

**CUSTOMER FIRST**



Promising Reliability, For Now and Tomorrow

**ANNUAL REPORT 2021**





Annual Report 2021

*In the Name of Allah  
The Most Gracious, The Most Merciful.  
This is by the Grace of Allah.*

# ABOUT THIS REPORT

We are pleased to present our Annual Report for the year ended June 30, 2021. The objective of this report is to provide all stakeholders with a transparent and balanced appraisal of the material events and challenges that the business faced during the year under review. This report should be read in conjunction with the full financial statements.

## **SCOPE AND LIMITATION OF THIS REPORT**

This annual report is for the period from July 1, 2020 to June 30, 2021 and provides an account of the Company's operational, financial, social, economic and environmental performance as well as corporate governance.

## **ANNUAL FINANCIAL STATEMENTS**

These financial statements are also available on our website ([www.iil.com.pk](http://www.iil.com.pk)) and provide a complete insight into the financial position for the period under review.

## **FORWARD LOOKING STATEMENTS**

This report contains certain 'forward looking statements' which are related to the future. These statements include known and unknown risks and opportunities, uncertainties and important factors that could turn out to be materially different from current expectations following the publications of these results. These statements are as of the date of this document. The Company undertakes no obligation to update publically or release any provisions pertaining to these forward looking statements.

## **FEEDBACK**

We value the feedback of our stakeholders and use it to continuously improve our reporting and to ensure that we are sharing information about matters relevant to them.

Your emails are welcomed at [investors@iil.com.pk](mailto:investors@iil.com.pk)



# KEY PERFORMANCE INDICATORS

Based on results of the Company as presented in the unconsolidated financial statements.

(Rs. in million)  
**28,940**  
Sales Revenue

(Rs. in million)  
**2,259**  
Profit Before Tax

(%)  
**13.73**  
Gross Profit Ratio

(%)  
**8.00**  
Net Profit Margin

(%)  
**12.23**  
EBITDA Margin to Sales

(Rs.)  
**17.55**  
Earning Per Share (Basic  
& Diluted)

(Rs. in million)  
**28,791**  
Total Assets

(Rs. in million)  
**11,499**  
Shareholders' Equity

(Rs. in million)  
**243**  
Capital  
Expenditure

(Rs.)  
**242.88**  
Break-up Value (with  
revaluation and market  
value of investment)

(Rs.)  
**10.00**  
Dividend  
per share

(%)  
**17.06**  
Return on Capital  
Employed

(Times)  
**1.50**  
Gearing Ratio

(Times)  
**1.19**  
Current Ratio

(Times)  
**12.02**  
Price Earning Ratio

(Rs.)  
**211.02**  
Share Price

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Jumma Punji

E-Dividend Mandate Letter

Proxy Form

Proxy Form (Urdu)

# 73<sup>rd</sup>

## **ANNUAL GENERAL MEETING**

INTERNATIONAL INDUSTRIES LIMITED



**Karachi via video conferencing**



**Thursday, September 30<sup>th</sup>, 2021**



**11:00 AM**

# COMPANY PROFILE

International Industries Limited (IIL) is Pakistan's largest manufacturer of steel and polymer pipes with an annual manufacturing capacity of 817,000 tons and annual revenues of PKR 28.9 billion.

The Company was incorporated in Pakistan in 1948, is quoted on the Pakistan Stock Exchange, has an equity of PKR 8.9 billion and has featured on the listing of Pakistan's Top 25 Companies for 12 years.

We are the member of the Amir S. Chinoy Group that includes:

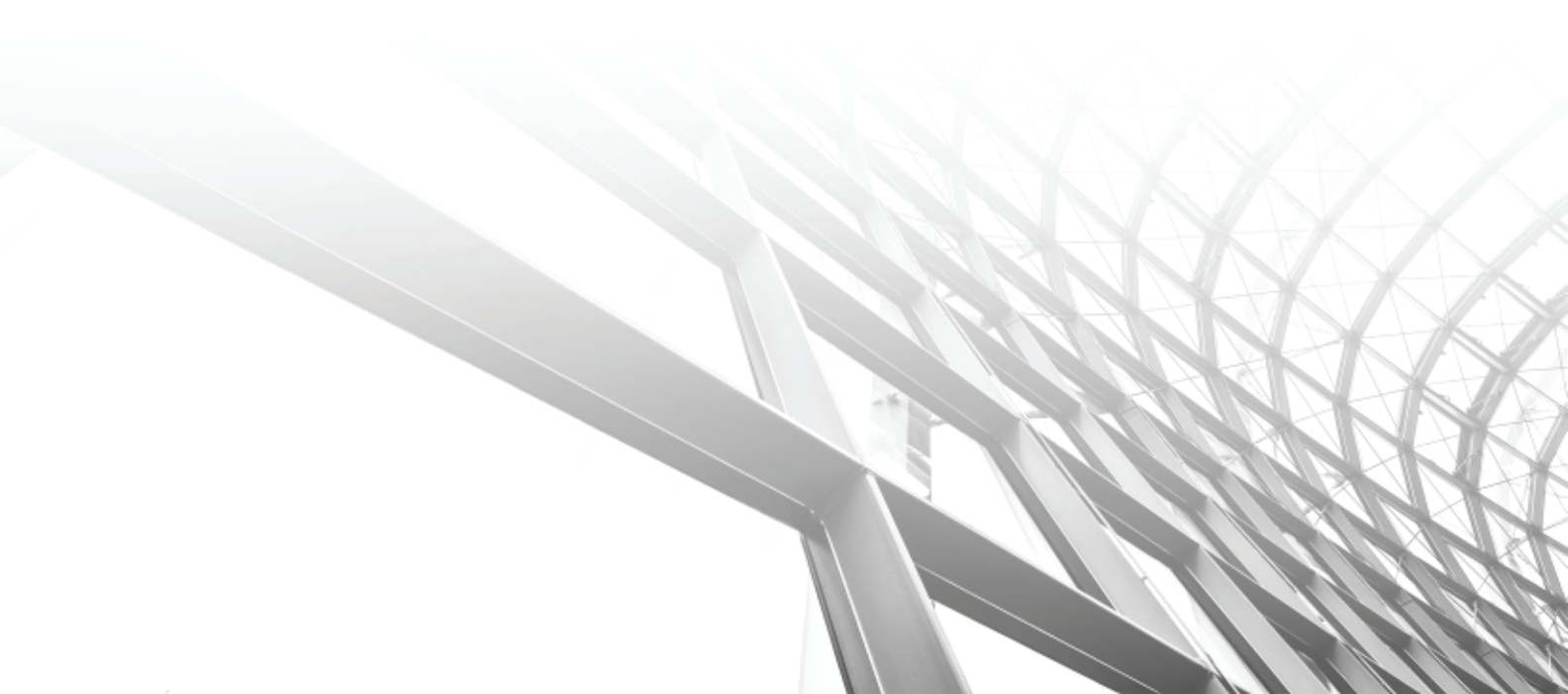
**International Steels Limited (ISL):** Pakistan's largest manufacturer of cold rolled, galvanized and color coated steel coils and sheets. ISL has an annual manufacturing capacity of over 1 million tons and annual revenues of PKR 69.7 billion.

**Pakistan Cables Limited (PCL):** Pakistan's premium manufacturer of electrical cables, wires, copper rod, PVC compound and aluminium sections with annual revenues of PKR 13.1 billion.

**IIL Australia Pty Limited:** The Company's wholly owned Australian subsidiary which represents the Group's interest in the Asia Pacific region, with annual revenues of AUD 24 million.

**IIL Americas Inc.:** Our wholly owned Canadian subsidiary which represents the Group's interest in the North and South America, with annual revenues of CAD 6 million.

**IIL Construction Solutions (Pvt) Limited:** Our newly-formed wholly-owned subsidiary which is at the forefront of developing the country's infrastructure using its modern construction solutions which includes premium quality and internationally compliant steel hollow structural sections and scaffolding solutions.



We are a proud recipient of numerous accolades including the Management Association of Pakistan's 'Corporate Excellence Award' for the Industrial Metals and Mining Sector, the National Forum for Environment & Health's 'Environment Excellence Award' and the Employers Federation of Pakistan's 'OHSE award'.

The Company also has a credible export pedigree with an ever-expanding footprint in 60 countries across 6 continents. As a result, we have been awarded the 'FPCCI Export Performance Award' consecutively for 20 years.

With an unshakeable focus on health, safety & environment, IIL is a reputable corporate citizen. The Company is ISO 9001, ISO 14001, ISO 45001, API 5L, PSQCA, UL and CE certified and manufactures its products according to international standards and specifications. We are the first company in Pakistan to achieve ISO 45001 certified by Lloyds Register Quality Assurance.

We are a proud member of International Tube Association (ITA), Galvanizers Associations of Australia (GIA), Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM), Pakistan Steel Line Pipe Association (PSPA), Pakistan Business Council (PBC), Pakistan Institute of Corporate Governance (PICG), Management Association of Pakistan (MAP) and Association of Builders and Developers of Pakistan (ABAD).

For further information, please visit our website, [www.iil.com.pk](http://www.iil.com.pk)



# COMPANY INFORMATION

**Chairman (Non-Executive)**

Mr. Mustapha A. Chinoy

**Independent Directors**

Mr. Adnan Afridi  
Mr. Asif Jooma  
Mr. Jehangir Shah  
Mr. Mansur Khan

**Non-Executive Directors**

Mrs. Saadia S. Rashid  
Mr. Kamal A. Chinoy  
Mr. Azam Faruque  
Mr. Riyaz T. Chinoy

**Chief Executive Officer**

Mr. Sohail R. Bhojani

**Chief Financial Officer**

Mr. Muhammad Akhtar

**Company Secretary**

Mr. Mohammad Irfan Bhatti

**Group Chief Internal Auditor**

Ms. Asema Tapal

**External Auditors**

M/s A.F. Ferguson & Co.

**Bankers**

Allied Bank Limited  
Askari Bank Limited  
Bank Al Habib Limited  
Bank Alfalah Limited  
BankIslami Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial and Commercial Bank of China Limited  
MCB Bank Limited  
Meezan Bank Limited  
Samba Bank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

**Legal Advisor**

K. M. S. Law Associates

**National Tax Number**

0710735-8

**Sales Tax Registration Number**

02-04-7306-001-82

**Registered Office**

101 Beaumont Plaza,  
10 Beaumont Road,  
Karachi – 75530, Pakistan  
Telephone: +9221-35680045-54  
UAN: +9221-111-019-019  
Fax: +9221-35680373  
E-mail: irfan.bhatti@iil.com.pk

**Lahore Office**

Chinoy House, 6 Bank Square,  
Lahore - 54000, Pakistan  
Telephone: +9242-37229752-55  
UAN: +9242-111-019-019, Fax: +9242-37220384  
E-Mail: lahore@iil.com.pk

**Islamabad Office**

Office no. 303-A, Third Floor, Evacuee Trust Complex,  
Sir Aga Khan Road, Sector F-5/1, Islamabad, Pakistan  
Telephone: +9251-2524650, +9251-4864601-2

**Multan Office**

1592, 2<sup>nd</sup> Floor, Quaid-e-Azam  
Shopping Centre No.1, Multan Cantt., Multan, Pakistan  
Telephone: +9261-4583332

**Faisalabad Office**

Office No.1/1, Wahab Centre,  
Electrocity Plaza, Susan Road, Faisalabad, Pakistan  
Telephone: +9241-8720037

**Peshawar Office**

Office No.1 & 2, First Floor, Hurmaz Plaza, Opp. Airport, Main  
University Road, Peshawar, Pakistan  
Telephone: +9291-5845068

**IIL Australia Pty Limited**

Registered Office: 101-103, Abbott Road, Hallam,  
Victoria 3803, Australia  
Website: [www.iilaustralia.com](http://www.iilaustralia.com)

**IIL Americas Inc.**

Registered Office: 36, Gerigs Street, Scarborough,  
Toronto, ON M1L 0B9, Canada  
Website: [www.iilamericas.com](http://www.iilamericas.com)

**IIL Construction Solutions (Pvt.) Ltd.**

101 Beaumont Plaza, 10 Beaumont Road,  
Karachi – 75530, Pakistan  
Website: [www.iil.com.pk/csl](http://www.iil.com.pk/csl)

**Factories****Factory 1**

LX 15-16, Landhi Industrial Area,  
Karachi – 75120, Pakistan  
Telephone: +9221-35080451-55  
Fax: +9221-35082403, E-mail: [factory@iil.com.pk](mailto:factory@iil.com.pk)

**Factory 2**

Survey # 405 & 406, Rehri Road,  
Landhi, Karachi – 75160, Pakistan  
Telephone: +9221-35017026-28, 35017030  
Fax: +9221-35013108

**Factory 3**

22 KM, Sheikhpura Road, Lahore, Pakistan  
Telephone: +9242-37190491-3

**Investor Relations Contact**

Shares Registrar  
CDC Share Registrar Services Limited  
CDC House, 99-B, Block B, S.M.C.H.S.  
Shahrah-e-Faisal, Karachi, Pakistan  
Telephone: +92-0800-23275  
Fax: +92-21-34326053  
E-mail: [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

**Corporate Website**

[www.iil.com.pk](http://www.iil.com.pk)

**Financial Statements**

Annual Report 2021

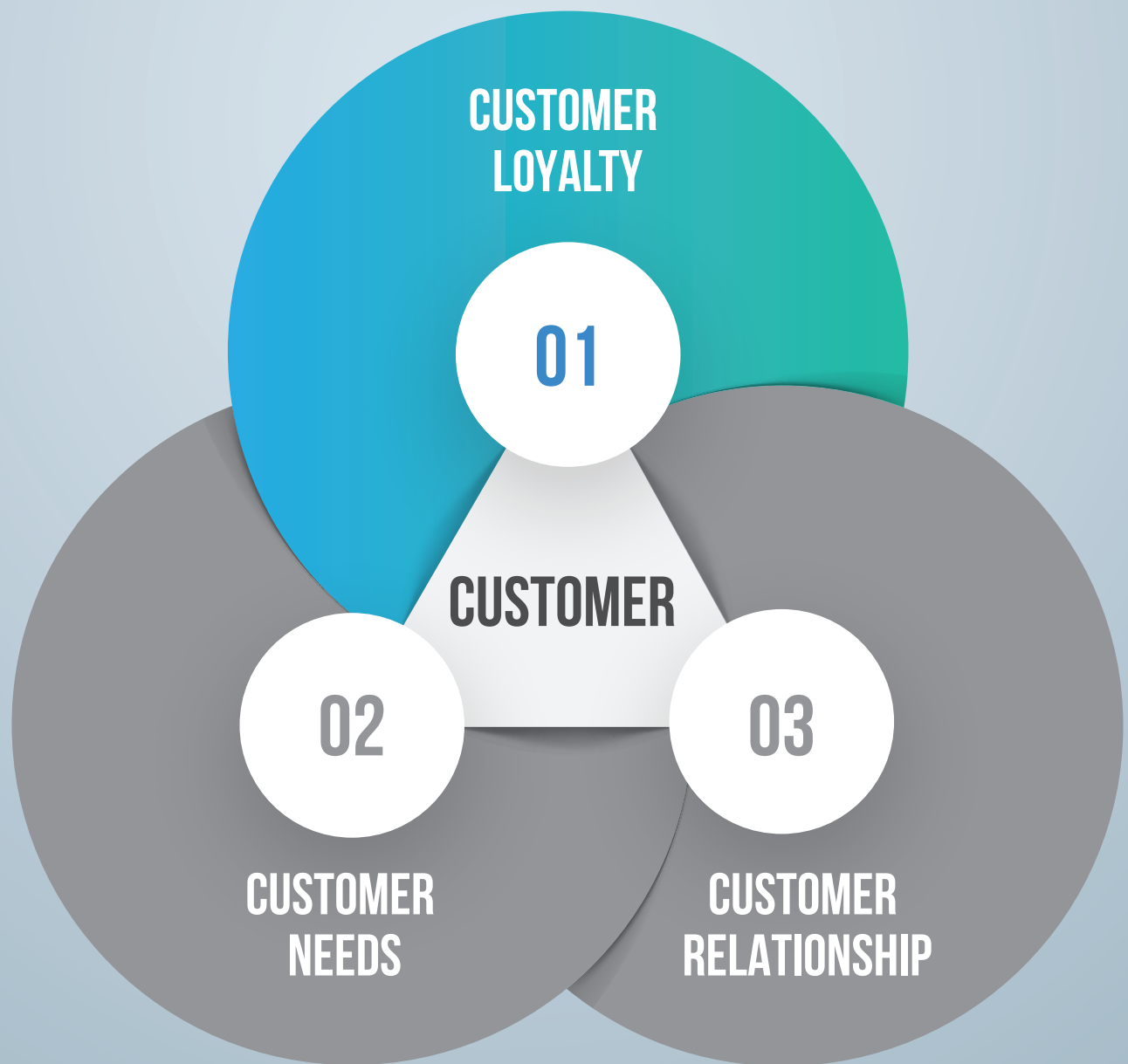


# CUSTOMER-CENTRICITY

ILL works on a customer-focused approach through an array of strategies underpinned by a culture that strives for the creation of the best experience for its customers. Our attention is on three key areas; customer needs, customer relationship and customer loyalty to ensure the customer is front and centre of all facets of our business philosophy.







# CUSTOMER LOYALTY

## **Quality Products**

We provide high quality products that are ISO 9001, ISO 14001, ISO 45001, API 5L, PSQCA, UL and CE certified and are manufactured according to international standards and specifications.

## **Engagement Events**

ILL is actively engaged with its customers through local/international events and exhibitions. These events serve as a tool to keeping customers connected with the Company.

## **Customer Shop Branding / Relationship Building**

The Company ensures its customer's outlets are appropriately branded to improve the visibility of the ILL brand and attract new as well retain existing customers.

## **On-time Deliveries**

One of the most important aspect of customer loyalty is our capability to ensure on-time, in-full deliveries. ILL strives, at all times, fulfills the requirements and expectations of its customers by meeting the promised delivery date.

## **Recognition through Exclusive Dealership Certificates**

All our dealers are awarded exclusivity through the ILL Dealership Certificates which incentivizes them to promote the ILL brand and our products and services.

# CUSTOMER NEEDS

## **Customer Surveys**

ILL conducts annual customer satisfaction surveys to collect data, information and feedback from customers with the objective to improving all key elements of customer experience.

## **Market Research**

We also engage independent research firms to gather insights about market dynamics and our position as a brand and a supplier within the market through extensive primary market research exercises.

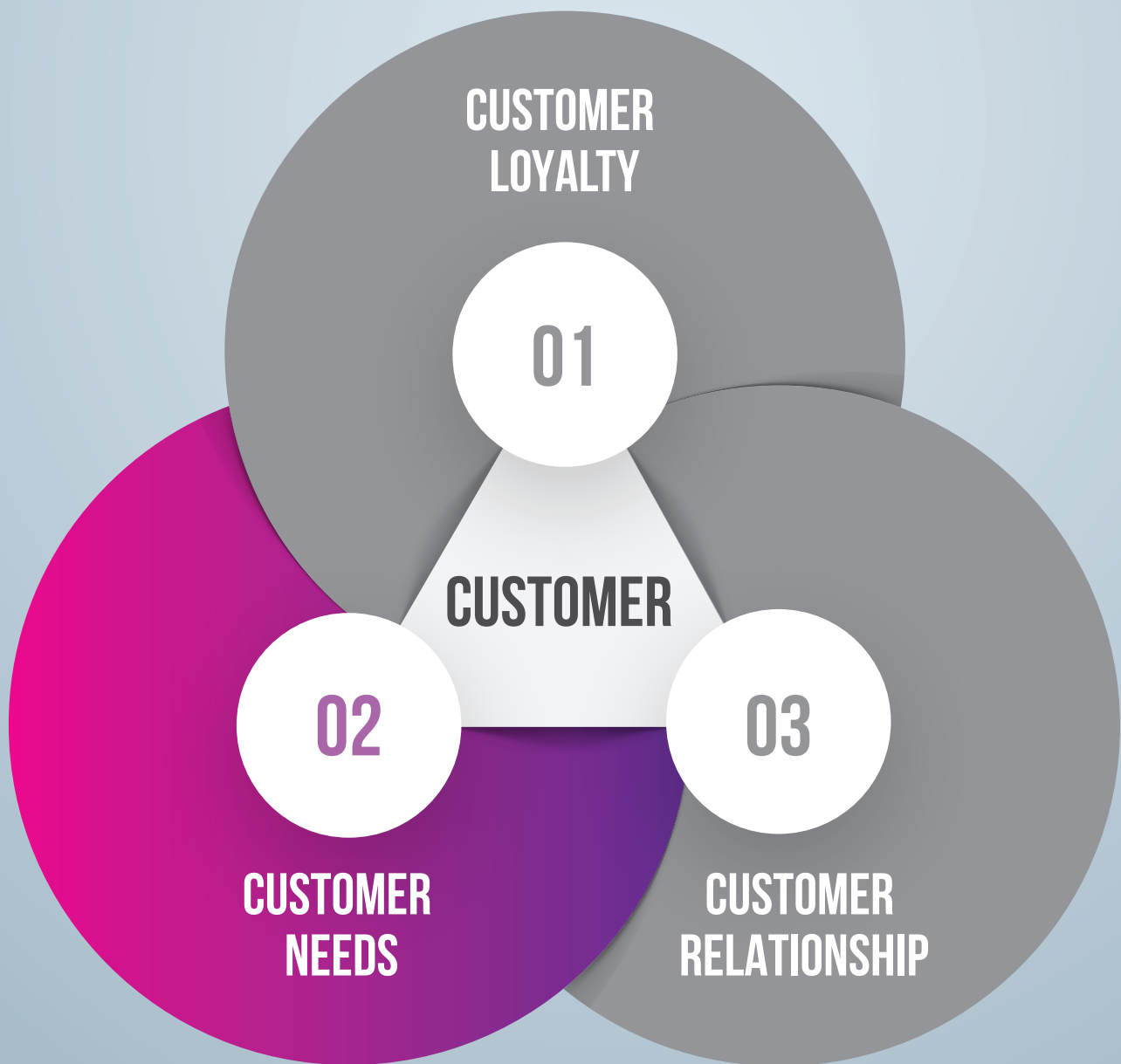
## **National and International On-ground Presence**

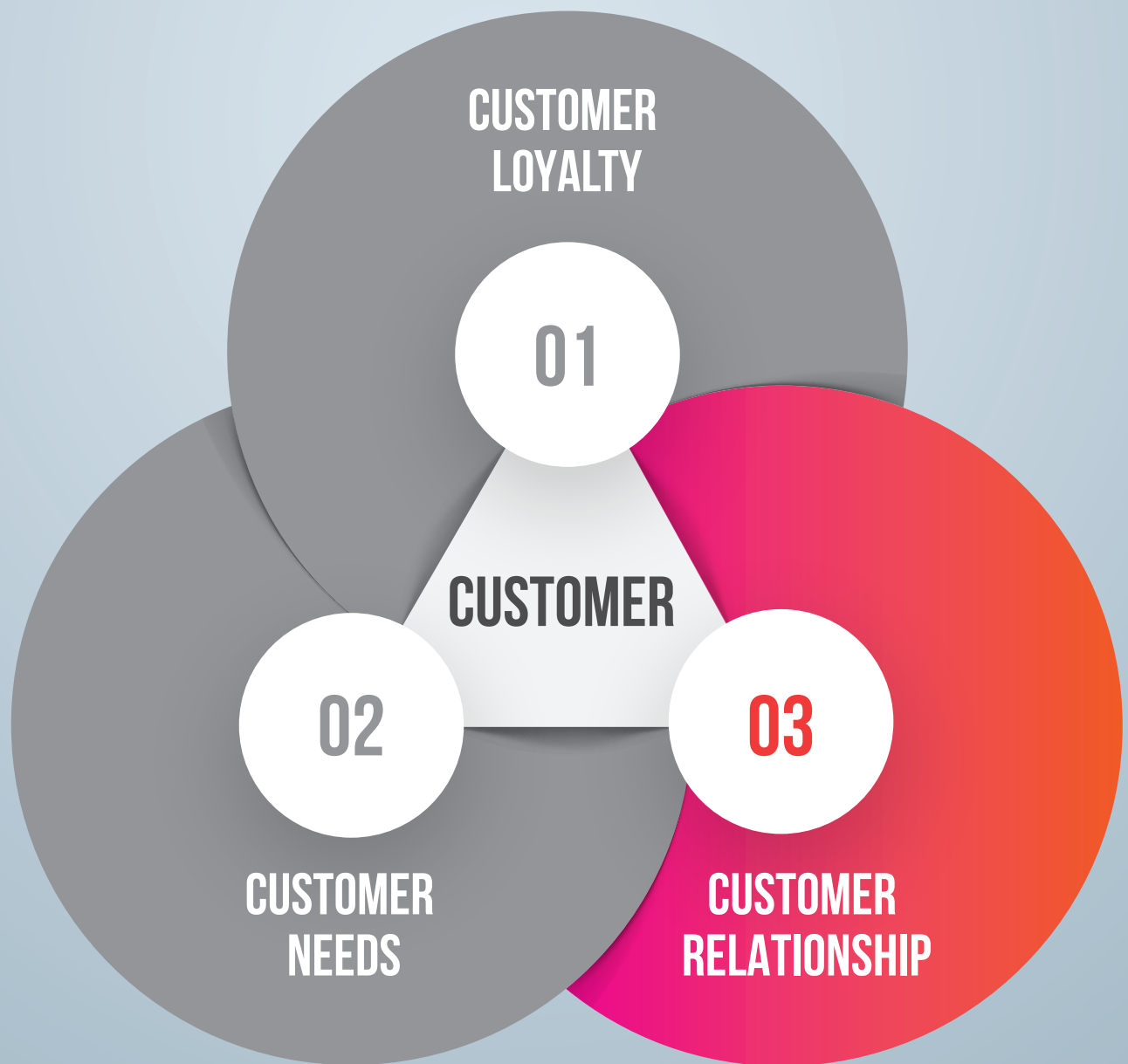
We understand the importance of being close to its customer base. To support this, it has local staff based in offices in all its key markets in Pakistan. The same logic applies to its major export markets, where it has staff and offices in Australia, Canada, Sri Lanka and Afghanistan.

