To remain competitive
- To maintain status as preferred supplier
- To become fully self sufficient in order to meet customer needs
- To maintain and increase presence in regional markets

Masterbatch Project:

Masterbatch is a colourant/additive concentrate for plastics. It provides colours and properties for various plastic applications such as packaging, fibres, construction materials and tents to name a few. The Company's rationale for setting up the project is as follows:

- Plastic consumption in Pakistan has continued to grow at over 10% annualy for the past decade
- Per capita consumption of plastic is one of the lowest in region which indicates sustained growth
- Fast growth opportunity in the country

Capital expenditure will continue on expansion of 75,000 TPA Light Soda Ash (Phase 2) and Masterbatch project in the coming financial year (2018-19).

Risk Management

In continuation of Risk Management section of this annual report (page 58), detail of source, likelihood, impact and timelines of each risk are given below;

S. No.	Risk	Source	Type	Likelihood	Impact*	Risk Exposure Rating**	Timeline
1	Changing economic conditions, government policies and law and order situation	External	Strategic	High	High	High	Medium to Long Term
2	Exposure to liabilities arising from non-compliance with laws and regulations.	Internal	Compliance	Low	High	Medium	Long Term
3	Inability to attract, engage and retain high potential/promotable talent.	Internal	Strategic	Medium	High	Medium	Long Term
4	Overdependence on single source suppliers and major principals	Internal and/ or External	Operational/ Commercial	Low	Medium	Low to Medium	Long Term
5	Product risk	Internal	Operational/ Commercial	Low	High	Medium	Long Term
6	Commodity Risk	External	Operational/ Commercial	Low	Low	Low	Short Term
7	Failure to keep pace with technological advancements	Internal	Strategic	Low	Low	Low	Long Term
8	HSE&S compliance risk	Internal	Health & Safety	Low	Low	Low	Long Term
9	Fluctuation in exchange rates	External	Financial	Medium	Medium	Medium	Medium to Long Term
10	Interest rate risk	External	Financial	Medium	Medium	Medium	Short Term
11	Credit risk	External	Financial	Low	Low	Low	Medium to Long Term
12	Liquidity risk	Internal	Financial	Low	Low	Low	Short Term

* Impact could be financial, reputational, regulatory or with regard to business Objectives.

**Risk exposure rating is based on likelihood and impact of risk on ICI Pakistan Limited.

Opportunities

- Expansion into the consumer market with the establishment of NutriCo Morinaga (Pvt.) Ltd manufacturing facility with a 51% stake

- Establishment of a Masterbatch manufacturing facility to cater to expanding demand for colorant used for plastics.

- Increasing opportunity to export various products

A publication of the Corporate Communications
& Public Affairs Department

ICI Pakistan Limited
5 West Wharf
Karachi 74000
Pakistan

T + 92 21 3231 3717-22
F + 92 21 3231 1739
E ccpa.pakistan@ici.com.pk

UAN 111 100 200
www.ici.com.pk

A Part of
YBG