## **ILL Construction Solutions (Pvt.) Ltd.**

The Company believes in bringing advanced technology to its customers and to cater growing needs of developing the country's infrastructure, we have formed ILL Construction Solutions (Pvt.) Ltd.

The Company not only provides premium quality and internationally compliant steel Hollow Structural Sections and steel scaffolding solutions but also offers technical support, structural engineering and fabrication services.





# CUSTOMER RELATIONSHIP

## **Customized Product Offering**

Despite operating in the bulk materials space, we are able to produce in line with the market's requirements in terms of order tonnage, shapes, sizes, finishes and packaging.

## **Communication Portals (WhatsApp, emails, social media)**

The Company maintains swift and effective digital communication with its customers through instant messages via WhatsApp, personalized emails and also mass-marketing on social media.

## **Personalized Relationship**

The Company maintains customer relationship by having local sales representative to interact, nurture and maintain positive relationships with its customers. To cater to global customers, we have established subsidiaries and have representatives in exporting regions.

## **Responsive Customer Services**

ILL's after-sales service, sales support and dispatch teams work efficiently and in close coordination to resolve customer complaints. Our complaints management system enables us to respond to customers within prescribed timelines.



# **BUSINESS AT A GLANCE**





# BUSINESS AT A GLANCE

## **Principal Business Activities:**

ILL is engaged in the manufacture, marketing and sale of steel pipes and tubes, stainless steel tubes and polymer pipes and fittings.

## **Key Markets:**

The Company is the market leader in Pakistan with sales across the nation. Sales are generated from the North region consisting of Punjab, Khyber Pakhtunkhwa, Azad Jammu and Kashmir and Gilgit-Baltistan and the South region consisting of Sindh and Balochistan.

Additionally, ILL is Pakistan's largest exporter of pipes and tubes with a significant export footprint spanning 60 countries across 6 continents.

## **Key Products:**

ILL is widely recognised as Pakistan's leading brand of pipes and tubes across various product segments.

These comprise of:

**1- Steel Pipes & Tubes**

**2- Stainless Steel Tubes**

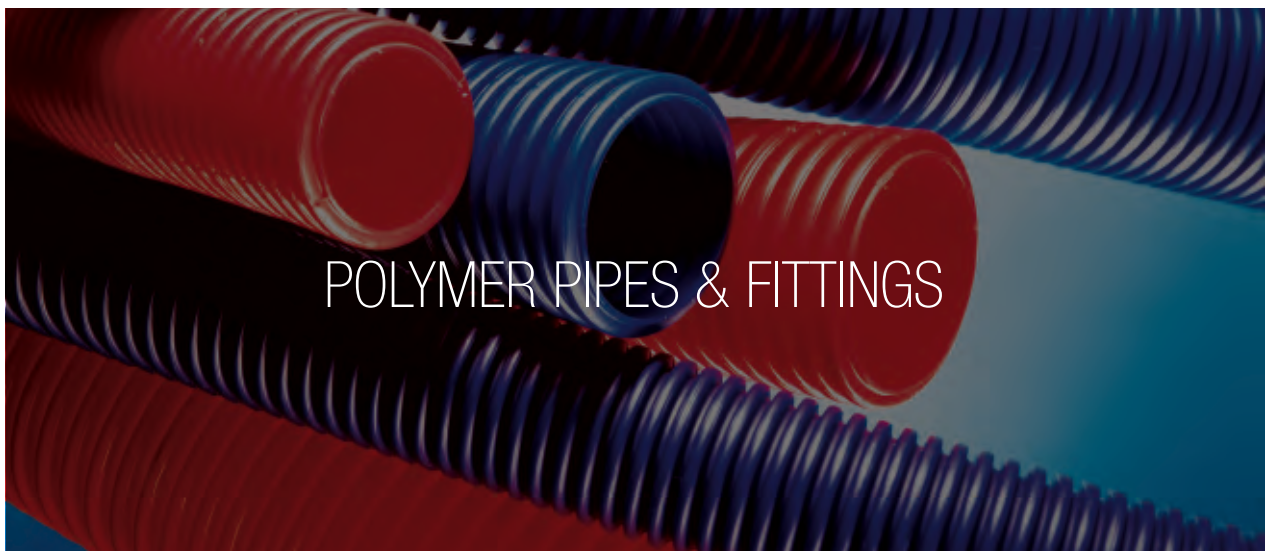
**3- Polymer Pipes & Fittings**



## STEEL PIPES & TUBES



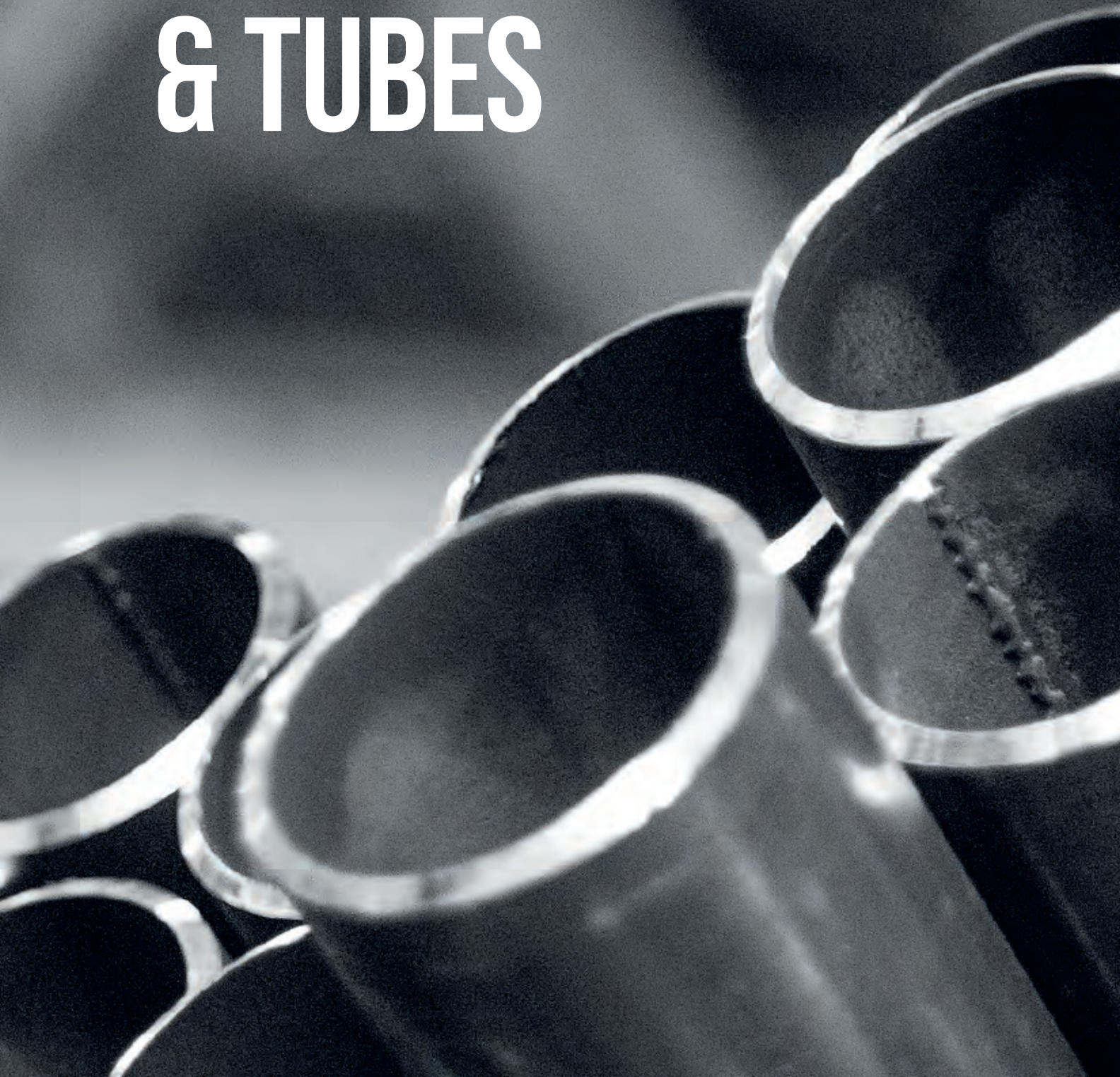
## STAINLESS STEEL TUBES



## POLYMER PIPES & FITTINGS



# STEEL PIPES & TUBES









# STEEL PIPES & TUBES

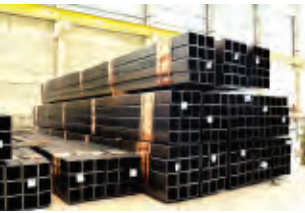


## III Galvanized Iron (GI) Pipes

III GI pipes are corrosion and rust resistant pipes that are ideal for the transmission of potable water, natural gas, oil and other fluids. They are also used in fencing, hand pumps, low cost shelters and general fabrication.

III GI pipes are certified as European Conformity Standards (CE) and are manufactured in accordance with the highest international standards (BS EN 10255: 2004, ASTM A53, ASTM A795, EN39, SLS829:2009, AS 1074, AS 4792)

They are available in nominal diameters from 15mm (1/2") to 200mm (8") and in thicknesses ranging from 1.60mm to 5.40mm.



## III Hollow Structural Sections (HSS)

III HSS are ideal for construction of buildings, bridges, pedestrian walkways, stadiums and many other structures.

III HSS are made in accordance with the highest applicable international quality standards (BS EN 10219, ASTM A53, A500 & A252).

They are available in round, square and rectangle shapes with thicknesses ranging from 1.65mm to 12.70mm.

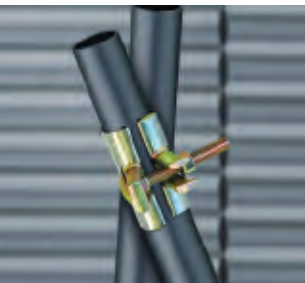


## III Cold Rolled (CR) Steel Tubes

III CR steel tubes are predominantly used in the automotive, motorcycle, bicycle and transformer industries and in the manufacturing of fans, furniture, tents and other mechanical and general engineering items.

III CR steel tubes are certified as European Conformity Standards (CE) and are manufactured in accordance with the highest international standards (BS 1717: 1983, BS EN 10305-3: 2010, BSEN 10305-5: 2010 and EN 10296-1:2003)

They are available in round, square, rectangle, oval and elliptical shapes in various sizes with thicknesses ranging from 0.6mm to 2.00mm.



## III Scaffolding Pipes (SAFESCAF)

III's high strength scaffolding pipes are sold under the brand name Safescaf and can be applied for scaffolding use in any construction project.

III Scaffolding Pipes are manufactured in accordance with BS EN 39:2001 which is the highest international quality standard for such pipes.

They are available in galvanized and black forms with an outer diameter of 48.3mm in Type 2, 3 and 4.



## III Firefighting Pipes

III Firefighting Pipes are ideal for specialized water transmission (high pressure, chemical liquids, extreme temperature steam, water and gas).

III Firefighting pipes are certified as European Conformity Standards (CE) and Underwriters Laboratories (UL) and are manufactured in accordance with the highest international standards (ASTM A53 Sch. 40 Grade A and B and ASTM A795).

They are available in nominal diameters of 1/2" to 12" with thicknesses ranging from 2.77mm to 10.31mm.



### **IIL Pre-Galvanized (PG) Tubes**

IIL PG tubes have a variety of uses in general fabrication including fence framework.

IIL Pre-Galvanized tubes are manufactured in accordance with BS EN10305-3.

They are available in round, square and rectangle shapes and thicknesses ranging from 0.8mm to 1.50mm.



### **IIL CRS Tubes**

IIL CRS tubes are ideal for straight use and are most commonly used in the fabrication of gates, grills, railings, light bedsteads and other furniture.

They are available in various thicknesses ranging from 0.9mm to 1.8mm.

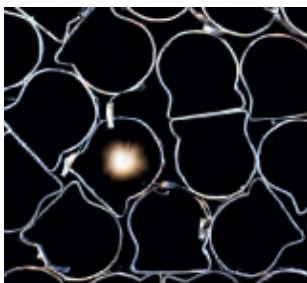


### **IIL American Petroleum Institute (API) Line Pipes**

IIL API Line pipes are used in distribution of natural gas and petroleum.

IIL API Line pipes are available in PSL1 and PSL2 specification made in accordance with API Monogram and API Specification under license 5L-0391 and 5L-1104.

They are available in diameters ranging from  $\frac{3}{4}$ " to 12  $\frac{3}{4}$ " with lengths ranging from 6m to 12.20m.



### **IIL L-T-Z-D Profiles**

IIL L-T-Z-D profiles are used in the fabrication of doors, windows, gates and railings.

These profiles are available in various sizes with thicknesses ranging from 0.70mm to 1.20mm.





# STAINLESS STEEL TUBES

A black and white photograph showing a stack of stainless steel tubes. The tubes are arranged diagonally, creating a strong sense of depth and perspective. The foreground shows the circular ends of several tubes, while the background shows the length of the tubes receding into the distance. The lighting highlights the metallic texture and the smooth surface of the tubes.





# STAINLESS STEEL TUBES



## **IIL Cosmo (SS Grade 300 Series)**

IIL Cosmo tubes are rust resistant, premium stainless steel tubes that can be used in a variety of ornamental applications.

IIL Cosmo tubes are made in accordance with ASTM A240 & A554 and JIS G-4305.

They are available in round, square and rectangle shapes in various sizes with thicknesses ranging from 0.8mm to 1.5mm. These tubes are available in bright, satin/euro and hairline surface finish.



## **IIL Forza (SS Grade 400 Series)**

IIL Forza tubes are manufactured for use in automotive exhausts, trims, frames and mufflers as well as home hot water geysers.

IIL Forza tubes are manufactured in accordance with ASTM A240 and A554.

They are available in diameters ranging from 12.0mm to 63.50mm with thicknesses ranging from 0.8mm to 1.5mm.

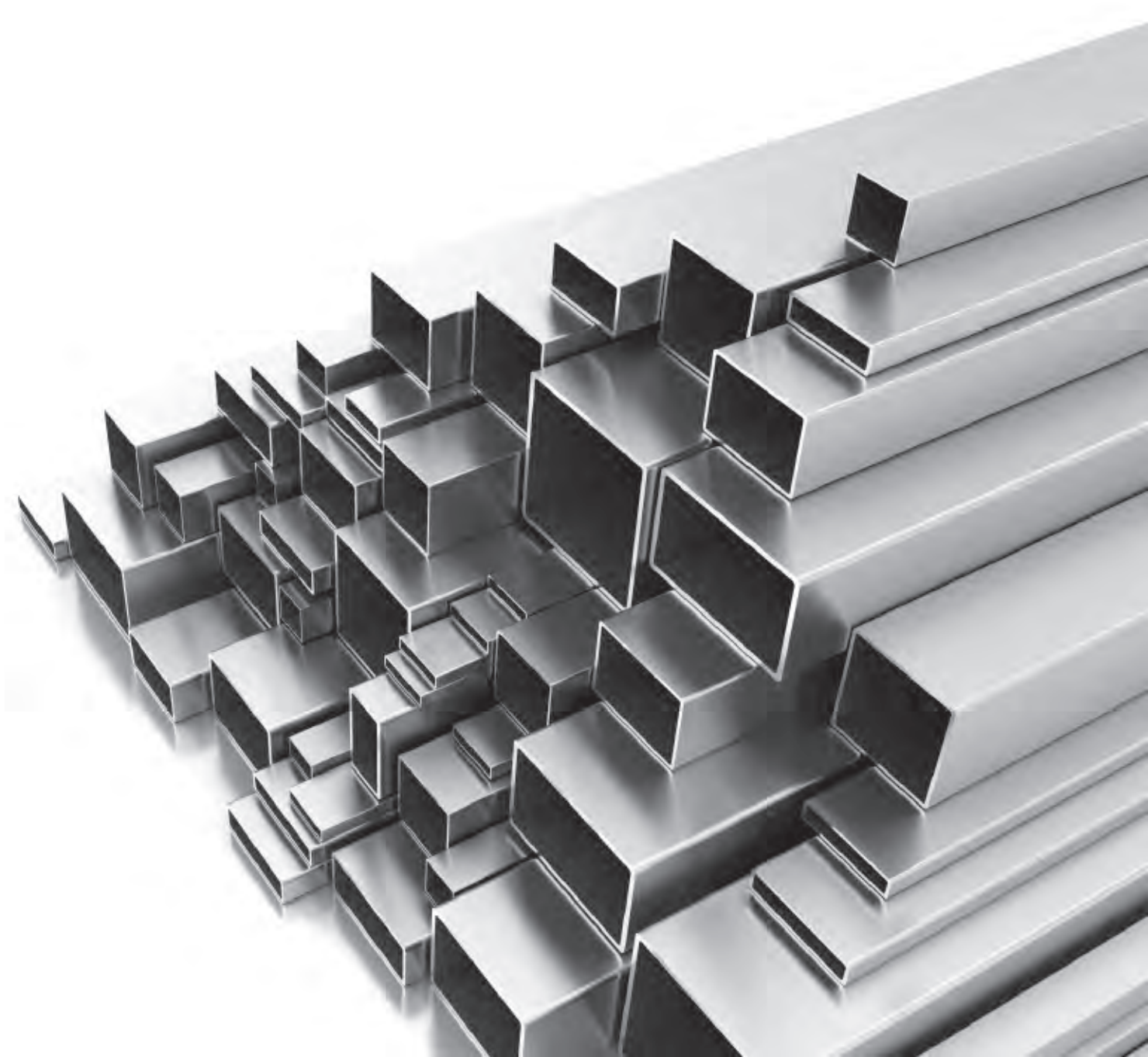


### **IIL Econic (SS Grade 200 Series)**

IIL Econic tubes are economical grade stainless steel tubes that can be used in indoor applications and non-coastal areas.

IIL Econic tubes are made in accordance with ASTM A240 and A554, JIS G-4305.

They are available in round, square and rectangle shapes in various sizes with thicknesses ranging from 0.8mm to 1.5mm. These tubes are available in bright, satin/euro and hairline surface finish.





A stack of black polymer pipes with blue reflective stripes, viewed from a low angle. The pipes are stacked in a way that creates a strong sense of depth and perspective. The blue stripes are evenly spaced and run along the length of each pipe. The lighting is dramatic, with the blue stripes appearing bright against the dark background of the pipes.

# POLYMER PIPES & FITTINGS





THE WATER RISE  
MAGNETIC JUNE WATER RISE

# POLYMER PIPES & FITTINGS



## **IIL PPRC Pipes and Fittings**

IIL PPRC pipes and fittings are ideal for transmission of hot and cold water in all residential, commercial and industrial settings.

IIL PPRC pipes and fittings are manufactured in accordance with the highest quality international standards (DIN 16962, DIN 8077, DIN 8078). They are the only PSQCA certified PPRC pipes and fittings in Pakistan.

These pipes are available in PN-16, PN-20 and PN-25 with diameters ranging from 20mm to 110mm and thicknesses ranging from 2.8mm to 18.3mm. Moreover, IIL's PPRC fittings range is the widest in Pakistan.



## **IIL HDPE Water Pipes**

IIL HDPE water pipes are used in municipal and industrial applications and provide a safe, corrosion free piping system for transporting potable water and other liquids.

IIL HDPE water pipes are made in accordance with the highest quality standards (DIN 8074/75, ISO 4427) and are PSQCA certified.

They are available in Grade-80 (PN 08), Grade-100 (PN 08, PN 10, PN 12.5, PN 16 and PN 20) with diameters ranging from 20mm to 1600mm and thicknesses ranging from 1.9mm to 94.1mm.

At 1600mm in diameter, IIL manufactures the largest HDPE pipe in Pakistan.



## **IIL MDPE Gas Pipes**

IIL MDPE gas pipes are used for distribution of natural gas, Liquefied Petroleum Gas (LPG) and other gaseous fuels.

IIL MDPE gas pipes are made in accordance with the highest quality international standards (BGC/PS/PL2: Part 1, ISO 4437 and ASTM D-2513).

They are available in PE-80 and PE-100 and SDR 7-17.6, with diameters ranging from 20mm to 250mm and thicknesses ranging from 1.0mm to 22.7mm.



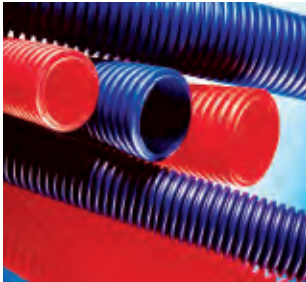


### **IIL HDPE Duct Pipes**

IIL HDPE duct pipes are used to provide a ducting sheath for fiber optic and telecom cables.

IIL HDPE duct pipes are made in accordance with the highest quality international standards (ASTM D638, ISO 1183, ASTM F-2160, ISO 2505, Bell Core GR-456).

They are available in diameters ranging from 12mm to 250mm with thicknesses ranging from 1.9mm to 27.9mm.



### **IIL HDPE CorruDuct Pipes**

IIL HDPE CorruDuct pipes are corrugated structural wall duct with the advantage of light weight and high flexibility. They are used to provide a ducting sheath for fiber optic and telecom cables.

IIL HDPE CorruDuct pipes are made in accordance with the highest quality international standards (ASTM D638, ISO 1183, ASTM F-2160, ISO 2505, Bell Core GR-456).

These pipes are available in diameters ranging from 20mm to 50mm with thicknesses ranging from 0.4mm to 1.0mm.



# VISION

To be a globally respected, innovative and entrepreneurial company, enriching lives while remaining focused on providing competitive quality products and services.

# OUR MISSION

International Industries Limited is a customer focused, quality conscious company committed to economies of scale. IIL shall continually endeavour to enhance the effectiveness of its quality, environmental, occupational health & safety management systems. IIL is committed to be an ethical company and shall conform to all applicable legal requirements, as well as fulfill and exceed the expectations of all stakeholders.

Team work, continual improvement, waste reduction, protection of the environment, improvement in safety practices, a fair return to shareholders and fulfillment of social responsibility shall be the hallmark of all activities.





# OUR VALUES

Our values define how we do business and interact with our colleagues, partners, customers and consumers. Our core values are:

Ethics | Excellence | Fairness | Innovation | Reliability | Respect | Responsibility

# ETHICS, CULTURE AND VALUES

At IIL, we take pride in uncompromising integrity through each individual's effort towards a quality product for our customers and fairness in our dealings with all stakeholders.



**Ethical:** IIL is honest and ethical in its dealings at all times through compliance with applicable laws and regulations.



**Excellence:** IIL endeavors to exceed the expectations of all stakeholders.



**Fairness:** IIL believes in fairness to all stakeholders.



**Innovation:** IIL encourages its employees to be creative and seek innovative solutions.



**Reliability:** IIL has established itself as a reliable and dependable business partner and a preferred supplier of choice.



**Respect:** IIL values the self-esteem of all stakeholders, be it employees, suppliers, customers or shareholders.



**Responsibility:** IIL considers health, safety and care for the environment an integral part of its activities and way of life.



# STRATEGIC OBJECTIVES

- Continue to be a company guided by impeccable ethics.
- Ensure a fair return to shareholders.
- Retain our reputation as the quality leader in our markets.
- Remain the volume leader by maintaining quality and widespread availability of diversified products.
- Enhance market share by maintaining a fair price, ensuring availability and timely deliveries.
- Enhance exports and leverage them to take advantage of economies of scale and generate foreign currency revenues.
- Focus on new ventures in order to capitalize on opportunities for inorganic growth.
- Capitalize on our traditionally strong engineering base and invest to expand and modernize our production capability.
- Maintain focus on CSR, environment and safety management in order to reap corporate benefits as a good corporate citizen and employer.
- Ensure effective training and development of personnel in line with strategic needs.



# AMIR S. CHINOY GROUP

The Amir S. Chinoy Group (ASCG) has been at the forefront of Pakistan's industrial development for over 70 years. Our founder, Mr. Amir S. Chinoy, a pioneer of industrialization in Pakistan since Partition, laid the foundation of ASCG by setting up concerns in heavy chemicals (Pak Chemicals Ltd, 1951), steel and GI pipes (International Industries Limited, 1948) and electrical wires and cables (Pakistan Cables Limited, 1953). His commercial interests also extended to trading, electrical contracting and representation of major European and international companies in South Asia, which later inspired the Group to establish international presence in Australia, US and Canada. As flag-bearers of determination and innovation, the Group invested in a green field project for the manufacture of Cold Rolled Steel & GI sheets (International Steels Limited, 2007).

Today, the ASCG provides manufacturing, import, export, trading and industrial services of diversified nature to various sectors and segments across Pakistan. The Group has an extensive network of distribution of its products in Pakistan. According to our estimate, the ASCG has the largest geographical footprint, with presence in over 200 cities and towns through 1,500+ outlets in Pakistan.

The ASCG companies are also members of the Pakistan Stock Exchange since 1956. Headquartered in Karachi, the business hub of Pakistan, ASCG companies offer a variety of world class products and services primarily related to construction. Its brands are household names and a hallmark of trust among customers across generations. The broad range of products manufactured by the member companies uniquely position ASCG with deep knowledge and expertise in construction products, services and solution developed through anticipating and responding to customer needs. Some of the materials and products that the companies manufacture (but are not limited to) include:

- Cold Rolled Steel
- Galvanized Steel Sheet
- Colour Coated Steel
- Pipes & Tubes of CR & HR Steel, Galvanized Steel, Stainless Steel, PPRC, PE

- Hollow Structural Sections (Steel)
- Scaffolding Systems (Steel)
- Electric Wires & Cables (LV & MV)
- Electric Overhead Conductors of Aluminum & Copper
- Special Cables
- PVC Compound
- Copper Rod
- Aluminium Sections for Architectural Purposes

ASCG companies have attracted international equity partners of repute which have further enriched technical expertise and best practices across its companies. The leading equity partners ASCG has been associated with include:

- British Insulated Callender's Cable (BICC), UK
- General Cables, USA
- JFE Steel Corporation, Japan
- Sumitomo Corporation, Japan
- International Finance Corporation (IFC)

The Group has acquired the status of market leader of several categories amongst local manufacturers and has grown its exports base to several countries due to its consistent quality and product expertise. Over 2,400 dedicated professionals work industriously to meet the needs of a diverse range of business segments – be it infrastructure, industries, or households.

Historically, the Group has been active in lending support to social and community upliftment. All CSR activities undertaken ensure compliance with local legislation, and maintain the highest degree of ethics and integrity.

Within the member companies, inducing sustainable business practices has already taken root. Best practices are continually explored and implemented, to enhance manufacturing capabilities and contributing to society by providing excellent products and services in their journey towards sustainability.



# MEMBER COMPANIES

Key companies of the Amir S. Chinoy Group are:



Incorporated in 1948  
Listed on PSX since 1984

2021 Turnover  
**PKR 28.9 bn**

## Products

Steel Pipes & Tubes  
Polymer Pipes & Fittings  
Stainless Steel Tubes



Incorporated in 2007  
Listed on PSX since 2012

2021 Turnover  
**PKR 69.7 bn**

## Products

Cold Rolled Steel Coils  
Hot Dipped Galvanized Steel Coils  
Color Coated Steel Coils



Incorporated in 1953  
Listed on PSX since 1955

2021 Turnover  
**PKR 13.1 bn**

## Products

Cables / Wires  
Copper Rods  
Aluminium Profiles  
PVC Compound



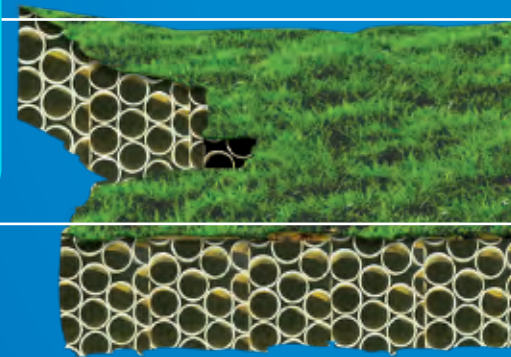
# DOMESTIC PRESENCE

ILL is headquartered in Karachi. Two production facilities are located in Karachi whereas one more is located in Sheikhupura.

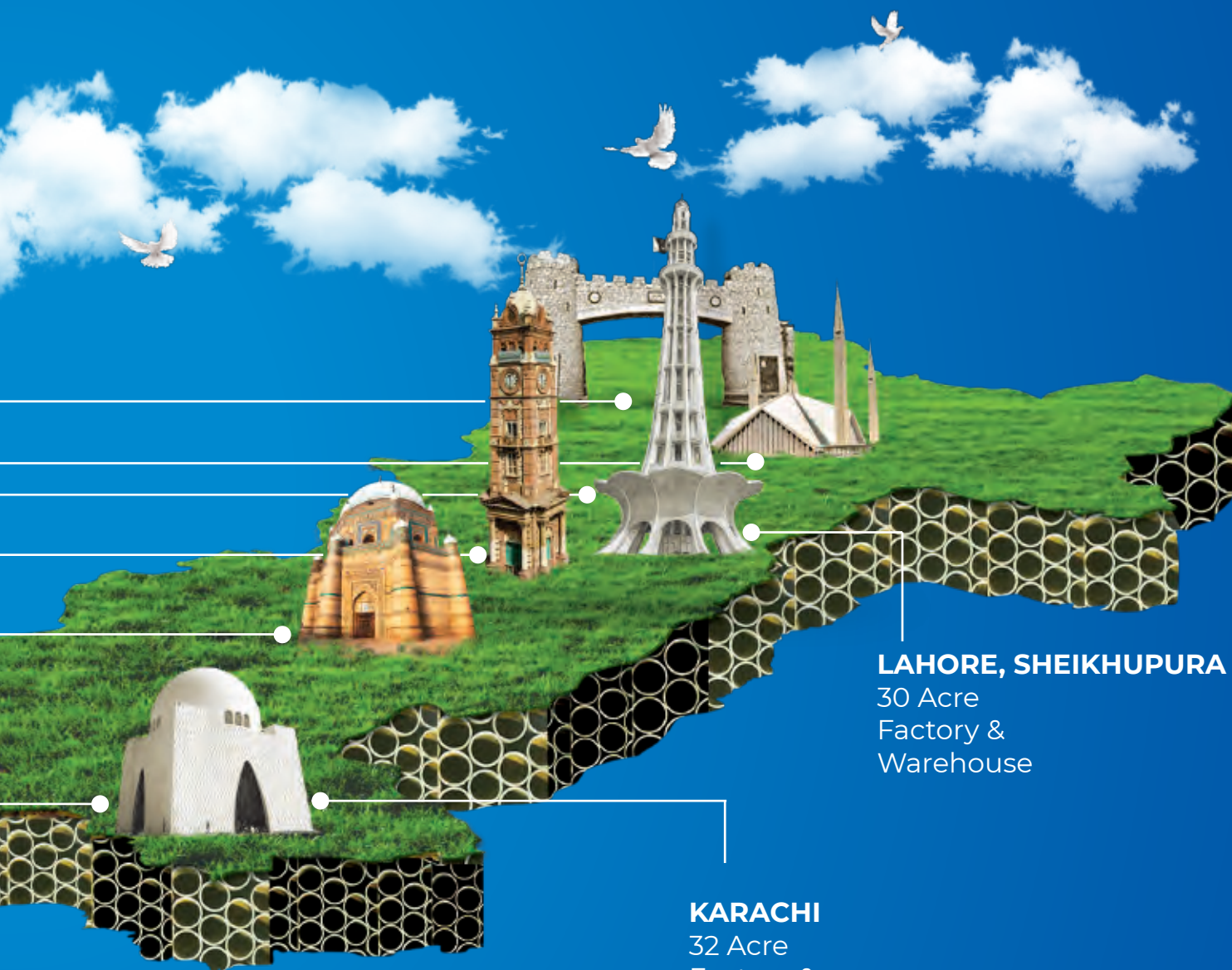
ILL's regional offices are spread across all major urban centers of Pakistan including:

- Karachi
- Lahore
- Islamabad
- Peshawar
- Faisalabad
- Multan

ILL has the largest dealer network comprising **450 dealers & distributors** across **150 cities** in Pakistan.







**LAHORE, SHEIKHUPURA**  
30 Acre  
Factory &  
Warehouse

**KARACHI**  
32 Acre  
Factory &  
Warehouse



# GLOBAL PRESENCE

As a truly international Company with an ever-expanding global footprint, IIL has an on-ground presence in **Australia, Canada, Sri Lanka & Afghanistan**. Our global footprint spans **60 countries across 6 continents** with over **918,000 Metric Tons** of exports to date.



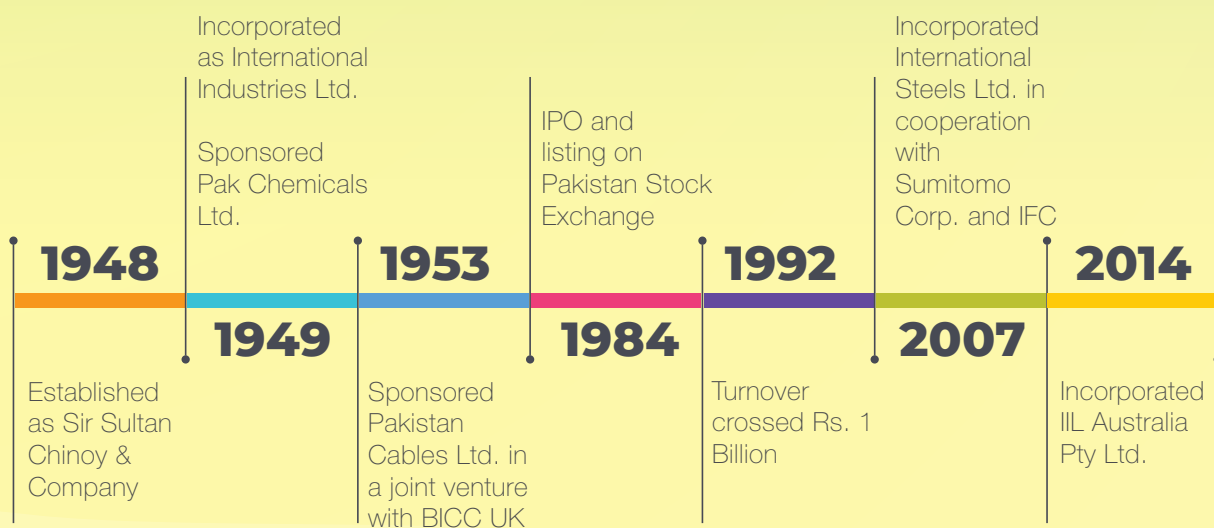




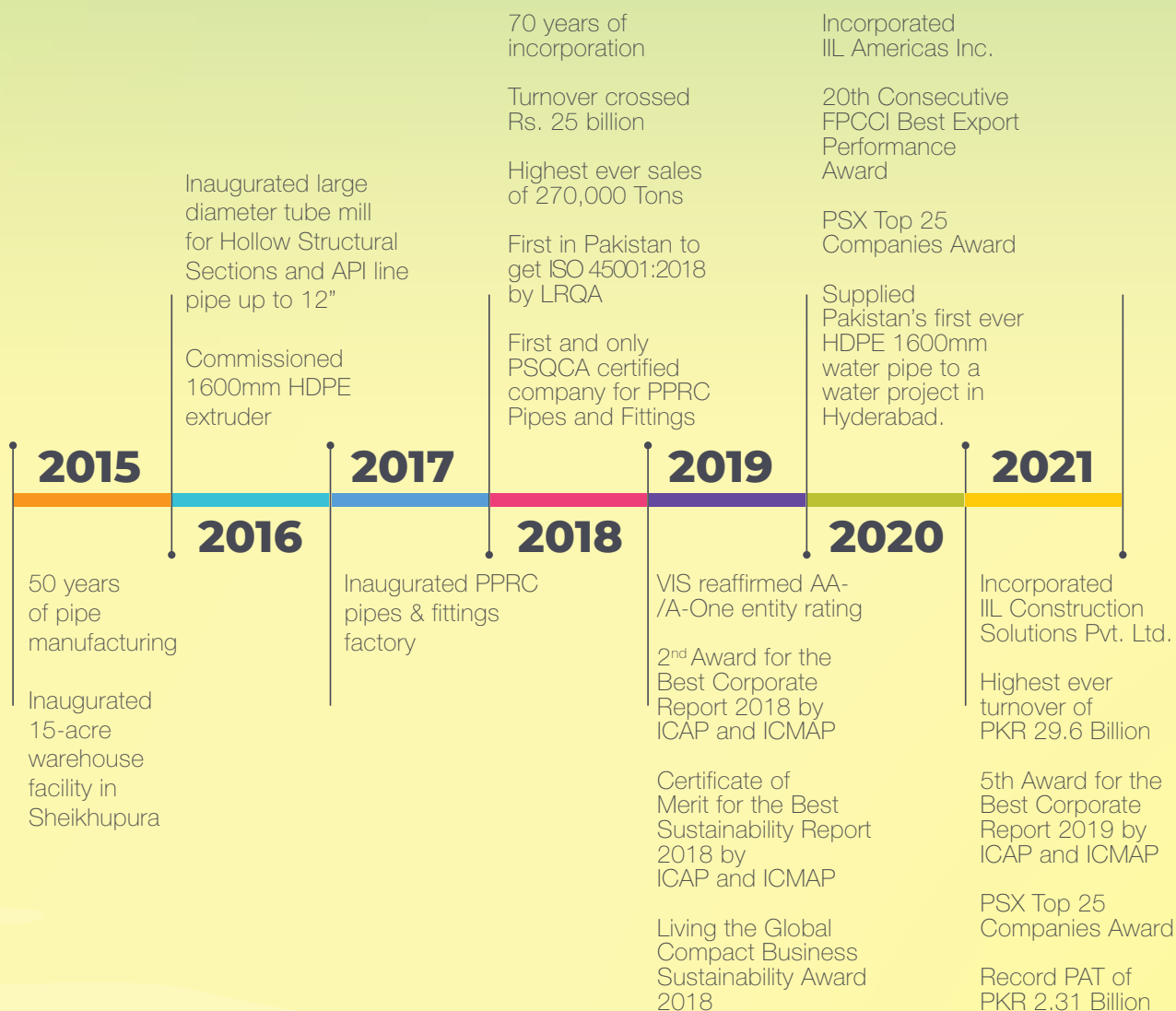
● Offices    ▲ Factories    ★ Sales Regions



# MILESTONES







# AWARDS AND ACCOLADES

Time and again International Industries Limited has proven to be one of the best organizations in the country. Over the years, we have won numerous Awards and Accolades from renowned institutions:

Year	Awards and Accolades
2000	Best Export Performance Trophy for Export of Engineering Products - Mechanical Top 25 Companies of Pakistan Award by KSE
2001	Best Export Performance Trophy for Export of Engineering Products - Mechanical Top 25 Companies of Pakistan Award by KSE
2002	Best Export Performance Trophy for Export of Engineering Products - Mechanical Top 25 Companies of Pakistan Award by KSE
2003	Best Export Performance Trophy for Export of Engineering Products - Mechanical Top 25 Companies of Pakistan Award by KSE
2004	Best Export Performance Trophy for Export of Engineering Products - Mechanical Top 25 Companies of Pakistan Award by KSE
2005	Best Export Performance Trophy for Export of Engineering Products - Mechanical Top 25 Companies of Pakistan Award by KSE
2006	Best Export Performance Trophy for Export of Engineering Products - Mechanical Top 25 Companies of Pakistan Award by KSE Best Corporate and Sustainability Report Award by jointly by ICAP and ICMAP
2007	Best Export Performance Trophy for Export of Engineering Products - Mechanical Top 25 Companies of Pakistan Award by KSE
2008	Best Export Performance Trophy for Export of Engineering Products - Mechanical Top 25 Companies of Pakistan Award by KSE Best Presented Accounts by South Asian Federation of Accountants (SAFA) Annual Environment Excellence Award by National Forum for Environmental Health (NFEH)
2009	Best Export Performance Trophy for Export of Engineering Products - Mechanical CSR National Excellence Award by Help International Welfare Trust (HIWT) Annual Environment Excellence Award by National Forum for Environmental Health (NFEH)
2010	Best Export Performance Trophy for Export of Engineering Products - Mechanical Annual Environment Excellence Award by National Forum for Environmental Health (NFEH)
2011	Best Export Performance Trophy for Export of Engineering Products - Mechanical Annual Environment Excellence Award by National Forum for Environmental Health (NFEH) Talent Triangle Award by Sidat Hyder Morshed Associates Good HR Practices Award by Sidat Hyder Morshed Associates Best Corporate and Sustainability Report Award by jointly by ICAP and ICMAP



Year	Awards and Accolades
2013	Best Export Performance Trophy for Export of Engineering Products - Mechanical Best Corporate and Sustainability Report Award by jointly by ICAP and ICMAP MAP 'Corporate Excellence Award' for the Industrial Metals and Mining Sector IAPEX Karachi 2013 Award for 2nd best stall
2014	Best Export Performance Trophy for Export of Engineering Products - Mechanical
2015	Best Export Performance Trophy for Export of Engineering Products - Mechanical Annual Environment Excellence Award by National Forum for Environmental Health (NFEH) Best Corporate and Sustainability Report by jointly by ICAP and ICMAP Employers' Federation of Pakistan OHSE Award Top 25 Companies of Pakistan Award by KSE Prime Minister's Export and Innovation Award
2016	Best Export Performance Trophy for Export of Engineering Products - Mechanical Employers' Federation of Pakistan OHSE Award
2017	Best Export Performance Trophy for Export of Engineering Products - Mechanical Employers' Federation of Pakistan OHSE Award Best Corporate and Sustainability Report Award by jointly by ICAP and ICMAP IAPEX Karachi 2017 Award for 2nd best stall
2018	Best Export Performance Trophy for Export of Engineering Products - Mechanical City of Casey Best Business Award - Melbourne, Australia
2019	Top 25 Companies of Pakistan Award 2017 by PSX Best Export Performance Trophy for Export of Engineering Products - Mechanical 2 <sup>nd</sup> Award for the Best Corporate Report 2018 by ICAP and ICMAP Certificate of Merit for the Best Sustainability Report 2018 by ICAP and ICMAP Living the Global Compact Business Sustainability Award 2018
2020	Best Export Performance Trophy for Export of Engineering Products - Mechanical IAPEX Karachi 2019 Award for 2 <sup>nd</sup> best stall 5 <sup>th</sup> Award for the Best Corporate Report 2019 by ICAP and ICMAP
2021	Top 25 Companies Award by PSX 4 <sup>th</sup> Award for the Best Corporate Report 2020 by ICAP and ICMAP Certificate of Merit for the Best Sustainability Report 2020 by ICAP and ICMAP



# CERTIFICATIONS

Standard	Description	Certified by	Since	License #
ISO 9001	Quality Management System	Lloyds Register Quality Assurance (United Kingdom)	1997	ISO 9001 – 0049981
ISO 14001	Environment Management System		2000	ISO 14001 – 0049980
ISO 45001	Occupational Health & Safety Management Systems		2007	ISO 45001 – 0049979
API Specification Q1 ® & 5L	FACTORY-1 Manufacturer of Line Pipe Plain End as PSL 1	American Petroleum Institute - API (United States)	2000	5L-0391
	FACTORY-2 Manufacturer of Line Pipe Plain End as PSL 1 & PSL 2		2016	5L-1104
BS EN 10255, BS EN10266	CE Mark for Hot Dip Galvanized ERW Carbon Steel Pipes	CNC Services (Germany)	2011	CNC/EEC/4112/11
BS EN 10296-1, BS EN 10305-5 & BS 1717	CE Mark for ERW Tubes from Cold Rolled Carbon Steel		2011	CNC/EEC/4113/11
BS EN 10219, BS EN 39, BS EN 10240, ASTM A-500, ASTM A-252, ASTM A-53, AS/NZS 1163 AS/NZS 4792	CE Mark for Cold Formed Welded Structural Hollow Sections (HSS)		2018	CNC/EEC/4525/18
UL-852 ASTM 795	UL Certification (ERW & Galvanized Pipes for Fire Sprinkler System)	Underwriter Laboratories UL (United States)	2017	EX27362
UL-852 (UAE)	UL UAE Certification (Metallic Sprinkler Pipe For Fire Protection Service)	Underwriter Laboratories UL (United States)	2017	VIZY - EX27362
PS:4533-34	License for the use of Pakistan Standard Mark for PPRC Pipe - FACTORY-3	Pakistan Standards Quality Control Authority (PSQCA)	2018	CML/N/1287/2018
DIN 16962	License for the use of Pakistan Standard Mark for PPRC Fittings - FACTORY-3		2018	CML/N/1288/2018
PS:3580	Polyethylene Pipe for water Supply "MEGAFLO" Brand		2015	CSDC/L-170/2015 (R)
ASTM A53	MS Pipe (Mild Steel Pipe) - FACTORY-1		2017	CSDC/L-205/2017 (R)
ASTM A53	MS Pipe (Mild Steel Pipe) - FACTORY-2		2017	CSDC/L-206/2017 (R)





# SWOT ANALYSIS

A look at IIL's Strengths, Weaknesses, Opportunities and Threats

## STRENGTHS

S

- Economies of scale
- Strong Corporate Governance structure
- Reputation of leading quality product in market
- Strong engineering core competence
- Proven expertise in galvanizing and pipe making
- Manufacturing capacity
- Product range and customization
- Ability to meet most customers' requirements from stock
- Captive power generation
- Distribution channel and channel relationships
- Financial strength



## OPPORTUNITIES

O

- Growth in certain key market segments
- Mega-projects and infrastructural growth in Pakistan
- CPEC and ancillary projects
- Accountability drive against unethical practices by competition
- Demand for new products within existing product range
- Export opportunities in various near-home markets
- Government's construction centre incentive package opportunity





## WEAKNESSES

W

- High labor & freight cost
- Lead time of raw material for export customers
- Space constraints for expansion in Karachi
- Lack of awareness of ILL brand in advanced markets



## THREATS

T

- International price competition
- Unethical practices of some Pakistani pipe manufacturers
- Subsidies to Chinese and Indian exporters
- China dumping into Pakistan
- Uncertain regional geopolitical situation
- Domestic security and economy
- Anti-dumping duty implementation in export markets



# STEEPLES ANALYSIS

## **Social, Technological, Environmental, Economic, Political, Ethical & Seasonality**

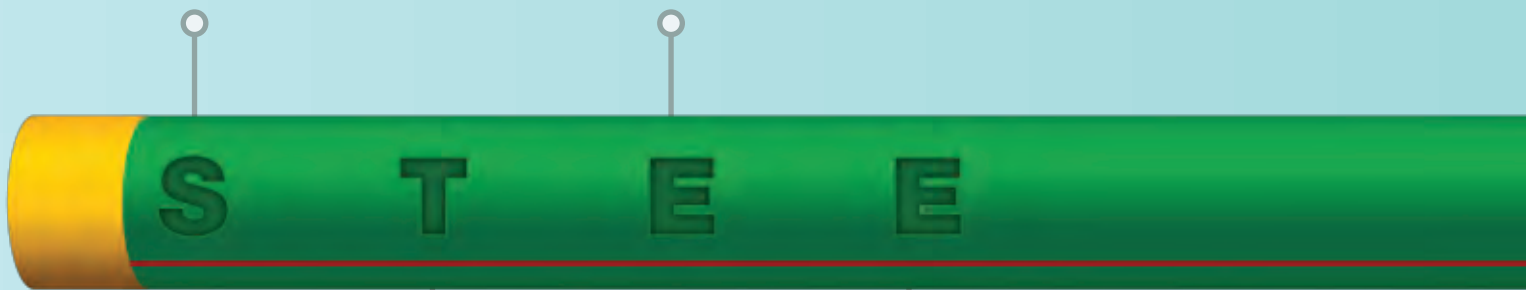
factors that impact ILL's business environment

### **SOCIAL**

- High population growth rate
- Rising per capita income
- Growing middle class
- Increasing demand for affordable housing
- Rapid increase in urbanization

### **ENVIRONMENTAL**

- Compliance with NEQS is on a self-monitoring and reporting basis
- General apathy and lack of will to implement environmental standards
- Steel is totally recyclable
- Global consensus on climate change management mechanisms (Paris agreement)
- Scarcity of water



### **TECHNOLOGICAL**

- Gradual shift from steel to polymer
- Growth in communication infrastructure
- Modernization of trade

### **ECONOMIC**

- Drive in increasing the tax net in Pakistan
- Resistance from trade against new tax net structure
- Declining domestic consumption due to economic reforms
- Increasing tariff barriers in export markets
- Role of IMF in economic reforms
- Increasing labour & freight cost
- Declining foreign direct investments
- CPEC led infrastructure development
- Rising commodity prices
- Highest ever ocean freight and container rates

## LEGAL

- Legal implications of new economic reforms on trade
- Anti-dumping rules in international market & intensified international trade measures
- Slow court procedures in Pakistan

## SEASONALITY

- Nationwide construction & business activity slowdown during Ramzan, Eid & Muharram
- Construction slowdown during winter months in Northern regions of Pakistan
- Export activities impacted during Christmas, New Years and other major holidays
- Higher infrastructure spending through development funds during the election years
- Chinese New Year effects

# P L E S

## POLITICAL

- Accountability drive leading to unpredictable political situation
- Government will to implement tax reforms across the board in Pakistan
- Implications of security & political uncertainty in the region
- Improvement in law and order situation in Pakistan
- Growing Chinese influence

## ETHICAL

- Tax evasion & questionable business activities in Pakistan
- Inaccurate declarations of imports & under invoicing
- Below standard pipe quality, thickness and weight
- General acceptance of endemic environment of corruption

# CALENDAR OF MAJOR EVENTS

## QUARTER

# 01

- IIL AGM & Corporate Briefing
- IIL HDPE Contractors Event Mehran Hotel
- OHSE Trainings
- IIL HDPE BTL Campaign Karachi
- 343<sup>rd</sup> Board of Directors Meeting - August 27, 2020
- 72<sup>nd</sup> Annual General Meeting - September 30, 2020
- Corporate Briefing Session - September 30, 2020
- Commissioning of stainless-steel tube mill and polishing machine
- Addition of two polymer extruders of PE and PPRC water pipes

## QUARTER

# 02

- IIL Factory 3 – Event in Faisalabad
- GI & PPRC – Dealers event Sialkot, Faisalabad
- PSX Top 25 Companies Award
- Best Corporate Award 2020
- 130 – Safety Trainings & 2112 Staff trained on OHSE Topics
- IIL Employee Engagement Survey 2020
- Safety Month – Nov 2021
- 344<sup>th</sup> Board of Directors Meeting - October 22, 2020
- 345<sup>th</sup> Board of Directors Meeting - November 19, 2020
- 346<sup>th</sup> Board of Directors Meeting - November 9, 2020

## QUARTER

# 03

- IIL ASB 2000 – 21<sup>st</sup> Edition Sponsorship
- UL Certified Pipe Launch
- Record Dedade Celebration Giveaways
- COVID-19 Safety Kit distribution
- 347<sup>th</sup> Board of Directors Meeting - February 1, 2021
- Cash payment of interim dividend for the period ended December 31, 2020

## QUARTER

# 04

- IIL Sales Conference – Karachi
- COVID-19 In-house Vaccination drive
- API Certification
- Highest ever turnover and PAT
- 348<sup>th</sup> Board of Directors Meeting - April 23, 2021
- 349<sup>th</sup> Board of Directors Meeting - June 28, 2021



# COMPANY'S POSITION IN THE VALUE CHAIN



# STRATEGIC OBJECTIVES AND KEY PERFORMANCE INDICATORS

ILL's primary objective is to ensure that our overall corporate and strategic objectives are met by playing an exemplary leadership role in the local steel industry in line with global best practices.

The Company continuously strives to modernize and grow its business to ensure continued profitability and maximize return to shareholders.

The Company has been successful in achieving its objectives by employing a consistent strategy that has emphasized strong ethics, innovation, quality, competitiveness, backward integration, product diversity, sustainable business practices and continuous growth in higher value products.

Strategic Objectives	Strategies & Key Performance Indicators
Maintaining a focus on existing core businesses in order to retain/attain market leadership	<ul style="list-style-type: none"> <li>- Retention/growth of market share</li> <li>- Product availability</li> <li>- Price competitiveness</li> <li>- Brand equity and strength</li> <li>- Increased market penetration</li> <li>- High quality, low cost raw material by leveraging volumes and diversified supplier base</li> </ul>
Develop avenues for future growth in line with our philosophy of innovation, continuous improvement and growth ambitions	<ul style="list-style-type: none"> <li>- Development of new products</li> <li>- Expansion of existing product portfolio</li> <li>- Investment in new technologies where needed</li> <li>- Assuring availability of appropriate resources (HR, CAPEX, management time etc.)</li> </ul>
Maintain our steadfast focus on quality to ensure value to our consumers	<ul style="list-style-type: none"> <li>- Retain/attain international and national certifications</li> <li>- Quality control &amp; quality assurance</li> <li>- Manufacture according to international standards</li> <li>- Relevant training seminars</li> <li>- Customer satisfaction survey results</li> </ul>
Appropriate human capital management through focus on safety, training, succession planning and skills enhancement	<ul style="list-style-type: none"> <li>- Decrease in safety incidents</li> <li>- Increase in employee retention and satisfaction</li> <li>- Availability of appropriate resources for training and development</li> <li>- Developing appropriate succession plans</li> </ul>
Remaining aligned with the best practices of corporate governance, sustainability objectives and our highly ethical approach to business	<ul style="list-style-type: none"> <li>- Promotion and adoption of strong ethical practices across the organization</li> <li>- Abiding by the Code of Corporate Governance</li> <li>- Ensuring that SOPs, work instructions and job descriptions are aligned with appropriate policies</li> <li>- Zero tolerance towards crime and unlawful behavior</li> <li>- Adoption of effluent and waste management and environmental best practices</li> </ul>
Delivering value and return to and remaining a source of pride for our shareholders	<ul style="list-style-type: none"> <li>- Earnings Per Share</li> <li>- Ensuring a strong dividend payout ratio</li> <li>- Share price strength</li> <li>- Return on equity</li> <li>- Maintaining a positive market perception of IIL</li> </ul>

### **Resource allocation plans**

ILL ensures that appropriate resources are available to assist with the implementation of its strategic objectives. Appropriate investments have been made in land and production facilities to ensure that demand for our core products can be met efficiently.

All strategic actions are backed with managerial and financial resources as required and as determined by the Board and management.

### **Relationship between Company's results and managements objectives**

The Company's results and its objectives, as outlined above, are very strongly aligned. Our core businesses have shown considerable growth with highest ever sales in our steel and polymers segments. Various certifications including UL certification for our ERW pipe, PSQCA for PPRC and the fact that ILL has become the first company in Pakistan to achieve ISO 45001:2018 certification is testament to our commitment to quality.

Our commitment to corporate governance, our employees and our shareholders is detailed in our Sustainability Report as well as the financial and non-financial segments of this annual report.



# SUSTAINABLE DEVELOPMENT GOALS

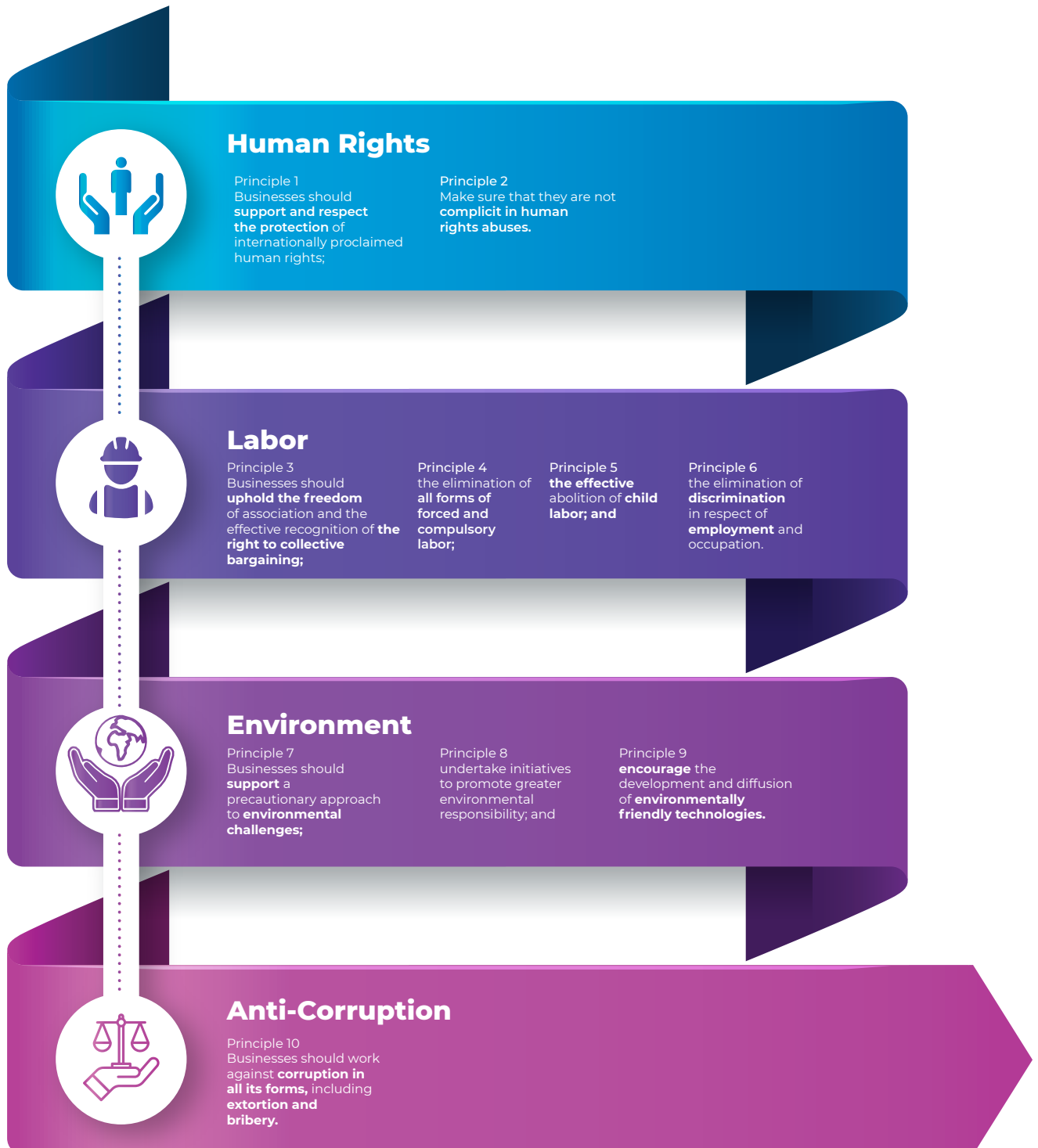




# 10 UN GC PRINCIPLES

IIL has benchmarked its sustainability and corporate conduct with the United Nations Global Compact (UNGC). Corporate sustainability starts with a company's value system and a principled approach to doing business. This means operating in ways that, at a minimum, meets fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Global Compact principles into strategies, policies and procedures, and establishing a culture of transparency and integrity, we aspire to set the stage for long-term sustainability.

Our CSR contributions and efforts are also synchronized with these guiding principles



# STAKEHOLDER ENGAGEMENT

## Relationship with Stakeholders

The management's objectives to enhance stakeholder value are reflected in the financial and non-financial results of the Company. These results are carefully evaluated against these objectives to confirm the achievements.

Stakeholders	Why they are important	Nature of engagement	Frequency
<b>Shareholders</b>	<ol style="list-style-type: none"> <li>1. Owners of the Company</li> <li>2. Expect a fair return on their investment</li> <li>3. Decisions are made in line with increasing shareholder value</li> </ol>	<ol style="list-style-type: none"> <li>1. AGM</li> <li>2. EOGM</li> <li>3. Interim Reports</li> <li>4. Annual Report</li> <li>5. Website</li> <li>6. Social media</li> </ol>	<ol style="list-style-type: none"> <li>1. Annually</li> <li>2. If/when needed</li> <li>3. Quarterly</li> <li>4. Annually</li> <li>5. Continuously available</li> <li>6. Continuously available</li> </ol>
<b>Customers</b>	<ol style="list-style-type: none"> <li>1. Buy our products which, in turn, drives our revenue</li> <li>2. Expect quality and drive demand for our products</li> <li>3. Are our business partners</li> </ol>	<ol style="list-style-type: none"> <li>1. Direct relationships</li> <li>2. Customer gatherings</li> <li>3. Satisfaction surveys</li> <li>4. Website</li> <li>5. Social media</li> </ol>	<ol style="list-style-type: none"> <li>1. Continuous/ongoing</li> <li>2. Regularly</li> <li>3. Annually</li> <li>4. Continuously available</li> <li>5. Continuously available</li> </ol>
<b>Employees</b>	Deliver ILL's success in achieving highest possible stakeholder value	<ol style="list-style-type: none"> <li>1. Interaction with management</li> <li>2. Performance Appraisals</li> <li>3. Job satisfaction survey</li> <li>4. Union interactions</li> <li>5. Employee events</li> <li>6. Newsletter</li> <li>7. Website</li> <li>8. Social media</li> <li>9. Training &amp; Development</li> </ol>	<ol style="list-style-type: none"> <li>1. Daily</li> <li>2. Annual/semi-annual</li> <li>3. Annual</li> <li>4. Regularly</li> <li>5. Regularly</li> <li>6. Continuous</li> <li>7. Quarterly</li> <li>8. Continuous</li> <li>9. Regularly</li> </ol>
<b>Suppliers</b>	Reliable and reasonable provision of raw materials	<ol style="list-style-type: none"> <li>1. Direct relationships</li> <li>2. Meetings</li> <li>3. Trade shows</li> <li>4. Website</li> <li>5. Social media</li> </ol>	<ol style="list-style-type: none"> <li>1. Daily</li> <li>2. Regularly</li> <li>3. Regularly</li> <li>4. Continuously available</li> <li>5. Continuously available</li> </ol>

Stakeholders	Why they are important	Nature of engagement	Frequency
<b>Government Bodies</b>	Determine policies that could positively or negatively impact IIL	1. Issue specific meetings/ discussions/ correspondence 2. Submission of statutory returns and reports 3. Website 4. Social media	1. As required 2. As required 3. Continuously available 4. Continuously available
<b>Local Community</b>	1. Provide manpower for our operations 2. Living environment dependent on the environmental friendliness of our operations 3. Key recipients of our CSR initiatives	1. IIL TCF School in Majid Colony 2. IIL-SINA Health Clinic in Majid Colony 3. Mosque in Majid Colony 4. Bus stop in Majid Colony 5. Union and employees 6. Website 7. Social media 8. Street school	1. Continuous 2. Continuous 3. Continuous 4. Continuous 5. Continuous 6. Continuously available 7. Continuously available 8. Continuously available
<b>Banks</b>	Provision of finance and trade facilities	1. Direct relationships 2. Meetings 3. Financial reporting 4. Website / social media	1. Regular 2. As needed 3. Periodic 4. Continuously available
<b>Media</b>	Ability to influence brand awareness and perception	1. Advertising campaign 2. Press releases 3. Interviews	1. Periodic 2. Periodic 3. Periodic

### Investor Relations Section on the corporate website:

IIL has a dedicated and updated investors relations section on its corporate website (<http://www.iil.com.pk/investors>) which contains comprehensive information that would be interesting and informative for any investor or potential investor. This section includes details of Company Information, Corporate Governance, Financial Information and Reports, Stock and Dividends, Announcements, Link to SECP website and SECP Complaint Forms.

# RISK & OPPORTUNITY

Risk/Opportunity Category	Major Business Risk/Opportunity	Sensitivity	Source of Risk/Opportunity	Mitigating Factors / Steps to create value
<b>Financial Risk</b>	Devaluation of PKR against foreign currencies may negatively impact Company's financial Performance	High	External	<ul style="list-style-type: none"> <li>- Ensuring a balanced ratio between export and domestic sales as needed</li> <li>- Appropriate hedging instruments such as forward cover and currency options if/when needed</li> <li>- Natural hedge provided by experts</li> </ul>
	Payment defaults by customers	Low	External	<ul style="list-style-type: none"> <li>- Credit worthiness is assessed for each customer and credit limits are assigned according to our credit policy</li> </ul>
<b>Financial Opportunity</b>	Devaluation of PKR could make ILL exports more competitive in international markets and provide opportunities for inventory gain	High	External	<ul style="list-style-type: none"> <li>- Maintaining supply flexibility to take advantage of devaluing PKR to increase exports to certain export markets</li> </ul>
<b>Operational Risk</b>	Volatility in the international price of steel	High	External	<ul style="list-style-type: none"> <li>- Experienced and dedicated Procurement Department along with a diversified supplier base and large volumes keeps ILL relatively insulated from volatility in steel prices</li> </ul>
	Energy and water shortage in Pakistan	High	External	<ul style="list-style-type: none"> <li>- ILL has its own captive power generation and water supply. The management continues to evaluate alternate energy sources</li> </ul>
	Employee turnover amongst senior management positions	Medium-Low	Internal	<ul style="list-style-type: none"> <li>- Strong succession planning and HR policies, employee engagement initiatives, workplace satisfaction surveys, training/development, rotational policies and compensation audits are in place.</li> </ul>
	Work place injuries and safety incidents	Medium	Internal	<ul style="list-style-type: none"> <li>- Strong OHSE culture enforced through regular 'safety walks' by senior management, safety trainings and drills and enforcement of safety equipment and protocols. Appropriate health insurance policies are also in place.</li> </ul>
	Supplier Default	Medium-High	External	<ul style="list-style-type: none"> <li>- Long term relationships with reputable international suppliers with ethical and professional standard operating procedures that reflect our own values.</li> <li>- We maintain sufficient raw material and finished goods inventory to cover our requirements</li> <li>- All raw material is insured for loss during transit</li> </ul>



Risk/Opportunity Category	Major Business Risk/Opportunity	Sensitivity	Source of Risk/ Opportunity	Mitigating Factors / Steps to create value
<b>Operational Opportunity</b>	Sell excess electricity to the national grid	Medium	Internal	- Agreed contracts in place with relevant utility companies to sell excess electricity at pre-agreed rates when available
	Generate incremental revenue from increased scrap due to enhanced production	Medium	Internal	- Establish scrap prices in-line with commercial product prices - diversify customer base
	Improve delivery times due to improved warehousing near major markets	High	Internal	- Increase in finished goods stock to ensure timely delivery to customer base.
<b>Commercial Risk</b>	Economic downturn may impact demand for products	Medium	External	- ILL's diversified product portfolio and strong export footprint allows the Company to counter economic cyclicalities
	Trade protectionism amongst export markets via imposition of tariffs and anti-dumping duties could impact sales	Medium-High	External	- Ensuring that prices and quantum of exports do not pose potential for dumping inquiries. Additionally, maintaining diversity of export markets to limit dependence on one single destination
	Unethical practices by market players leading to lower prices of similar products	Medium-High	External	- ILL has differentiated itself from competition by providing consistent quality for over 50 years. This has allowed the Company to develop a strong brand name which customers seek out and are willing to pay a premium for. Additionally, ILL is able to leverage economies of scale and procurement expertise to maintain price competitiveness.
<b>Strategic Risk</b>	Shift in market dynamics away from steel pipe	Low	External	- Mostly only applicable to water and gas applications. ILL has already established itself in the plastic pipe segment for these applications. ILL also maintains a constant focus of developing diversified markets for its products.
	Shift in production technologies may make processes obsolete and products and prices non-competitive in local and/or international markets	Low	External	- ILL strongly believes in the philosophy of 'continuous improvement' and firmly applies this to its processes and plants. Accordingly, modernization and upgradation of production facilities and investment in new technologies allows ILL to position to respond adequately to any changes in production technologies.

# CODE OF CONDUCT

The Code of Conduct is applicable to the Board of Directors as well as all the employees of the Company. Salient features of the Code of Conduct are as follows:

## A. BUSINESS ETHICS

- i. The Company's policy is to conduct its business with honesty and integrity and be ethical in its dealings, showing respect for the interest of all stakeholders including its shareholders, employees, customers, suppliers and society at large.
- ii. The Company is dedicated to providing a safe and non-discriminatory working environment for all employees.
- iii. The Company does not support any political party or contributes funds to groups whose activities promote political interests.
- iv. The Company is committed to provide products which consistently offer value in terms of price and quality and are safe for their intended use to satisfy customer needs and expectations.
- v. The Board of Directors and the management are committed to ensuring that the Company is a responsible corporate citizen and that business shall be carried out in a sustainable manner.
- vi. Operations shall be carried out with minimum adverse effect on the environment and producing quality products in a healthy and safe working environment.
- vii. We, as a responsible corporate citizen, shall play our part in the betterment of society in health and education sectors as a part of our Corporate Social Responsibility.
- ii. An employee should avoid any situation in which he or she, or a family member, might profit personally (either directly or indirectly) from the Company's facilities, its products, or relationships with its vendors or customers.
- iii. An employee should not permit himself/ herself (or members of his/her family) to be obligated (other than in the course of normal banking relationships) to any organization or individual with whom the Company has a business relationship. However, business lunches, dinners or social invitations, nominal giveaways and attendance at conferences and seminars would not be considered a violation of this Code.
- iv. In case an employee is offered or receives something of value which he/she believes may be questionable under this Code, he/ she should disclose the matter.
- v. Conflicts of interest shall be avoided and promptly disclosed where they exist and guidance should be sought from supervisors.

## C. ACCOUNTING RECORDS, CONTROLS AND STATEMENTS

- i. All books, records, accounts and statements should conform to generally accepted and applicable accounting principles and to all applicable laws and regulations and should be maintained accurately.
- ii. Employees are expected to sign only documents or records which they believe to be accurate and truthful.

## D. ENVIRONMENT

- i. The Company is committed to carry its business in an environmentally sound and sustainable manner and promote preservation and sustainability of the environment.
- ii. All employees are required to adhere strictly to all applicable environmental laws and regulations that impact the Company's operations.

## B. CONFLICTS OF INTEREST

- i. Every employee should conduct his/her personal and business affairs in a manner such that neither a conflict, nor the appearance of a conflict, arises between those interests and the interests of the Company.

## **E. REGULATORY COMPLIANCE**

- i. The Company is committed to make prompt public disclosure of 'material information' as prescribed by the Pakistan Stock Exchange Regulations, if required.
- ii. Where an employee is privy to information which is generally referred to as 'material inside information', the same must be held in strict confidence by the employee involved until it is publicly released.
- iii. Employees shall abide by the appropriate competition laws and shall not enter into understandings, arrangements or agreements with competitors which have the effect of fixing or controlling prices, dividing and allocating markets or territories or boycotting suppliers or customers.

## **F. PERSONAL CONDUCT**

- i. All employees should conduct themselves with the highest degree of integrity and professionalism in the workplace or any other location while on company business.
- ii. Employees shall be careful while dealing with personal or business associates and not disclose, divulge or provide any information regarding the Company to anyone except where the same is used as a part of his/ her official obligations and as required for official purpose and shall abide by the Closed Period announced by the Company from time to time and also sign a Non- Disclosure Agreement if the need arises.
- iii. Employees should avoid any kind of bribery, extortion and all other forms of corruption.
- iv. Employees should always be cognizant of the need to adhere strictly to all safety policies and regulations.
- v. Any legally prohibited or controlled substances, if found in the possession of any employee, will be confiscated and, where appropriate, turned over to the authorities.

## **G. MISCELLANEOUS**

- i. Employees are required to comply with this Code of Conduct and are personally responsible for doing so. Employees must comply with any rules set out in this Code of Conduct. Breach of any principles within the code may result in disciplinary action and a serious breach – such as if any employee is found to be in wanton abuse of the Code and their action can cause reputational risk or damage or financial loss to the Company, may amount to gross misconduct, which may result in dismissal. Further, the Company reserves the right to seek redress and damages from such individuals.
- ii. Employees at all levels will be required to certify annually that they understand the Code and that they are in full compliance with it. The Board monitors the findings of this certification on an annual basis.
- iii. The Company has in place a confidential 'Whistleblowing Policy' as a mechanism and process to encourage the reporting of any non-compliance with the Code of Conduct.



# CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual financial results of our Company for the year ended June 30, 2021

**Mustapha A. Chinoy**  
Chairman

FY21 was a year without precedence. COVID-19 remained a prevalent and all-pervasive theme across the globe and forced permanent changes to the way we live and work. By the Grace of the Almighty, Pakistan had lower infection rates in comparison to most countries, which enabled us to continue operations for most part of the year. I am proud of how our management team and employees rose to the occasion and stayed committed to all stakeholders. Their efforts have enabled our Company to post record sales revenue and profit, for which I extend to them my appreciation on behalf of the Board.

Pakistan has witnessed a V-shaped economic recovery, with GDP growth clocking in at 3.94% compared to a contraction in the prior year at the height of the pandemic. We must acknowledge the measures taken by our state institutions in controlling the spread of COVID-19 and the roll-out of the vaccination program. As a result of these measures, Large-Scale Manufacturing (LSM) showed a remarkable recovery with major sectors showing substantial improvement over last year. The macroeconomic stabilization measures initiated by the government have reflected in the fiscal and external accounts numbers and I am confident that our resolve and ability to adapt to change will help us in managing our business effectively in future periods in the face of the continuing pandemic.

IL and its subsidiary, International Steels Limited (ISL), sold over 665k MT of steel products, including exports of 136k MT, and posted turnover in excess of Rs. 98 billion for the year under review. Group contributions to the national exchequer during the year amounted to Rs. 21.2 billion. Your Company

posted Profit After Tax (PAT) of Rs. 2,315 million (EPS Rs. 17.55). PAT excluding dividend income from ISL was Rs. 1,690 million. ISL reported PAT of Rs. 7,466 million. Its gross turnover was Rs. 69.8 billion, compared to Rs. 48 billion in the preceding year.

Large Scale Manufacturing (LSM) grew 8.99% year on year, with the iron & steel sector growing by 1.66%. I am proud to say that our Company has performed much better compared to the industry average with sales revenue showing 53% growth over last year.

Despite the challenges of the pandemic, we continued to promote our brand as well as seek new opportunities for growth. The Company has gained a strong foothold in the export markets of Australia and North America by operating through its overseas subsidiaries. IIL Construction Solutions (Pvt) Ltd, another wholly-owned subsidiary, was established to add value to our investments in Hollow Structural Sections and High Strength Scaffolding projects. It has developed awareness in the market and achieved a number of promising early successes. The Company's Polymers also performed creditably, achieving growth in both volumes and profitability. We have embarked on an expansion to complement our PPRC product range by seeking to add uPVC pipes and fittings to our portfolio.

Alongside our business endeavors, we continue to serve and invest in the communities we operate in. I am delighted to report that our CSR efforts proudly supported a diverse spectrum of reputable not-for-profit entities including The Citizens Foundation, SINA Health Education & Welfare Trust as well Amir Sultan Chinoy Foundation, our own charitable trust,



which were donated a total of Rs. 53m during the year under review. Furthermore, we aim to continue supporting our workers and their families facing hardships during difficult economic times.

### **Changes to the Board**

During the year 2020-21, a casual vacancy arose due to the resignation of Mr. Ehsan Ali Malik that was filled by appointing Mr. Asif Jooma as Director for the remaining term of the existing Board of Directors. Mr. Riyaz T. Chinoy, after completing 28 years of service in IIL, with the last 10 as the Chief Executive Officer, stepped down from the position of CEO at the close of business on February 9, 2021. He continues to serve on the Board of IIL as a non-executive Director. On behalf of the Board, I would like to place on record my acknowledgement for the contributions of Mr. Ehsan Malik and Mr. Riyaz Chinoy.

### **Appointment of New Chief Executive Officer**

Consequent to the resignation of Mr. Riyaz T. Chinoy as CEO, Mr. Kamal A. Chinoy was appointed as CEO with effect from February 10, 2021 till April 30, 2021. Thereafter, as recommended by the Board Human Resource & Remuneration Committee (HR&RC), the Board appointed Mr. Sohail R. Bhojani as the Chief Executive Officer of the Company effective May 1, 2021.

### **Performance of the Board**

The Board has performed its duties and responsibilities diligently and contributed effectively in guiding the Company in strategic and governance matters. The Board also played a key role in the monitoring of management performance and assessing major risk areas. It was fully engaged in the strategic planning process and supporting the vision of the Company.

The Board recognizes that well defined corporate governance processes are vital to enhancing corporate accountability and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholder value. All Board members, including independent directors, fully participated in and contributed to the decision-making process of the Board.

As Chairman of your Company, I will continue to be responsible for leading the Board, fostering a culture of openness and constructive, wide-ranging debate on key matters and ensuring that the Board receives information and opinions from senior management. I remain firmly committed to ensuring that your Company complies with all relevant codes and regulations, and that the management continues to take decisions which create value for you in the short, medium and long term.

The Company has an independent Internal Audit department, which believes in a risk-based audit methodology and leads the internal audit function supported by an external firm where required. Internal audit reports are presented to the Board Audit Committee (BAC) on a quarterly basis and areas for improvement are highlighted.

This was the ninth year that the Board as a whole carried out its self-evaluation and fourth time individual directors were also self-evaluated. The evaluations identified areas for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the management. Along with the Boards' self-evaluation, the BAC and HR&RC also carried out their self-evaluations.

The BAC is chaired by Mr. Jehangir Shah, an independent director and the HR&RC is chaired by Mr. Mansur Khan, also an independent director. In addition to BAC and HR&RC meetings, the Board met seven (7) times this year. The Board normally meets at least once every quarter to review operational results, once a year to consider the budget for the following year while another meeting is focused on strategy.

In closing, on behalf of the Board, I wish to acknowledge the contribution of all our stakeholders, including shareholders, directors, employees, customers, suppliers and bankers during the year. I would like to emphasize that the challenges of the pandemic are likely to remain for the foreseeable future. I am confident that the Board and management are capable and fully prepared to face these challenges with resilience as we have in the past.



Mustapha A. Chinoy  
Chairman  
August 26, 2021

نے چیف ایگزیکٹو آفیسر کا تقرر

سی ای او کی حیثیت سے جناب ریاض ٹی چٹائے کے استعفیے کے بعد جناب کمال اے چٹائے کو 10 فروری 2021 سے اپریل 2021 تک کی مدت کیلئے سی ای او مقرر کیا گیا۔ بعد ازاں بورڈ نے جیو مین ریورس اینڈ ریٹورنیشن کمیٹی (HR&RC) کی سفارش پر یکم مئی 2021 سے جناب سہیل بھوجانی کو کمیٹی کا چیف ایگزیکٹو آفیسر مقرر کیا۔

بورڈ کی کارکردگی

بورڈ نے اپنے فرائض اور ذمہ داریاں اذیبا نمداری سے نبھائیں اور کمیٹی کو حکمت عملی اور گورننس کے امور میں موثر رہنمائی فراہم کی۔ بورڈ نے انتظامیہ کی کارکردگی اور اہم خدشات کے ایریا کی مانیٹرنگ میں بھی بنیادی کردار ادا کیا۔ بورڈ چانگک کے طریقہ کار اور کمیٹی کے ڈن کو سپورٹ کرنے میں بھی پوری طرح مصروف عمل رہا۔

بورڈ کا ماننا ہے کہ اجتماعی احتساب کو زیادہ موثر کرنے کیلئے واضح کارپوریٹ گورننس طریقہ کار ہوتا لازمی ہے اور اسی لئے اسٹیک ہولڈرز کی اقدار کو محفوظ اور برقرار رکھنے کیلئے کارپوریٹ گورننس کے اعلیٰ معیارات کو یقینی بنانے کا عزم رکھتا ہے۔ بورڈ کے تمام ممبران بشمول خود ہیڈ آف انٹرکسٹرز نے بورڈ کی فیصلہ سازی میں بھرپور شرکت کی۔

آپ کی کمیٹی کے چیئرمین کی حیثیت سے میں بورڈ کی قیادت کرتے ہوئے کھلے دل اور تعمیری کچھ کے فروغ، بنیادی معلومات پر مبنی مباحثہ اور اس یقین کے ساتھ کہ بورڈ کو بہتر انتظامیہ کی جانب سے معلومات اور آراء موصول ہوں گی، اپنا ذمہ داری ادا کرتا ہوں گا۔

میں اس عزم کا اظہار کرتا ہوں کہ آپ کی کمیٹی یقینی طور پر حلقہ کوڈز اور ضابطوں کی پیروی کرتی رہے، اور مختصر یہ کہ انتظامیہ ایسے فیصلے کرے جو قلیل، اوسط اور طویل مدت کیلئے اقدار کی تخلیق میں معاون ہوں۔

کمیٹی کا ایک خوبصورت اندرونی آڈٹ ڈپارٹمنٹ ہے جو رسک کی بنیاد پر آڈٹ کے طریقہ کار پر یقین رکھتا ہے اور اندرونی آڈٹ کے امور کو ضرورت کے مطابق پیروی فرم کے تعاون سے انجام دیتا ہے۔ اندرونی آڈٹ ریپرسنٹاٹو سی ای او کی بنیاد پر بورڈ آڈٹ کمیٹی (BAC) کو پیش کی جاتی ہیں جس میں بہتری کی ضرورت کے ایریا کی نشاندہی کی جاتی ہے۔

یہ نو سال ہے کہ جب بورڈ نے کلی طور پر از خود چانگک کی ہے اور چوتھی مرتبہ انفرادی طور پر ڈائریکٹرز نے بھی از خود چانگک کا عمل انجام دیا۔ چانگک میں بہترین عالمی معمولات کے مطابق مزید بہتری لانے کے ایریا کی نشاندہی کی گئی ہے۔ اس میں مرکزی توجہ حکمت عملی کے مطابق صوبہ کا روپاری مواقع، رسک منیجمنٹ، بورڈ کی تشکیل اور انتظامیہ کو نگرانی فراہم کرنے پر ہوتی ہے۔ بورڈ کی از خود چانگک کے ساتھ ساتھ BAC اور HR&RC نے بھی از خود اپنی چانگک کی ہے۔ BAC کی سمدارت ایک خود ہیڈ آف انٹرکسٹرز جناب بھانگیر شاونے کی جب کہ HR&RC کے چیئرمین بھی ایک خود ہیڈ آف انٹرکسٹرز جناب منصور خان تھے۔ BAC اور HR&RC کی میٹنگز کے علاوہ، بورڈ کی سال میں ساتھ (7) میٹنگز ہوئیں۔

بورڈ مٹنگ کا جائزہ لینے کیلئے عام طور پر ایک سہ ماہی میں کم از کم ایک بار، اگلے سال کے بجٹ پر فوری طور پر غور و خوض کرنے کیلئے سال میں ایک بار میٹنگ کرتا ہے جب کہ حکمت عملی پر توجہ کیلئے الگ میٹنگ ہوتی ہے۔

آخر میں بورڈ کی جانب سے میں اپنے تمام اسٹیک ہولڈرز میں شیئر ہولڈرز، ڈائریکٹرز، ایگزیکٹوز، ایڈیٹرز اور دیگر ذریعہ کی سال کے دوران میں خدمات اور تعاون کا شکریہ ادا کرتا ہوں۔ میں اس بات پر زور دوں گا کہ ہمارے چیلنجز مستقبل قریب میں بھی باقی رہیں گے۔ میں پر اعتماد ہوں کہ بورڈ اور انتظامیہ ان چیلنجز سے نمٹنے کیلئے اسی اگلا داری سے کام کرنے کو تیار ہے۔ یہ ماضی میں کیا تھا۔



مصطفیٰ اے چٹائے  
چیئرمین  
26 اگست 2021

# چیرمین کا جائزہ

عزیز حصص داران،

بورڈ آف ڈائریکٹرز کی

جانب سے میں بمسرت

اپنے ادارے کے سالانہ

مالیاتی نتائج برائے سال مختتمہ

30 جون 2021 پیش کر رہا ہوں

مصطفیٰ اے چنائے  
چیرمین

وہاں کے چیلنجز کے باوجود اپنے برآمد کے فروغ کا عمل اور ترقی کے نئے مواقع کی تلاش جاری ہے۔ کمپنی نے اپنے سمندر پار ذیلی اداروں کے ذریعے آسٹریلیا اور شمالی امریکہ کی ایکسپورٹ مارکیٹس میں اپنے قدم مضبوطی سے جمائے ہیں۔ IIL کنسٹرکشن سلوشنز (پرائیویٹ) لیملڈ ایک اور کل ملکیٹی ڈیپلی کمپنی ہے جو گزشتہ سالوں میں Hollow اسٹرکچرل سیکشنز اور ہائی اسٹریٹ اسکیلڈ لڈنگ پروجیکٹس میں کی گئی سرمایہ کاری کی قدر میں اضافے کیلئے قائم کی گئی تھی۔ اس نے مارکیٹ میں آگئی کو فروغ دیا اور جلد ہی کئی اہم کامیابیاں حاصل کیں۔ کمپنی کے پالمر ڈویژن نے قابل تحریف کارکردگی کا مظاہرہ کیا اور فروخت کے حجم اور منفعت دونوں میں اضافہ ہوا۔ ہم اپنی PPRC پروڈکٹ ریجن کی توسیع کے سلسلے میں اپنے پلٹ فوئیو میں PVC u پائپس اور ٹیگٹو کا اضافہ کر رہے ہیں۔

اپنی کاروباری کارکنوں کے ساتھ ساتھ اپنے آپریٹرز کے مقامات کے گرد و نواح میں موجود کمیونیز کی خدمت اور ان میں ہماری سرمایہ کاری کا سلسلہ جاری ہے۔ مجھے یہ بتاتے ہوئے خوش محسوس ہو رہی ہے کہ ہماری ماہی کی خدمات فخریہ طور پر مختلف نوعیت کے معروف غیر منافع بخش اداروں جیسے سٹیژن فاؤنڈیشن، ٹاڈیلسٹر ایجوکیشن اینڈ ویلفیئر ٹرسٹ کے علاوہ اپنے علاقائی ادارے امیر سلطان چنائے فاؤنڈیشن کو فراہم کی جاتی ہیں اور اس سلسلے میں زبرد جانزہ سال کے دوران میں کل 53 ملین روپے عطیہ کئے گئے۔ اس کے علاوہ ہم اپنے ورکرز اور ان کی فیملیز کو بھی ان کے مشکل مالی حالات میں مدد دیتے ہیں۔

بورڈ میں تبدیلی

سال 2020-21 کے دوران میں جناب احسان علی ملک کے استعفیٰ کے باعث ایک ماضی اسامی مالی ہوئی جس پر موجودہ بورڈ آف ڈائریکٹرز کی حیدریت چوری کرنے کیلئے جناب آصف محمد کا بطور ڈائریکٹر تقرر کیا گیا۔

جناب ریاض ٹی چنائے نے IIL میں اپنی خدمات کے 28 سال مکمل کئے جن میں آخری دس سال چیف ایگزیکٹو آفیسر کے عہدے پر رہنے کے بعد 9 فروری 2021 کو کاروباری اوقات کے اختتام پر ہی ای او کی بنیاد سے ملازمت سے دستبردار ہو گئے۔ میں بورڈ کی جانب سے جناب احسان اے ملک اور جناب ریاض ٹی چنائے کی خدمات کا دل شکر یہ یاد کرتا ہوں۔

مالی سال 21 بھی گزشتہ سے مختلف نہیں تھا۔ کووڈ-19 کی صورتحال برقرار رہی اور دنیا بھر میں ایک ہمہ گیر کیفیت نے ہمارے رہنے اور کام کے انداز کو مستقل طور پر بدلنے پر مجبور کر دیا۔ اللہ کی رحمت سے پاکستان میں انٹیکشن کی شرح دنیا کے کئی ممالک سے کم رہی جس کے باعث ہمیں سال کے اکثر حصوں میں اپنے آپریٹرز جاری رکھنے کا موقع ملا۔ مجھے فخر ہے کہ ہماری انتظامیہ اور ایگزیکٹو نے ایسے وقت میں اپنے فرائض بخوبی انجام دیئے اور تمام اسٹیک ہولڈرز کے ساتھ اپنے عزم پر عمل پیرا رہے۔ ان کی کوششوں سے ہماری کمپنی نے ریکارڈ سیلز آمدنی اور منافع حاصل کیا جس کے لئے میں بورڈ کی جانب سے ان کا شکریہ ادا کرتا ہوں۔

پاکستان کی معیشت کی بحالی میں اتار چڑھاؤ اور گزشتہ سال وہاں کے زور کے دوران میں ہونے والی کمی کے مقابلے میں ڈی ڈی پی کی شرح نمو 3.94% رہی۔ ہمیں کووڈ-19 کے پھیلاؤ کو قابو کرنے اور ویکسین پروگرام میں تیزی سے اضافے کیلئے اپنے سرکاری اداروں کے اقدامات کا اعتراف کرنا چاہیے۔ ان اقدامات کے نتیجے میں بڑے پیمانے کی معینہ پیرنگ (LSM) میں شاندار بحالی دیکھنے میں آئی اور بڑے شعبہ جات میں گزشتہ سال سے کہیں زیادہ بہتری آئی۔ حکومت کی جانب سے نیکرو ایکٹامک کے استحکام کیلئے شرع کئے گئے اقدامات سے مالیاتی اور بیرونی اکاؤنٹس پر نمایاں اثرات مرتب ہوئے اور مجھے محسوس ہے کہ ہمارے تبدیلی کو اپنانے کے فیصلے اور اہلیت سے وہاں کے سلسل کی صورتحال میں بھی مستقبل میں اپنے کاروبار کو مضبوط کرنے میں مدد ملے گی۔

IIL اور اس کی ذیلی کمپنی انٹرنیشنل اسکیلڈ لیملڈ (ISL) نے 665k MT سے زیادہ کی اسٹیل پروڈکٹس فروخت کرنے کے ساتھ ساتھ 136k MT برآمد کیں اور زبرد جانزہ سال میں 98 ملین روپے سے زیادہ کی بیلز کی آمدنی حاصل کی۔ سال کے دوران میں قومی خزانے میں گروپ کا حصہ 21.2 ارب روپے رہا۔ آپ کی کمپنی نے بعد از نکس 2,315 ملین روپے منافع حاصل کیا جو ISL کی ختم شدہ آمدنی کے علاوہ 1,690 ملین روپے ہے۔

ISL نے 7,466 ملین روپے بعد از نکس منافع پسٹ کیا۔ اس کی مجموعی آمدنی 69.8 ملین روپے رہی جب کہ گزشتہ سال 4.8 ملین روپے حاصل ہوئی تھی۔ بڑے پیمانے کی معینہ پیرنگ (LSM) میں سال پ سال 8.99% اضافہ ہوا جس میں آئرن اور اسٹیل کے شعبہ میں 1.66% اضافہ ہوا۔ مجھے فخر ہے کہ ہماری کمپنی نے صنعت کی اوسط کے مقابلے میں کافی بہتر کارکردگی کا مظاہرہ کیا اور بیلز کی آمدنی میں گزشتہ سال کے مقابلے میں 53% اضافہ کیلئے میں آیا۔



# DIRECTORS' REPORT

The Directors are pleased to present their report along with the audited Financial Statements of the Company for the year ended June 30, 2021.

## BOARD COMPOSITION & REMUNERATION

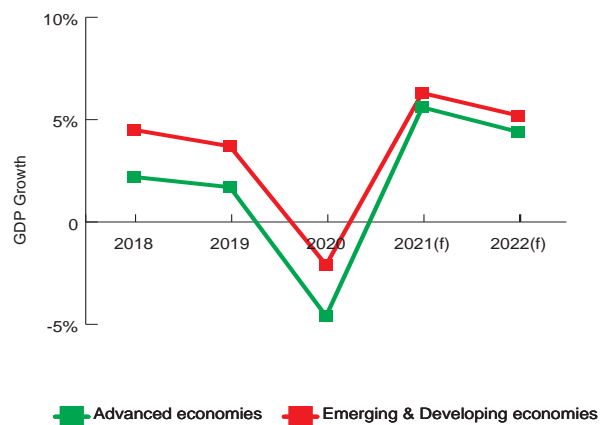
Composition of the Board and the names of Members of Board sub-committees are disclosed on Page No. 88 & 100 (Corporate Governance section). The Company has a formal policy and transparent procedures for remuneration of its Directors (for remuneration, refer to note 37 of the unconsolidated financial statements) in accordance with the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

## GLOBAL MACROECONOMIC OUTLOOK

According to IMF World Economic Outlook, global GDP shrunk by 3.2% in CY 2020. However, GDP growth projections for CY 2021 are 6%, with Advanced Economies and Emerging & Developing Economies growing by 5.6% and 6.3% respectively. The ongoing post-pandemic recovery in CY 2021 is expected to taper off in CY 2022 once post-lockdown pent-up demand is reasonably satiated and immunization rates reach acceptable thresholds, enabling a safer return to normalcy.

GDP Growth (%) - Advanced vs. Emerging & Developing

2018 – 2022 (f)



Source: IMF World Economic Outlook, July 2021

Growth in global trade of goods and services, which contracted by 8.3% in 2020, is estimated to expand by 9.7% in 2021 and then normalize to 7%.

There are several factors counteracting the normalization of social and economic activity, including the emergence of new more virulent Coronavirus variants, uneven distribution of vaccines across countries, persistent inflation and the associated risks of a tighter external financial environment which can impact aggregate demand and lead to another recession. Other more visibly apparent signs of imbalances include unprecedented high freight rates, unavailability of containers and shipping space, commodity and asset prices at historic highs and unemployment.



## DOMESTIC ECONOMY

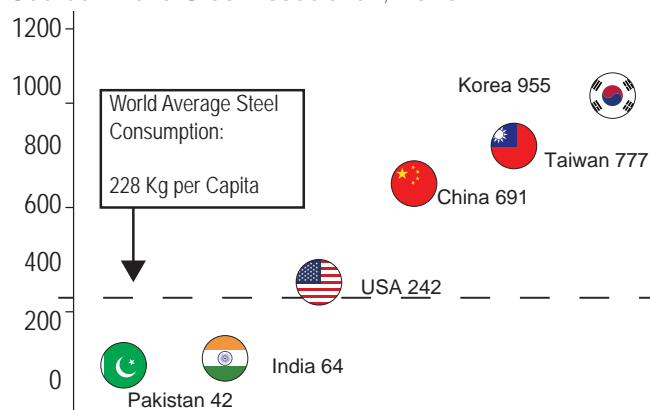
Pakistan's macroeconomic benchmarks for FY 2020-21 point towards a favorable past year with indicators such as GDP growth rate, Large Scale Manufacturing (LSM) and current account and fiscal deficit remaining conducive to good economic performance. Relief measures such as the Temporary Economic Refinance Facility (TERF), Construction package, Rabi package to increase the production of wheat in the country, Naya Pakistan housing scheme and the reduction in duties and sales tax on essential raw materials and capital goods will further stimulate economic activity and enable sustainable growth going forward. It is also encouraging to note that the government is focusing on sector-specific policies for key segments including textile, refineries, automotive and steel sectors. Which should further support expansion of the existing industrial base and allow for better capital formation. The SBP's projections of 4-5% GDP growth and relatively moderate inflation of 7-9% for FY 2021-22 point towards a supportive monetary policy stance, which also bodes well for broader economic growth.

The second phase of the China Pakistan Economic Corridor (CPEC) undertaking will shift focus from energy to industrial development, agricultural modernization, tourism and social infrastructure development which, along with enhanced regional connectivity, augurs well for industrialization and trade in the medium term. The Pakistan Stream Gas Pipeline (PSGP) project signed with Russia envisages the construction of 1,100 km of gas pipelines from Karachi to Kasur. Capital expenditure on the gas distribution network shall bring significant business to the local steel industry while alleviating the currently chronic gas shortage.

The World Steel Association's assessment of steel consumption for 2020 indicates a world average of approximately 228 kg/capita. Pakistan remains well below the world average at an estimated 46 kg/capita which continues to indicate the immense potential for growth in the domestic steel manufacturing and processing industry.

Per Capita Steel Consumption  
Kg per Capita, 2020

Source: World Steel Association, 2020

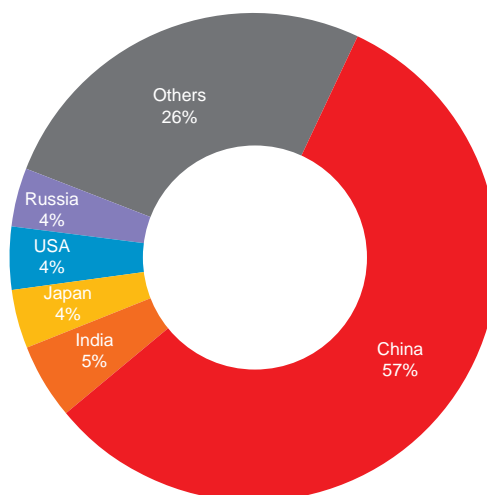


## GLOBAL STEEL SCENARIO

World crude steel production was estimated at 1.88 billion metric tons (MT) in CY 2020, which was marginally up compared to the previous year. China accounted for 57% of global crude steel production and was up 7% year-on-year. Other major players include India (100 million MT), Japan (83 million MT), United States (73 million MT) and Russia (72 million MT).

Share of Global Crude Steel Production (%)  
2020

Source: World Steel Association, 2020



FY21 witnessed Asian Hot Rolled Coil (HRC) trade in a wide range of \$450-\$1,100/MT CFR, with international steel prices trending upwards from July 2020 to May 2021. The current levels of \$950/MT at which Chinese origin HRC is trading in are the highest witnessed in the last 13 years. Steel-making raw material such as iron ore and coking coal have also made similar gains.

A sharp divergence in prices between China and other major steel producing countries was witnessed as post-lockdown demand from Europe and North America incentivized South East Asian (Japan, Korea, Taiwan) and CIS producers to divert their goods towards these higher value markets.

Several key factors and events have contributed to the sustained rise in prices this year including:

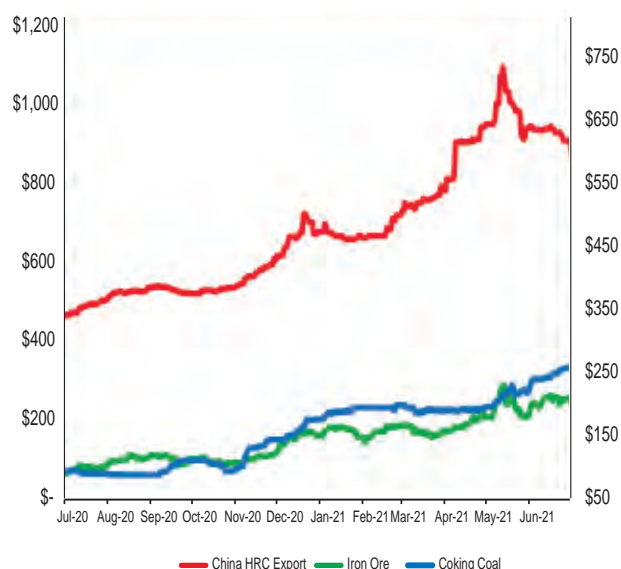
1. Loosening of monetary policy worldwide throughout FY 2020-21 to counteract the economic fallout of the pandemic.
2. US Dollar weakness during the peak of the pandemic in USA and in the run up to the US presidential elections.
3. Strong post-lockdown domestic demand in China, Europe and North America and diversion of SE Asian / CIS exports towards higher value markets (Europe and Americas), resulting in a temporary shortage of material.
4. Withdrawal of export rebate on alloy steel by the Chinese government in May 2021.
5. Rapid upward acceleration in sea-freight due to global port congestion and shipping space and container shortages.
6. More recently, the Chinese National Development and Reform Commission (NDRC) has been contemplating imposing export taxes on steel to rein in domestic prices, as high prices adversely impact infrastructure development planning.
7. Capacity cuts to curb pollution ahead of the Winter Olympics in Beijing. By some estimates approximately 20 million MT of production could be cut in the second half of CY 2021. This is expected to support prices in the short to medium term.

Policy measures have had a significant impact on commodity prices since the start of the pandemic, from the unprecedented fiscal and monetary stimulus sanctioned by governments and global central banks around the world in response to the Coronavirus pandemic, to the two latest aforementioned Chinese measures, i.e., export taxes and capacity cuts, expected by the market. We also continue to remain cognizant of the risks associated with a drawdown in asset purchases by the US Federal Reserve and growing expectations of higher US interest rates which may prove unfavorable to global commodity prices.

Pakistan's demographic profile, construction packages and housing schemes, progress on dams, motorways and CPEC projects and pipelines indicate that energy, infrastructure, automotive, white goods and raw material demand will continue to support growth in steel use in the medium to long term.

Iron Ore, Coking Coal and Hot Rolled Steel Coil Price  
July 2020 – June 2021, USD per Ton

Source: Fast Markets



### Steel Tube and Pipe Industry

The global steel tube & pipe industry manufactures a broad range of welded and seamless tubes & pipes. Steel pipes are used primarily in oil, gas, water and fluid transmission and distribution, and various fencing and

fabrication-related applications. Structural steel pipes and Hollow Structural Sections (HSS) are used in high strength applications in the construction industry, whereas cold rolled steel tubing is used in automotive parts, bicycles, home appliance manufacturing and various furniture and fabrication-related applications.

World production of steel tubes & pipes is roughly 160 million MT, which represents around 9% of total world crude steel output. Out of the total production of steel tubes & pipes, the welded tube & pipe segment represent 70% of total tubes & pipes produced, whereas seamless pipe represents 30% of the production share.

Global trade of steel tubes & pipes represents approximately 9% of total international trade in steel. Pakistan's steel tubes & pipes market size is estimated at approximately 700,000 MT out of a total steel products market size of 9-10 million MT. The domestic steel tubes & pipes market is highly fragmented and consists mainly of a large number of small-to-medium sized manufacturers, spread across the country.

### **Stainless Steel**

Global production of stainless steel was approximately 51 million MT in CY 2020 compared to 52 million MT in CY 2019. However, output continues to grow at a CAGR in excess of 4% over the last 5 years. As with carbon steel, China is the dominant supplier of stainless steel, with production of approximately 59% of world output in CY 2020.

Stainless steel tubes & pipes are typically suited for end-uses that require high corrosion and temperature resistance and aesthetic appeal. Major end-uses of stainless steel tubes & pipes include:

- Chemical and petrochemical processing
- Liquid Natural Gas (LNG) piping
- White goods and household utensils
- Automotive exhaust systems
- Construction - offshore and humid environments
- Food and pharmaceutical processing
- Desalination and wastewater projects

The 300 Series stainless steel and its constituent grades comprise almost 55% of global stainless-steel production and are widely used in a range of applications due to high Nickel content, which reduces

corrosion rate. The 200 Series stainless steel which are more economical, comprise 22% of global production. Your company's portfolio comprises of both grades as well as the 400 series.

Pakistan's average stainless steel consumption per capita is approximately 0.5 kg/capita relative to the world average of 5.7 kg/capita, indicating a substantial potential for growth in this segment.

### **Polymers**

Our Polymers segment produces pipes and fittings for transmission and distribution of water and gas as well as for use in telecommunication and ducting applications. This segment has shown consistent growth, both in terms of volumes and profitability. The Company plans to further expand in this segment and introduce a range of uPVC pipes and fittings.

## **STRATEGIES, OBJECTIVES & CRITICAL PERFORMANCE INDICATORS**

ILL's core endeavor is to achieve its corporate and strategic objectives and to adopt pre-eminent global practices while playing a significant role in the country's steel industry. The Company strives to continuously improve its processes and products to maximize returns for its shareholders. A detailed description of ILL's objectives, strategies and critical performance indicators can be found on Page No. 56.

## **COMPANY OPERATIONS**

### **Market Share**

Your Company is the leading manufacturer of tubes & pipes in the domestic market for GI Pipes, CR Tubes, Stainless Steel Tubes & Pipes, Hollow Structural Section and Black & Scaffolding Pipe, having the largest product range in the segments it operates in. The ILL brand is the benchmark for quality and has, over several decades, built continuing loyalty from its customers, dealers and business partners. The Company is continuously striving towards customer-centricity and being attuned to the market needs.

### **Gross Sales**

The Company achieved sales volume of 190,000 MT during the FY21, with turnover of Rs. 28.9 Bn (FY20: Rs. 18.9 Bn).

### Domestic Steel Sales

The Company's domestic turnover for the year was Rs. 23 Bn (FY20: Rs. 16 Bn) as domestic sales volume increased 25% over the previous year. This increase was attributable to our strong marketing and sales efforts which capitalized on the rebound from unusually low sales volume last year due to the COVID-19 pandemic and ensuing lockdowns and economic slowdown. The recovery was led by sales of our CR Tubes which are used in the automotive, furniture and general fabrication segments. Our Black Pipe and HSS line of products also performed well due to the broad-based increase in infrastructure and construction activity. Sales of our GI Pipe product line remained healthy. Our API line pipe sales to gas utility companies were higher than last year despite the postponement or cancellation of several expected tenders by gas companies due to funding constraints.

We actively continue to enhance commercial and institutional customer engagement via nationwide events, sponsorships and direct engagement mechanisms, despite activities being hampered by the pandemic.

### Export Steel Sales

The Company's export turnover for year was Rs. 5.9 Bn (FY20: Rs. 2.9 Bn). Export sales performance was exceptional, showing volume growth of 71% compared to last year. Sales across most major markets and product lines increased as post-lockdown demand remained healthy throughout the year.

Your Company continues to win prestigious accolades, receiving the FPCCI Best Export Performance Award 2019 for the 20th consecutive year in the Engineering Products (Mechanical) segment.

### IL Australia Pty Limited

IL Australia, a wholly-owned subsidiary based in Melbourne, Australia, registered net sales of AUD 24 million (FY20: AUD 12 million). It continues to grow rapidly, having become a preferred supplier in the Australian market. Australia is now IL's largest export destination. The Company delivered its highest-ever sales volume as it continued to expand its network and build a sustainable customer base. Ongoing

geopolitical tensions between China and Australia will provide opportunities for further growth in the coming year.

### IL Americas Inc.

The establishment of our wholly-owned subsidiary, IL Americas Inc., in Ontario, Canada last year continues to provide better access to buyers and greater opportunities to develop alternative products. Net sales of the Company were CAD 6 million.

### IL Construction Solutions (Pvt.) Limited

IL Construction Solutions is a wholly-owned subsidiary of IL with a vision to developing the country's infrastructure using its modern construction solutions which includes premium quality and internationally compliant steel Hollow Structural Sections and steel scaffolding solutions.

### Stainless Steel Sales

Stainless steel tube sales grew by almost 80% compared to the previous year. The introduction of our economical SS 200 series brand of stainless steel pipes and an expanded range of diameters and shapes have started to reflect in our overall volumes. Output is also expected to further increase next year as we commission new production lines.



### Polymer Sales

Turnover of our range of polymer pipes and fittings was Rs. 3.4 Bn. (2020: 2.5 Bn.) with gross profit of Rs. 532 million (FY20: Rs 346 million). The segment saw broad-based growth during the year with all major product lines showing healthy increases. Our gas company tender business grew significantly, despite inadequate funding resulting in tender delays and



cancellations. Water and duct products continues to perform well and is expected further develop in the coming year.



Our line of PPRC pipes and fittings continues to perform well with volumes increasing by 52% over last year. We continue to drive the same customer-centric approach in this segment that is associated with our brand name in the steel segment.

The proliferation of inferior quality polymer products in Pakistan makes sales and marketing of premium quality products to customers with limited product knowledge a formidable challenge. The management continues to create awareness about quality standards and the long-term health implications of using sub-standard polymer pipe systems. This is made possible through regular nationwide dealer events, seminars with institutional clients, site visits and media campaigns. We also continue to educate institutional clients about quality standards for water and duct pipes; however, the commercial market remains a challenge where cheap, substandard product is available in abundance and without adequate regulations.

## PRODUCTION

We commissioned a stainless-steel tube mill and polishing machine for square and rectangular tubes and sections during the year, which will further enhance our product range. Two polymer extruders were also added to cater for growing demand for PE and PPRC water pipes.

Our API audit scheduled during the year was also carried out successfully.

## FINANCIAL REVIEW

### Company Results

Based on successes in production and sales during the year, the Company posted net sales of Rs. 28,940 million, which was 53% higher than last year, earning a gross profit of Rs. 3,973 million, and Profit before Tax of Rs. 2,259 million and Profit after Tax of Rs. 2,315 million. Profit was also boosted by savings in financial charges, leading to Earnings per Share for the year of Rs. 17.55.

Cost of goods sold for the year at Rs. 24,967 million was 42% higher than last year due to historical highs in steel prices and higher sales volumes.

Selling and distribution expenses of Rs. 1,494 million were 84% higher than last year on account of higher export sales volume compared to last year, coupled with record increases in ocean freight costs.

Administrative expenses of Rs. 383 million were 28% higher than last year due to inflationary rises and payments on account of staff exits.

Other operating charges of Rs. 189 million were 514% higher than last year, mainly due to higher WPPF / WWF costs resulting from higher profits. Other income of Rs. 1,054 million showed an increase of Rs. 82% mainly due to higher dividend income from investments in subsidiary and associated companies.

Financial charges during the year decreased by Rs. 483 million, which was 39% lower than last year, primarily due to the lower cost of borrowing over the year.

### Segment Review

Revenue from the Steel segment stood at Rs. 25,577 million, yielding gross profit of Rs. 3,441 million. Revenue from the Polymer segment was Rs. 3,364 million, delivering gross profit of Rs. 532 million.

### Cash Flow Management and Borrowing Strategy

The Company's cash flow management system projects cash inflows and outflows on a regular basis and monitors its cash position on a daily basis. Record increases in raw material prices called

for meticulous effort to minimize working capital financing levels while managing competitive bank spreads. Reduction in the policy rate and SBP's subsidized lending helped the Company attain a very competitive average borrowing rate of 6.5% (FY20: 11.7%).

### **Capital Structure**

International steel prices nearly doubled during FY21, which put tremendous pressure on the borrowing levels and the debt ratio. The Company has performed creditably in this regard and the debt ratio improved by 1%. This was achieved by efficient working capital management and a higher profit retention rate. Debt to equity ratio was 60:40 at 30 June 2021, compared to 61:39 on 30 June 2020.

### **DIVIDEND**

The Board of Directors has recommended a final cash dividend of Rs 6.5 (65%) per share. With the interim dividend of Rs 3.5 (35%) per share already paid during the year, the total dividend for the year 2021 will amount to Rs. 10 (100%) (FY20: Rs Nil) per ordinary share of Rs 10 each. The total profit distributed by way of dividend amounts to 57% (FY20: Nil).

### **AUDITORS**

The present external auditors, M/s A. F. Ferguson & Co., Chartered Accountants were appointed in FY21. The Board Audit Committee (BAC) has recommended reappointment of auditors for FY22 which the Board of Directors have approved.

The recommendations of the BAC for appointment of the auditor may be referred to on Page No. 105 (Report of the BAC on adherence to the Code of Corporate Governance).

### **INFORMATION SYSTEMS AND RE-ENGINEERING**

We are committed to the process of continuously upgrading and enhancing our IT infrastructure and moving towards greater process automation. Additionally, our IT team remains focused on working closely with end users in studying their day-to-day activities and finding opportunities to automate and streamline various tasks.

### **SOCIAL IMPACT**

ILL prides itself in being a responsible corporate citizen and positive contributor to the communities in which it operates and society at large. A detailed look into ILL's social, philanthropic and environmental protection initiatives can be found in our Group Sustainability Report available on the Company's website.

### **HUMAN RESOURCE MANAGEMENT**

ILL believes that employees are its biggest asset. Empowering employees with meaningful roles, challenging assignments and effective learning platforms has paved the way for a more purpose-driven organization. The Company has taken several initiatives during the year for the well-being of its employees. A few of the initiatives are as follows:

#### **Industrial Relations**

The bilateral negotiation settlement 2019 - 2021 was reached in July 2020 in an amicable manner. WPPF dues for 2019-20 were distributed in May 2021.

#### **Apprenticeship Training Program**

Our Apprenticeship Training Program operates at all factories with apprentices obtaining training in the areas of production, maintenance and quality control.

#### **Gratuity Scheme and Provident Funds**

The Company provides retirement benefits to its employees including a non-contributory defined benefit Gratuity Scheme for all employees and a contributory Provident Fund for all employees except unionized staff. Both plans are funded schemes recognized by tax authorities. The values of the Provident and Gratuity Funds at the year-end were Rs. 425 million and Rs. 463 million respectively.

#### **Employment of Differently-abled People**

Complying with the legal requirement to hire differently-abled persons, ILL's workforce includes 20 such staff members.

## Succession Planning

The Company has in place a succession plan, which includes performance evaluation and appropriate training requirements for the development of future leaders. This means recruiting employees, developing their knowledge and skill sets and preparing them for advancement or promotion into more challenging roles. Our succession plan is continuously reviewed and updated to ensure that it is capable of addressing evolving company needs.

## Occupational Health, Safety and Environment Systems (OHSE)

The health and safety of our employees is crucial to IIL. We are responsible for providing a healthy, safe and hazard-free environment to our employees and contractors and strive to achieve this through our OHSE Management System that is implemented by the HSE Department. In order to improve safety standards and to prevent incidents at work, the HSE Department distributes safety helmets, harnesses, gloves, shoes and other PPEs to its workforce and imparts appropriate training as part of its recurring function. Further information on our OHSE initiatives is available in our Group Sustainability Report. A brief outline of our OHSE practices is as follows:

1. Lost time injury frequency rate (LTIFR) of 1.02 against World Steel Association (WSA) Lost Time Injury Frequency Rate of 0.83.
2. During the year, 622 OHSE training sessions were organized by OHSE Department for 8,105 employees at all locations. Training hours per employee was 3.04.
3. The Company has started measuring carbon emissions and reduced its CO<sub>2</sub> emission per ton by 22% as compared to the previous year.
4. We observed a Safety Month in November 2020, during which various activities including class room and floor training, distribution of gifts for best safety suggestions, safety posters and safety awareness sessions by senior management were carried out.
5. Continued periodic reporting on effluents and emissions to relevant environmental protection bodies.
6. Monthly OHSE meetings with team leaders, service providers and senior management.

7. Monthly safety walks by senior management at all factories to promote safe working environment.

8. The Company ensured safety precautions and SOP adherence to tackle COVID-19 related challenges including:

- Installation of sanitization tunnels.
- Installation of vehicle sanitization systems at main gates.
- Development and installation of COVID-19 awareness boards and posters for employees and dealers.
- Thermal temperature checking and monitoring at entrances.
- Hand washing and sanitization facilities at entrances and work stations.
- Provision of face masks and gloves to employees and visitors.
- Floor marking at entrance, canteen, plants and prayer areas to aid social distancing.
- Encouragement of online meetings and work from home.
- Frequent sanitization of work places.
- In-house COVID-19 vaccination for employees and their family members.

## CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company is registered with the Large Taxpayers Unit (LTU) and contributed over Rs. 6.6 billion to the national exchequer in the form of Income Tax, Sales Tax, other taxes, duties and levies during the financial year.

## INTERNAL CONTROL FRAMEWORK

The Board has in place an effective Internal Control framework which may be referred on Page No. 96.

## RISK, OPPORTUNITY AND MITIGATION REPORT

The management, in consultation with the Board of Directors, continue to develop capacities to anticipate risks and create new strategies to mitigate these risks while developing our strategic roadmap. A detailed Risk & Opportunity Report is presented on Page No. 62 for further details.

## RELATIONSHIP WITH STAKEHOLDERS

ILL attaches great value to all of its stakeholder satisfaction and strives to nurture a positive relationship with them through effective and timely communication and interaction. Page No. 60 may be referred to for a detailed Stakeholder Engagement analysis.

## QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

Quarterly unaudited financial statements of the Company along with Directors' Review, were approved and circulated to the shareholders on a timely basis. Half-yearly financial statements were subjected to a limited scope review by the external auditors. These annual financial statements have been audited by the external auditors, approved by the Board and will be presented to the shareholders at Annual General Meeting for approval. Periodic financial statements of the Company were circulated to the directors duly endorsed by the CEO and the CFO. Half-yearly and annual accounts were initialed by the external auditors before being presented to the Board Audit Committee (BAC) and the Board of Directors for approval.

## CHIEF FINANCIAL OFFICER (CFO), COMPANY SECRETARY AND HEAD OF INTERNAL AUDIT

The CFO and the Head of Internal Audit possess the requisite qualification and experience as prescribed in the Code of Corporate Governance whereas the Company Secretary possesses the requisite qualification and experience as prescribed in the Companies Act, 2017. The appointment, remuneration and terms and conditions of employment of the CFO, the Head of Internal Audit and the Company Secretary were determined by the Board of Directors. The removal of the CFO and Company Secretary, whenever applicable, is made with the approval of Board of Directors.

## COMPLIANCE

At ILL, we are firmly committed to ensuring the highest level of governance through the adoption of best business practices and standards. The Board reviews the Company's strategic direction and

business plans and performance on a regular basis. The BAC is empowered for effective compliance of the Code of Corporate Governance. All related party transactions are placed before BAC for review and recommendation before placing the same for approval of the Board. Your Board is strongly committed to maintaining a very high standard of corporate governance. For further details, reference can be made to the Code of Corporate Governance section of this report.

## JCR RATING

Our rating exercise conducted in March 2021 achieved a long-term rating of AA- and short-term rating of A-1. We are also amongst a select few companies evaluated by JCR for grading on the basis of investment strength, governance and environmental & social responsibility (IS-ESG).

## INVESTMENTS

The Company holds a 56.33% ownership interest in its subsidiary, International Steels Limited (ISL), a listed company engaged in the business of processing flat steel products. ISL ended the financial year with sales volume in excess of 485,993 MT, turnover of approximately Rs. 70 Bn. and PAT of Rs. 7.47 Bn.

Your Company also holds a 17.12% ownership interest in Pakistan Cables Limited (PCL). PCL is a listed company and is in the business of manufacturing copper rods, wires and cables, and is the country's first manufacturer of copper cables and wiring.



ILL has also invested in three wholly-owned subsidiaries; ILL Australia Pty Ltd., ILL Americas Inc., and ILL Construction Solutions (Pvt.) Ltd.

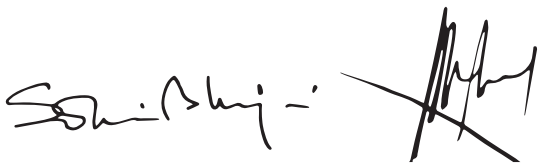


## ACKNOWLEDGEMENT

We would like to extend our sincere gratitude to the state institutions, healthcare workers, essential service providers, security apparatus and the entire IIL team who continue to effectively manage and control the spread of COVID-19 and operate in an extremely challenging environment. Our results are a testament to the courage, tremendous effort and high effectiveness displayed by our staff during this difficult year.

We thank all our stakeholders, including esteemed customers, suppliers and bankers, for their commitment to the Company and look forward to sharing more successes with them in the coming years.

For and on behalf of the Board of Directors

The image shows two handwritten signatures in black ink. The signature on the left is for Sohail R. Bhojani, and the signature on the right is for Mustapha A. Chinoy. Both signatures are stylized and cursive.

Sohail R. Bhojani  
Chief Executive Officer

Mustapha A. Chinoy  
Chairman

Karachi  
Dated: August 26, 2021

- سماجی فاصلوں کو یقینی بنانے کیلئے داخلی راستوں، کینٹین، پائس اور نماز کی جگہوں پر فلور مارکنگ
- گھر سے کام کرنے اور آن لائن میٹنگز کی حوصلہ افزائی
- کام کی جگہوں کی باقاعدگی گمرانی
- ایپلائز اور ان کے فیملی ممبرز کیلئے ان ہاؤس COVID-19 کی دیکھی نیشن

#### قومی خزانے میں حصہ

آپ کی کمپنی بڑے ٹیکس گز اربوں کے پونٹ (LTU) میں رجسٹرڈ ہے اور اس نے مالی سال کے دوران میں انکم ٹیکس، سیلز ٹیکس، دیگر ٹیکسز، ڈیوٹی ٹیکس اور محصولات کی قسط میں قومی خزانے میں 6.6 ملین روپے سے زائد رقم جمع کرائی ہے۔

#### اعدودی کنٹرول فریم ورک

بورڈ کا اپنا ایک موثر اندرونی کنٹرول فریم ورک ہے جس کی تفصیل صفحہ نمبر 96 پر دیکھی جاسکتی ہے۔

#### خوشامدگیاں اور ان کے تدارک کی رپورٹ

انتظامیہ، بورڈ آف ڈائریکٹرز اور مشاورت سے خوشامدگیاں کے اندازے کی جانچ پڑتال کرنے اور ان خوشامدگیاں کے تدارک کیلئے نئی حکمت عملی تیار کرنے میں مصروف عمل رہتی ہے اور اس کے ساتھ ہماری حکمت عملی کے طریقے بھی وضع کرتی ہے۔ مزید حوالے کیلئے خوشامدگیاں اور مواقع کی ایک تفصیلی رپورٹ صفحہ نمبر 62 پر پیش کی گئی ہے۔

#### اسٹیک ہولڈرز کے ساتھ تعلقات

III اپنے تمام اسٹیک ہولڈرز کی بڑی قدر کرتی ہے اور موثر اور بروقت کمیونٹی کشن اور باہمی گفت و شنید کے ذریعہ اسٹیک ہولڈرز کے ساتھ اچھے تعلقات برقرار رکھنے کی کوشش کرتی ہے۔ اسٹیک ہولڈرز کے ساتھ مصروفیات کا تفصیلی جائزہ صفحہ نمبر 60 پر ملاحظہ کیجئے۔

#### سہ ماہی اور سالانہ مالیاتی ایشیٹمنٹس

کمپنی کے سہ ماہی غیر آڈٹ شدہ مالیاتی ایشیٹمنٹس مع ڈائریکٹرز کا جائزہ منظور ہوئے اور شیئر ہولڈرز کے لیے بروقت مہیا کیے گئے۔ ششماہی مالیاتی ایشیٹمنٹس ہر دو ڈائریکٹرز کے معزز دورے سے مشروط کئے گئے۔ ہر دو ڈائریکٹرز نے سالانہ مالیاتی ایشیٹمنٹ کا آڈٹ کر لیا ہے اور بورڈ نے اس کی منظوری دیدی ہے اور یہ سالانہ اجلاس عام میں شیئر ہولڈرز کی منظوری کیلئے پیش کیا جائے گا۔ کمپنی کے قواعد سے شائع ہونے والے مالیاتی ایشیٹمنٹس ڈائریکٹرز کو سمجھائے جاتے ہیں جو کہ CEO اور CFO سے تصدیق شدہ ہوتے ہیں۔ ششماہی اور سالانہ حسابات آڈٹ کمپنی اور بورڈ آف ڈائریکٹرز کو منظوری کیلئے بھیجنے سے قبل ہر دو ڈائریکٹرز نے ملاحظہ کر لئے تھے۔

#### چیف فنانس آفیسر (CFO)، کمپنی سیکرٹری اور ہیڈ آف انٹرنل آڈٹ

چیف فنانس آفیسر (CFO) اور ہیڈ آف انٹرنل آڈٹ مطلوبہ اہلیت اور تجربے کے حامل ہیں جو کوڈ آف کارپوریٹ گورننس میں جوہر کی گئی ہے۔ کمپنی سیکرٹری کیپٹیز ایکٹ 2017 میں جوہر کردہ مطلوبہ اہلیت اور تجربہ کے حامل ہیں۔ CFO، کمپنی سیکرٹری اور ہیڈ آف انٹرنل آڈٹ کے تقررہ مشاہرے اور شرائط و ضوابط کا تعین بورڈ آف ڈائریکٹرز کے ذمہ ہے۔ CFO اور کمپنی سیکرٹری کو جب بھی ہمارے کی ضرورت ہو تو بورڈ آف ڈائریکٹرز کی منظوری حاصل کرنا ہوگی۔

#### عمل درآمد

III میں ہم بہترین کاروباری معمولات اور معیارات اختیار کر کے اچھی گورننس کے اعلیٰ ترین معیار کو یقینی بنانے

کا پختہ مزہم رکھتے ہیں۔ بورڈ باقاعدگی کے ساتھ کمپنی کی حکمت عملی کی سمت اور کاروباری منصوبوں اور کارکردگی کا جائزہ لیتا ہے۔ بورڈ آڈٹ کمیٹی (BAC) کوڈ آف کارپوریٹ گورننس کی موثر تعمیل کرانے کیلئے اختیار ہے۔ تمام متعلقہ پارٹی کالین دین بورڈ کو منظوری کیلئے پیش کئے جانے سے پہلے آڈٹ کمیٹی کو جائزے اور سفارشات کیلئے پیش کیا جاتا ہے۔ آپ کا بورڈ گڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار کو برقرار رکھنے کا پختہ کے ساتھ پابند ہے۔ مزید تفصیلات کے لئے ہمارے مہربانی اس رپورٹ کا کوڈ آف کارپوریٹ گورننس سیکشن ملاحظہ کریں۔

#### JCR ریٹنگ

مارچ 2021 میں ہونے والی ریٹنگ کی مشق میں ہم نے طویل مدت کیلئے AA اور قلیل مدت کیلئے A-1 ریٹنگ حاصل کی۔ ہم ان چند منتخب کمپنیوں میں شامل ہیں جن کی JCR نے انویسٹمنٹ کی قوت، گورننس اور ماحولیات اور سماجی ذمہ داری (IS-ESG) کی بنیاد پر ریٹنگ کیلئے جانچ کی ہے۔

#### سرمایہ کاری

کمپنی اپنے ذیلی ادارے انٹر نیٹس اسٹیلو لمیٹڈ (ISL) میں 56.33% ملکیتی مفاد رکھتی ہے جو قیادت اسٹیل پروڈکٹس کی پروڈیونگ کا کاروبار کرنے والی کمپنی ہے۔ ISL کے مالی سال کا اختتام 485,993 MT سے زیادہ حجم کی سیل کے ساتھ ہوا اور مجموعی آمدنی اندازاً 70 ملین روپے ہوئی اور بعد از ٹیکس منافع 7.47 ملین روپے ہوا۔

آپ کی کمپنی پاکستان کیپٹل لمیٹڈ (PCL) میں بھی 17.12% ملکیتی مفاد کی حامل ہے۔ PCL ایک لمیٹڈ کمپنی ہے اور کارپوراڈز، ڈائریکٹرز اور کیپٹل میونٹیننگ کا کاروبار کرتی ہے اور یہ ملک کی سب سے پہلی کارپوریٹ اور ڈائریکٹ تیار کرنے والی کمپنی ہے۔

III نے تین کل ملکیتی ذیلی کمپنیوں، III آسٹریلیا Pty لمیٹڈ، III امریکا Inc اور III کنسٹرکشن سلوشنز (پرائیویٹ) لمیٹڈ میں بھی سرمایہ کاری کی ہے۔

#### اعتراف

ہم ریاستی اداروں، اہلیتہ کیمرور کرز، لازمی خدمات فراہم کرنے والوں اور III کی پوری ٹیم کا تہہ دل سے شکریہ ادا کرتے ہیں جنہوں نے COVID-19 کے پھیلاؤ کو کنٹرول کرنے کیلئے موثر انتظامات کئے اور انتہائی چیلنج والے ماحول میں اپنے فرائض انجام دیئے۔ ہمارے نتائج حوصلہ مندی، سخت کوشی اور متاثر کن لگن کا ایک سبق ہیں جس کا مظاہرہ ہمارے اسٹاف نے ایک مشکل سال میں کیا۔

ہم اپنے تمام اسٹیک ہولڈرز بشمول معزز صارفین، سپلائرز اور ڈیلرز کا ممنون ہیں جنہوں نے کمپنی کا خلوص سے ساتھ دیا اور آنے والے سالوں میں بھی مزید کامیابیاں سمیٹنے کیلئے ان کے تعاون کی امید کرتے ہیں۔

مصطفیٰ اے چناے  
چیرمین

سمیل آر بیجو جانی  
چیف ایگزیکٹو آفیسر

کراچی،

مورخہ اگست 26، 2021

10 روپے (100%) (مالی سال 20: صفر روپے) برائے 10 روپے والے فی موبی شیر ہے۔ اس طرح ڈیویڈنڈ کی شکل میں ادا کیا جانے والا منافع 57% ہے۔ (مالی سال 20: صفر روپے)

#### آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو مالی سال 21 میں مقرر کیا گیا تھا۔ بورڈ آف ڈائریکٹرز (BAC) مالی سال 22 کیلئے آڈیٹرز کی دوبارہ تقرری کی سفارش کی جس کو بورڈ آف ڈائریکٹرز نے منظور کر لیا۔

آڈیٹرز کی تقرری کیلئے بورڈ آف ڈائریکٹرز کی سفارشات صفحہ نمبر 105 پر دیکھی جاسکتی ہیں۔ (کوڈ آف کارپوریٹ گورننس کی چھٹی کے بارے میں آڈٹ کمیٹی کی رپورٹ)

#### معلومات کے نظام اور سی ایچ آر

ہم اپنے آئی ٹی انفراسٹرکچر کو اپ گریڈ کرنے اور اس میں اضافہ کرنے اور زیادہ بڑے پروجیکٹس آؤٹیشن اور بنا کاغذ ماحول بنانے کیلئے مسلسل کوشاں رہتے کا غور کر سکتے ہیں۔ اس کے علاوہ ہم اصل استعمال کرنے والے کے ساتھ قریب تر ہو کر کام کرنے، ان کی روزمرہ کی سرگرمیوں کا مطالعہ کرنے اور آئٹیم کے مواقع تلاش کرنے اور مختلف کاموں کو ہم آہنگ کرنے پر توجہ مرکوز رکھتے ہیں۔

#### سہمی تاثر

III کو ذمہ دار سہمی شہری ہونے پر فخر ہے جو معاشرے کو مثبت خدمات پیش کرتا ہے جس میں وہ آپریٹ کرتا ہے اور عمومی طور پر جس معاشرہ میں وہ رہتا ہے۔ III کے سہمی، اخلاقی اور ماحولیات کے تحفظ کے اقدامات کی تفصیلات 'Group Sustainability Report' میں دیکھی جاسکتی ہیں جو کمپنی کی ویب سائٹ پر دستیاب ہے۔

#### انسانی وسائل کی منہجیت

III اس بات پر یقین رکھتا ہے کہ اس کے ایسپلائز اس کا سب سے بڑا اثاثہ ہیں۔ ایسپلائز کو منہجیت کر دیا جلیغز والے امور اور عالمی معیار کے سیکشن کے پلیٹ فارم کے ذریعہ با اختیار بنایا جاتا ہے جس سے وہ ایک مزید با مقصد ادارے کی تشکیل کی راہ اپناتے ہیں۔ کمپنی نے سال کے دوران میں ایسپلائز کے مفاد میں کی اقدامات کئے ہیں جن میں سے چند درج ذیل ہیں:

#### صنعتی تعلقات

دوطرفہ گفت و شنید کا تعہد 2021 - 2019 پر امن طریقے سے جولائی 2020 کو طے ہوا۔ WPPF کے 2019-2020 کے واجبات مئی 2021 میں تقسیم کر دیے گئے۔

#### ایجنسی شپ ٹینک پروگرام

ہمارا پرنسپل شپ ٹینک پروگرام ہماری تمام ٹیکسٹریز میں جاری ہے اور ایجنسیز پرڈکشن، مینٹنس اور کوانٹی کنٹرول کے شعبہ جات میں تربیت حاصل کر رہے ہیں۔

#### پراویڈنٹ فنڈ ز اور گریجویٹ اسکیم

کمپنی اپنے ایسپلائز کو ریٹائرمنٹ کے فوائد فراہم کرتی ہے۔ ان میں تمام ایسپلائز کے لئے غیر شرائط مقررہ گریجویٹ اسکیم اور تمام ایسپلائز سوانے میں شامل افراد کیلئے شرائط پراویڈنٹ فنڈ شامل ہے۔ دونوں پلان فنڈ اپنی اسکرین جیوٹکس اتھارٹی سے تسلیم شدہ ہیں۔ اس سال کے آخر میں پراویڈنٹ فنڈ کی رقم اور گریجویٹ فنڈ ز پراویڈنٹ 425 ملین روپے اور 463 ملین روپے تھی۔

#### خصوصی افراد کی ملازمت

قانونی شرائط کے مطابق مختلف اہلیت کے افراد کی خدمات کے حصول کے تحت IIL کی افرادی قوت میں ایسے 20 اضافہ نمبر ہیں۔

#### جانشینی کی پلاننگ

کمپنی نے ایک جانشینی پلان تشکیل دیا ہے جس میں مستقل کے کاندیدوں کی ڈیپلمنٹ کیلئے کارکردگی کی جانچ اور مناسب ٹریننگ کی ضروریات شامل ہیں۔ اس کا مطلب ہے کہ ایسپلائز کو بھرتی کرنا، ان کے علم اور اہلیت کو ابھارنا اور ان کو مزید چیلنج والے کردار کے لئے پیش رفت یاتری کیلئے تیار کرنا ہے۔ ہمارے جانشینی کے پلان کا مسلسل جائزہ لیا جاتا ہے اور اسے اپ ڈیٹ کیا جاتا ہے تاکہ اس بات کو یقینی بنایا جائے کہ یہ کمپنی کی ضروریات کا بندوبست کرنے کا اہل ہے۔

#### پیشہ ورانہ صحت، تحفظ اور ماحولیات (OHSE)

IIL کو اپنے ایسپلائز کی صحت اور تحفظ کی اہمیت کا احساس ہے۔ ہم اپنے ایسپلائز اور کنٹریکٹرز کو صحت مند اور بے ضرر ماحول فراہم کرنے کے ذمہ دار ہیں اور ہم OHSE منہجیت سسٹم کے ذریعہ اپنے HSE ڈپارٹمنٹ کے نافذ کردہ ہدف کو حاصل کرنے کی کوشش کرتے ہیں۔ تحفظ کے معیار کو بھرتی بنانے اور کام کی جگہ پر کسی اچانک حادثے سے محفوظ رہنے کیلئے HSE ڈپارٹمنٹ افراد کے درمیان حفاظتی ٹیمبلٹ، ضروری سامان، دستاویز، جوڑے اور دیگر حفاظتی آلات تقسیم کرتا ہے اور ان کے کام کی مناسبت سے مختلف نوعیت کی تربیت بھی دی جاتی ہے۔ ہمارے OHSE کے اقدامات کی مزید معلومات 'Group Sustainability Report' میں دستیاب ہیں۔ OHSE کی مشقوں کا ایک مختصر خاکہ درج ذیل ہے:

- 1۔ ہم نے 1.02 (LTIFR) of lost time injury frequency rate حاصل کیا ہے۔ یہ ورلڈ ایکسل ایسوسی ایشن (WSA) کے Lost Time Injury Frequency کے مقابلے میں ہے۔ شرح 0.83 کے مقابلے میں ہے۔
- 2۔ سال کے دوران میں OHSE ڈپارٹمنٹ کی جانب سے تمام لوگ سٹریپرکل 8,105، ایسپلائز کیلئے 622 OHSE ٹریگنگ اور کھاتہ تمام کیا گیا۔ ہمارے پلانٹ کی 3.04 ٹریگنگ اور مخصوص تھے۔
- 3۔ کمپنی نے کاربن کے اخراج کی جانچ کرنا شروع کر دی ہے اور گزشتہ سال کے مقابلے میں Co2 کے اخراج میں فی ٹن 22% کمی کی۔
- 4۔ ہم نے نومبر 2020 میں حفاظت کا مہینہ (Safety Month) منایا جس کے دوران میں مختلف سرگرمیاں منعقد ہوئیں جس میں کلاس روم اور فلور ٹریننگ، حفاظت کی بہترین تجویز پر تحائف کی تقسیم اور سینئر منیجمنٹ کی جانب سے سیفٹی پوسٹرز اور حفاظت سے آگہی کے سیشن منعقد کئے گئے۔
- 5۔ بہت نکلنے والے اور اخراج پر متعلقہ ماحولیات تحفظ کے اداروں کو معیادی (Periodic) رپورٹنگ کا سلسلہ جاری رہا۔
- 6۔ ٹیم لیڈرز، سرورس پرووائیڈرز اور سینئر منیجمنٹ کے ساتھ ماہانہ OHSE مینٹنگ منعقد کی گئیں۔
- 7۔ محفوظ کام کے ماحول کو فروغ دینے کیلئے تمام تینوں ٹیکسٹریز میں ماہانہ سیفٹی واک کا اہتمام کیا گیا۔
- 8۔ کمپنی نے COVID-19 سے متعلق چیلنجز سے مقابلے کیلئے مختلف حفاظتی احتیاط اور SOP کی پابندی کے اقدامات کئے جن میں درج ذیل شامل ہیں:
  - سیفٹی ٹریننگ کے ڈسکریشن کی تنصیب
  - مین ٹیکسٹریز پر گائیڈ لائنوں کے سیفٹی ٹریننگ سسٹم کی تنصیب
  - ایسپلائز اور ڈیپارٹمنٹ کیلئے COVID-19 سے متعلق آگہی کے بورڈ ز اور پوسٹرز کی تیاری اور تنصیب۔
  - داخلی دروازوں پر تھرمل ٹیمپرچر چیکنگ اور نگرانی
  - داخلی دروازوں اور ورک ایڈیشنز پر ہاتھ دھوئے اور سیفٹی کرنے کی سہولت
  - تمام ایسپلائز اور مہمانوں کیلئے فیس ماسک اور ہاتھوں کے دستانوں کی فراہمی

### III کنسٹرکشن سلوشنز (پرائیویٹ) لمیٹڈ

III کنسٹرکشن سلوشنز III کی ایک کل ملکیتی ذیلی کمپنی ہے جو ملک کے انفراسٹرکچر کو اپنے جدید تعمیراتی سلوشنز کے ذریعے ڈیولپ کرنے کے ورڈن کے ساتھ اعلیٰ ترین معیار اور بین الاقوامی سطح کے اسٹیل ہولو اسٹرکچر سیکھور (HSS) اور اسٹیل اسٹول لڈنگ سلوشنز پیش کرتی ہے۔

### اسٹین لیس اسٹیل کی بیلز

کمپنی کی اسٹین لیس اسٹیل ٹیوب کی فروخت گزشتہ سال کے مقابلے میں تقریباً 80% بڑھ گئی۔ ہماری پاکٹ 200 SS ہیریز برائڈ کے معارف کردہ اسٹین لیس اسٹیل پائپس اور ڈیپاسیٹر اور اسٹیل کی زیادہ وسیع رینج مجموعی دایوم میں نمایاں نظر آنا شروع ہوئی ہے۔ اگلے سال اس میں مزید اضافہ متوقع ہے کیونکہ ہم نئی پروڈکشن لائنز کا آغاز کر رہے ہیں۔

### پولمر کی بیلز

ہماری پولمر پائپس اور فٹنگز کی رینج کی آمدنی 3.4 بلین روپے (2020: 2.5 بلین روپے) مع مجموعی منافع 532 ملین روپے حاصل ہوا۔ (مالی سال 20: 346 ملین روپے)۔ سال کے دوران میں اس شعبے میں وسیع بنیادی ملاحظہ آئی جس میں تمام بڑی پروڈکٹ لائنز کا اچھا اضافہ ہوا۔ ہماری گیس کمپنی کے نیٹور بزنس میں نمایاں اضافہ ہوا، باوجود یکہ نامناسب فنڈنگ کے نتیجے میں نیٹور میں تاخیر اور منوفی کی نوبت آگئی۔ پانی اور ڈکٹ کے کاروبار نے اچھی کارکردگی دکھائی اور توقع ہے کہ آنے والے سال میں مزید بہتر ہوگی۔

ہماری PPRC پائپس اور فٹنگز لائن کی کارکردگی بہت اچھی رہی اور گزشتہ سال کے مقابلے میں اس کے حجم میں 52% اضافہ ہوا۔ ہم اس شعبہ میں اسی صارف پرومکوز رسائی کیلئے مسلسل کام کر رہے ہیں جو اسٹیل کے شعبے میں ہمارے برائڈ نیم کے ساتھ وابستہ ہے۔

پاکستان میں گھٹیا معیاری پولمر پروڈکٹس کی بھرمار کے باعث صارف کی اعلیٰ معیاری پروڈکٹس کی بیلز اور مارکیٹنگ کے بارے میں محدود معلومات ہمارے لئے بڑا چیلنج ہے۔ انتظامیہ لوگوں کو معیاری معلومات اور غیر معیاری پولمر پائپ سسٹمز کے استعمال سے پیدا ہونے والے صحت کے طویل المدت مسائل کے بارے میں آگہی فراہم کرنے میں مسلسل کوشاں ہے۔ اس سلسلے میں ملک بھر میں ڈیٹریزی تقریبات، اداراتی کلائنٹس کے ساتھ سیمینارز اور سائٹ کے دورے اور میڈیا ہم کار کا قاعدگی کے ساتھ اہتمام کیا جا رہا ہے۔ ہم اداراتی کلائنٹس کو پانی اور ڈکٹ پائپس کی کوالٹی کے معیارات کے بارے میں معلومات فراہم کرتے رہتے ہیں، تاہم کمرشل مارکیٹ ایک چیلنج ہے جہاں کثیر تعداد میں سستی غیر معیاری پروڈکٹس دستیاب ہیں۔

### پروڈکشن

سال کے دوران میں ہمارے ایک اسٹین لیس اسٹیل ٹیوب ٹل اور چوکور اور ٹکون ٹیوبز اور سیکھور کیلئے پائپس کرنے کی مشین نے کام شروع کر دیا، جس سے ہماری پروڈکٹ رینج میں مزید اضافہ ہوگا۔ اس میں دو پولمر ایکسٹروڈر کا اضافہ کیا گیا ہے تاکہ PE اور PPRC دائر پائپس کی بڑھتی ہوئی طلب کو پورا کیا جاسکے۔

سال کے دوران میں شیڈول کئے گئے ہمارے API آڈٹ کامیابی کے ساتھ انجام پائے۔

### مالیاتی جائزہ

### کمپنی کے نتائج

سال کے دوران میں پروڈکشن اور سیلز میں کامیابیوں کی بناء پر کمپنی نے 28.94 ملین روپے کی خالص سیلز پوسٹ کی جو گزشتہ سال سے 53% زیادہ ہے، نیز مجموعی منافع 3,973 ملین روپے قبل از ٹیکس

منافع 2,259 ملین روپے اور بعد از ٹیکس منافع 2,315 ملین روپے حاصل ہوا۔ منافع میں یہ اضافہ مالیاتی چارجز میں بچت کے باعث بھی ہو جس سے سال کی فی شیئر آمدنی 17.55 روپے رہی۔

سال کے دوران میں فروخت کئے گئے سامان کی قیمت 24,967 ملین روپے تھی جو گزشتہ سال سے 42% زیادہ ہے جس کی وجہ اسٹیل کی قیمتوں میں تاریخی اضافہ اور سیلز کا زیادہ حجم تھی۔

فروخت اور تقسیم کاری کے اخراجات 1,494 ملین روپے ہوئے جو گزشتہ سال سے 84% زیادہ ہیں، اس کی وجہ گزشتہ سال کے مقابلے میں برآمدی سیلز کے زیادہ حجم سے سمندر مال برداری کی لاگت میں ریکارڈ اضافہ ہے۔

انتظامی اخراجات 383 ملین روپے ہوئے جو گزشتہ سال سے 28% زیادہ ہیں، اس کا سبب افراط زر میں اضافہ اور موجودہ اسٹاف کی ادائیگیاں ہیں۔

دیگر آپینٹنگ کے 189 ملین روپے کے چارجز گزشتہ سال سے 514% زیادہ ہیں جس کی بڑی وجہ زیادہ منافع کے نتیجے میں WPPF/WWF کی زیادہ لاگت ہے۔ دیگر آمدنی کی مد میں 1,054 ملین روپے حاصل ہوئے جو گزشتہ سال سے 82% زیادہ ہیں جس کا سبب ذیلی اور ریموڈی ایجمنٹس میں سرمایہ کاری سے حاصل ہونے والی ڈیویڈنڈ کی بڑی رقم ہے۔

سال کے دوران میں مالیاتی چارجز میں 483 ملین روپے کی کمی ہوئی جو گزشتہ سال سے 39% کم ہے۔ اس کی بنیادی وجہ سال بھر میں قرضہ جات کے حصول کی لاگت میں کمی ہے۔

### شعبہ کا جائزہ

اسٹیل کے شعبہ سے 25,577 ملین روپے کی آمدنی ہوئی جس سے 3,441 ملین روپے کا مجموعی منافع ہوا۔ پولمر کے شعبہ کی آمدنی 3,364 ملین روپے ہوئی جس سے 532 ملین روپے کا مجموعی منافع حاصل ہوا۔

### نقد بہاؤ کی منجھت اور قرضے کے حصول کی حکمت عملی

کمپنی کا نقد بہاؤ منجھت سسٹم نقد کے داخلی بہاؤ اور خارجی بہاؤ کو باقاعدگی سے ظاہر کرتا ہے اور روزانہ کی بنیاد پر کیش کی صورتحال کی نگرانی کرتا ہے۔ خام سیٹرل کی قیمتوں میں ریکارڈ اضافے سے جاری سرمایہ کاری کی مالیاتی سلا کو کم سے کم رکھنے کے ساتھ ساتھ مسابقتی بینک اسپریڈز کو منظم کرنے کیلئے خط کو مشین کی نگہیں۔ پالیسی ریٹ میں کمی اور اسٹیٹ بینک آف پاکستان کے ہدایت قرضے کے اجراء سے کمپنی کو 6.5% کا نہایت مسابقتی اوسط ریٹ حاصل ہوا۔ (مالی سال 20: 11.7%)

### کمپنیل کا ذخاں

مالی سال 21 کے دوران میں بین الاقوامی اسٹیل کی قیمتیں تقریباً دو گنی ہو گئیں، جس سے قرضوں کے حصول کی سطح اور قرضہ کی شرح پر زبردست دباؤ پڑا۔ کمپنی نے اس سلسلے میں قابل قدر کام کیا اور قرضہ کی شرح میں 1% بہتری آئی۔ یہ حصول جاری سرمایہ کو مستعدی سے منظم کرنے اور منافع کے زیادہ ریٹ برقرار رکھنے کے سبب ممکن ہوا۔ 30 جون 202 کو قرضہ اور ٹیکس کی کاٹنا سب 60:40 تھا جب کہ 30 جون 2020 کا 61:39 تھا۔

### ڈیویڈنڈ

پورڈ آف ڈائریکٹرز نے 6.5 روپے (65%) فی شیئر حتمی کیش ڈیویڈنڈ کی سفارش کی ہے۔ جو سال کے دوران میں پہلے سے ادا شدہ 3.5 روپے (35%) فی شیئر کے ساتھ سال 2021 کیلئے کل ڈیویڈنڈ



اشٹین لیس اسٹیل پائپس اور ٹیوبز خصوصی طور پر فائل استعمال کرنے کے کام کیلئے موزوں ہیں جہاں ڈنگ اور ٹمبر پچر سے مزاحمت اور کٹائی کی ضرورت ہوتی ہے۔ اشٹین لیس اسٹیل ٹیوبز اور پائپس کے بڑے کاموں میں استعمال میں شامل ہیں:

- کیمیکل اور پیٹرولیم کیل پروسسنگ
- مائع قدرتی گیس (LNG) پائپنگ
- وہاسٹ گڈ زاور گھریلو برتن
- آٹومٹیو انڈسٹری
- تعمیرات - ساحل سے دور اور مرطوب ماحول میں
- فوڈ اور فارماسیوٹیکل پروسسنگ
- ڈی سیلینیشن اور ویسٹ واٹر پروڈیکشن

300 Series اشٹین لیس اسٹیل اور اس کے بنیادی گریڈ دنیا میں اسٹیل کی کل پیداوار کے تقریباً 55% پر مشتمل ہیں اور وسیع رینج میں استعمال ہوتے ہیں کیونکہ نکل کی مقدار زیادہ ہونے کے سبب اس میں ڈنگ لگنے کی شرح کم ہوتی ہے۔ 200 Series اشٹین لیس اسٹیل زیادہ پاکافت ہے اور اس کی پیداوار عالمی پروڈکشن کا 22% ہے۔ آپ کی کمپنی کے پورٹ فولیو میں دونوں گریڈز شامل ہیں۔

پاکستان میں اشٹین لیس اسٹیل کا استعمال تقریباً 0.5 kg/capita ہے جبکہ دنیا میں اوسط استعمال 5.7 kg/capita ہے جس سے ظاہر ہوتا ہے کہ اس خصوصی شعبہ میں آگے بڑھنے کی بڑی گنجائش موجود ہے۔

#### پولیمرز

ہمارا پولیمرز کا شعبہ پانی اور گیس کی ترسیل اور تقسیم کاری کے علاوہ ٹیلی کمیونی کیشن اور ٹیلی فون میں لگائے جانے والے پائپس اور فٹنگز تیار کرتا ہے۔ یہ شعبہ حجم اور مضمت دونوں لحاظ سے مسلسل ترقی کی منزل میں طے کر رہا ہے۔ کمپنی اس شعبہ کو مزید وسعت دینے اور uPVC پائپس اور فٹنگز کی رینج متعارف کروانے کی منصوبہ بندی کر رہی ہے۔

#### مقاصد، حکمت عملی اور اہم کارکردگی کے اشاریے

IIL کا بنیادی مقصد مجموعی طور پر کارپوریٹ حکمت عملی کے اہداف کا حصول اور اہم عالمی طرز عمل اختیار کرنا اور اس کے ساتھ اسٹیل کی صنعت میں نمایاں کردار ادا کرنا ہے۔ کمپنی اپنے پروسسز کیلئے کوترقی دینے اور بہتر سے بہتر بنانے کیلئے کوشاں ہے تاکہ اپنے شیئرز کو فائدہ دے سکے زیادہ سے زیادہ آمدنی کو یقینی بنایا جاسکے۔ IIL کے مقاصد، حکمت عملی اور اہم کارکردگی کے اشاریوں کے بارے میں تفصیلات صفحہ نمبر 56 پر دیکھی جاسکتی ہیں۔

#### کمپنی کے آپریشنز

#### مارکیٹ شیئر

آپ کی کمپنی مقامی مارکیٹ میں صف اول کی ٹیوبز اور پائپس تیار کرنے والی کمپنی ہے جو جی آئی پائپس، سی آر ٹیوبز اور اشٹین لیس اسٹیل ٹیوبز اور پائپس، ہالواسٹر کٹرل سیکشن (HSS) اور بلیک اینڈ اسکیو لنڈنگ پائپ تیار کرتی ہے اور اپنے آپریشنز کے شعبوں میں اس کی سب سے بڑی پروڈکٹ رینج موجود ہے۔ IIL براہ راست طریقہ کار میں معیار کی علامت ہے اور ٹیوبز اور پائپس سے اپنے صارفین، ڈسٹریوٹرز اور کاروباری پارٹنرز کے ساتھ ان کا خلوص کا رشتہ قائم ہے۔ کمپنی مستقل طور پر صارفین پر توجہ مرکوز رکھنے اور مارکیٹ کی ضروریات سے ہم آہنگ رہنے میں کوشاں ہے۔

#### مجموعی سٹیز

مالی سال 21 کے دوران میں کمپنی نے 190,000 میٹرک ٹن سٹیز کا ہدف حاصل کیا، جس سے 28.9 بلین روپے کی آمدنی حاصل ہوئی۔ (مالی سال 20: 18.9 بلین روپے)

#### مقامی اسٹیل سٹیز

سال میں آپ کی کمپنی کی مجموعی سٹیز 23 بلین روپے رہی (2020: 16 بلین روپے)۔ گزشتہ سال کے مقابلے میں مقامی سٹیز کا حجم 25% زیادہ رہا۔ اس اضافے کا سبب ہماری مارکیٹنگ اور سٹیز کی ٹھوس کوششیں ہیں جو کووڈ-19 کی عالمی وبا اور اس کے بعد لاک ڈاؤن اور معاشی سست روی کے باعث سٹیز کے حجم میں غیر معمولی کمی سے نکلنے کیلئے سرمایہ کاری کی صورت میں کی گئیں۔ سب سے زیادہ آمدنی ہماری CR ٹیوبز کی سٹیز سے ہوئی جو آٹومٹیو فرنیچر اور عام فیمر کیلین کے شعبہ جات میں استعمال ہوتی ہیں۔

ہماری بلیک پائپ اور HSS لائن کی پروڈکشن نے بھی اچھی کارکردگی دکھائی جس کی وجہ انفراسٹرکچر اور تعمیراتی سرگرمیوں میں وسیع بنیادوں پر اضافہ ہوا۔ ہماری GI پائپ کی سٹیز بھی اچھی رہی۔ گیس پائپ لائنیں کمپنی کو ہماری API لائن پائپ کی فروخت کا حجم گزشتہ سال کے مقابلے میں زیادہ رہا، ہاں جو اس کے کہ فڈنگ کی کمی سے گیس کمپنیز نے کئی متوقع ٹینڈرز منسوخ کر دیے۔ اگرچہ کووڈ-19 کی وبا کے سبب سرگرمیاں بری طرح متاثر ہوئیں مگر ہم نے ملک بھر میں فعال طور پر تقریبات، اسپانسرشپ اور براہ راست ملاقاتوں کے اہتمام کے ذریعے اپنے کمرشل اور اداراتی صارفین کے ساتھ رابطوں کو مسلسل بڑھانے کا عمل جاری رکھا۔

#### برآمدات میں اسٹیل کی سٹیز

اس سال کمپنی کی برآمدات کی مجموعی سٹیز کی آمدنی 5.9 بلین روپے رہی (مالی سال 20: 2.9 بلین روپے)۔ برآمدات کی سٹیز کی کارکردگی عمدہ رہی جو گزشتہ سال کے مقابلے میں 71% زیادہ ہوئیں۔ لاک ڈاؤن کے خاتمے کے بعد پورے سال طلب کا کافی زیادہ رہی جس سے اکثر بڑی مارکیٹس میں اور پروڈکٹ لائن میں اضافہ ہوا۔ آپ کی کمپنی نے کئی باوقار اعزازات جیتے اور مسلسل 20 ویں سال میں FPCCI Best Export Performance Award 2019 حاصل کیا جو انجینئرنگ پروڈکشن (ملکینکل) کے شعبہ میں دیا گیا۔

#### IIL Australia Pty Ltd.

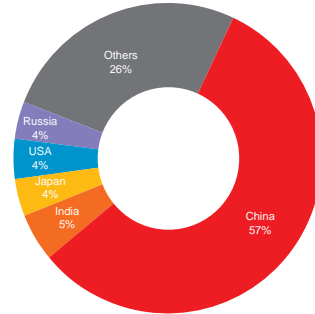
IIL آسٹریلیا، ہٹلبرن، آسٹریلیا میں قائم کل ملکنٹی ذیلی صدر دفتر ہے، جس نے 24 ملین AUD کی خالص سٹیز کی۔ (مالی سال 2020: AUD 12 million)۔ کمپنی تیزی کے ساتھ ترقی کا سفر طے کر رہی ہے اور آسٹریلیا کی مارکیٹ میں ترقی پسندی کی حیثیت حاصل کر چکی ہے۔ آسٹریلیا پاب IIL کا سب سے بڑی برآمداتی ملک بن چکا ہے۔

کمپنی نے اپنے حیرت ورک کی مسلسل توسیع اور مستحکم صارفین کی بنیاد قائم کر کے اب تک کی سب سے زیادہ سٹیز والیوم حاصل کی۔ چین اور آسٹریلیا کے درمیان جاری جغرافیائی سیاست کی کشیدگی سے آنے والے سال میں مزید اضافے کے مواقع حاصل ہوں گے۔

#### IIL Americas Inc.

گزشتہ سال ہمارے کل ملکنٹی ذیلی ادارے IIL Americas Inc. کا قیام اوٹاوا، کینیڈا میں عمل میں آیا جو ہمارے خریداروں کو بہتر رسائی اور قبائل پروڈکشن تیار کرنے کے بڑے مواقع فراہم کر رہا ہے۔ کمپنی کی خالص سٹیز CAD 6 million رہی۔

عالمی خام آئیل کی پیداوار کا حصہ (%)، 2020

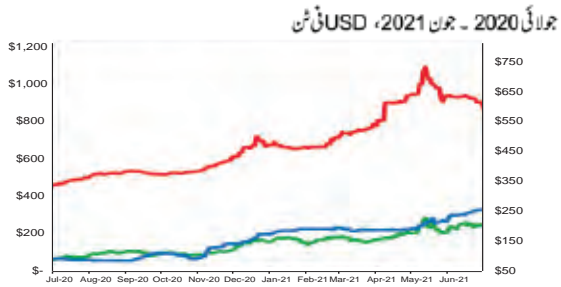


ذریعہ: ورلڈ آئیل ایسوسی ایشن 2020

سے لے کر چین کے مذکورہ بالا دو تازہ ترین اقدامات یعنی برآمدات پر ٹیکسز اور پیداواری گنجائش میں کمی شامل ہے جس کی مارکیٹ میں توقع کی جا رہی تھی۔ ہم بھی اس صورتحال کے خدشات کے بارے میں مسلسل باخبر رہتے ہیں جو پائلس فیڈرل ریزرو کی جانب سے اثاثہ جات کی خریداری میں کمی کرنے اور پائلس کی زیادہ شرح سود کی توقعات کی بناء پر عالمی سطح پر ایشیائی قیمتوں کیلئے ناموافق ہو سکتی ہے۔

پاکستان کے آبادیاتی پروفائل، تعمیراتی ٹیکنیجز اور ہاؤسنگ اسکیمز، ڈیمز کی پیش رفت، موٹرویز اور سی پیک کے طویل المدت پروجیکٹس اور پائپ لائن کی ضروریات اس بات کا اشارہ ہیں کہ توانائی، مائع اور گیس کی ضرورتیں بڑھتی جا رہی ہیں۔ واپس گھٹنے اور تمام مال کی طلب سے درمیانی سے طویل مدت تک آئیل کے استعمال میں اضافے میں مدد ملے گی۔

Coking Coal - Iron Ore اور Hot Rolled Steel Coil کی قیمتیں



ذریعہ: Fast Markets

آئیل ٹیوب اور پائپ کی صنعت

آئیل اور پائپ کی عالمی صنعت ویلڈ کی ہوئی اور بے جواز یوز اور پائپس کی وسیع رینج تیار کرتی ہے۔ آئیل پائپس بنیادی طور پر تیل، گیس، پانی اور مائع کی ترسیل اور تقسیم کاری اور تعمیراتی صنعت میں مختلف طرح کی بارز اور فیکٹریوں سے متعلق ضروریات کیلئے استعمال ہوتی ہیں، جب کہ کوئلہ ورلڈ آئیل ٹیوبنگ آٹوموٹیو پارٹس، پانی سائیکلز، گھریلو آلات کی تیاری اور مختلف فرنیچر اور فیکٹریوں سے متعلق ضروریات کے لئے استعمال کی جاتی ہیں۔

دنیا میں آئیل ٹیوبز اور پائپس کی پیداوار اندازاً 180 ملین میٹرک ٹن ہے، جو دنیا کے کل خام آئیل کے حصول کا تقریباً 9% ہے۔ آئیل ٹیوبز اور پائپس کی کل پیداوار میں، ویلڈ کی ہوئی ٹیوبز اور پائپ کا حصہ، ٹیوبز اور پائپس کی کل پیداوار کا 70% ہے جب کہ بے جواز پائپس کی پروڈکشن کا حصہ 30% ہے۔

آئیل ٹیوبز اور پائپس کی عالمی تجارت آئیل کی کل بین الاقوامی تجارت کا تقریباً 9% ہے۔ پاکستان کے آئیل ٹیوبز اور پائپس کی مارکیٹ کے سائز کا تخمینہ تقریباً 700,000 میٹرک ٹن ہے جب کہ آئیل پروڈکٹس کی کل مارکیٹ کا سائز 9-10 ملین میٹرک ٹن ہے۔ مقامی آئیل اور ٹیوبز اور پائپس کے کئی شعبہ جات ہیں جو ملک بھر میں بڑی تعداد میں پھیلے ہوئے چھوٹے سے اوسط سائز کے میٹو فیکچررز پر مبنی ہیں

ایشین لیس آئیل

یکھنڈر سال 2020 میں ایشین لیس آئیل کی عالمی پیداوار تقریباً 51 ملین میٹرک ٹن ہوئی جبکہ اس کے مقابلے میں 2019 میں 52 ملین میٹرک ٹن تھی۔ آؤٹ پٹ میں مسلسل تیزی سے اضافہ ہوا ہے جو گزشتہ 5 برسوں میں CAGR پر 4% سے زیادہ ہوئی۔ کاربن آئیل کے ساتھ چین ایشین لیس آئیل کا سب سے بڑا سپلائر ہے جس نے یکھنڈر سال 2020 میں دنیا کی کل پیداوار کا تقریباً 59% پیدا کیا۔

مالی سال 21 میں ایشین ہاٹ رولڈ کوئل (HRC) میں \$450-\$1,100/MT CFR سے کی وسیع رینج کی تجارت ہوئی اور تقریباً آئیل کی قیمتوں میں جولائی 2020 سے مئی 2021 تک اضافے کا رجحان پایا گیا۔ چین کے تیار کردہ HRC کی تجارت موجودہ \$950/MT کی سطح پر ہو رہی ہے جو گزشتہ 13 سال کی سب سے بلند سطح ہے۔ آئیل کی تیاری میں کام آنے والے خام مال جیسے iron ore اور coking coal کی صورتحال بھی ایسی رہی۔

چین اور دیگر بڑے آئیل تیار کرنے والے ممالک کے درمیان قیمتوں میں تیزی سے کمی آئی جب لاک ڈاؤن کے بعد یورپ اور شمالی امریکہ کی طلب نے جنوب مشرقی ایشیاء (جاپان، کوریا، تائیوان) اور CIS ممالکوں کو اپنی جانب متوجہ کر لیا کہ وہ اپنا سامان ان بڑے درجے کی مارکیٹس کو بھیجیں۔

اس سال قیمتوں کے بڑھنے کے رجحان میں کئی بنیادی عناصر اور عوامل شامل ہیں، جیسے:

- ۱۔ پورے مالی سال 2020-21 کے دوران میں وبا کے نتیجے میں معیشت کو سہارا دینے کیلئے دنیا بھر میں مانیٹری پالیسی کا نرم کرنا۔
- ۲۔ امریکہ میں وبا کے دورے عرصے میں ڈالر کی قدر میں کمی اور امریکہ کے صدارتی انتخابات کی بھاگ دوڑ شروع ہونا۔
- ۳۔ لاک ڈاؤن کے خاتمے کے بعد چین، یورپ اور شمالی امریکہ میں بھرپور ملکی طلب اور جنوب مشرقی ایشیاء کی آئی ایس کی برآمدات کا زیادہ بڑی مارکیٹس (یورپ اور امریکہ) کی طرف رخ کرنا جس کے نتیجے میں میٹرک ٹن میں اضافہ ہوا۔
- ۴۔ مئی 2021 میں چینی حکومت کی جانب سے لائے آئیل کی برآمدات پر چھوٹ واپس لینا۔
- ۵۔ عالمی سطح پر پورٹ میں دھ، شپنگ کی چلہ اور کنٹینر کی قلت کے باعث سمندری پار برداری میں تیزی سے اضافہ۔
- ۶۔ ابھی حال ہی میں چائینیز ڈیولپمنٹ اینڈ رینارم کیمن (NDRC) نے مقامی قیمتوں کو کنٹرول کرنے کیلئے برآمدات پر ٹیکس نافذ کرنے پر غور شروع کر دیا ہے، کیونکہ زیادہ قیمتوں کی وجہ سے انفراسٹرکچر ڈیولپمنٹ پلاننگ پر منفی اثرات پڑ رہے تھے۔
- ۷۔ بیجنگ میں آنے والے موسم سرما کے اوپیکس سے قبل آلودگی پر قابو پانے کیلئے پیداوار میں کمی کر دی گئی ہے۔ ایک اندازے کے مطابق یکھنڈر سال 2021 کی دوسری ششماہی میں پیداوار میں تقریباً 20 ملین میٹرک ٹن تک کمی کی جا سکتی ہے۔ اس سے قبل اور درمیانی مدت کیلئے قیمتوں کو سپورٹ کرنے کی توقع ہے۔

عالمی دبا کے آغاز پر پالیسی اقدامات سے ایشیائی قیمتوں پر نمایاں اثر پڑا تھا جب دنیا بھر کی حکومتوں اور عالمی مرکزی بینکوں کی جانب سے کورونا وائرس کی وبا سے مقابلے کیلئے غیر معمولی مالیاتی اور مالی تحریکات پیش کرنے

# ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز اپنی رپورٹ مع کمپنی کے آؤٹ شدہ مالیاتی اسٹیٹمنٹس برائے سال بختم 30 جون 2021 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## بورڈ کی تشکیل اور مشاورہ

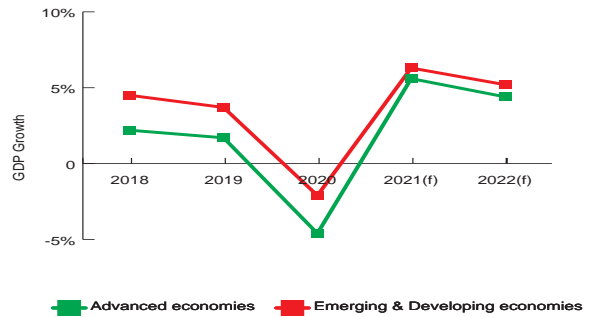
بورڈ کی تشکیل اور بورڈ کی سب کمیٹی کے ممبران کے نام صفحہ نمبر 88 اور 100۔ (کارپوریٹ گورننس سیکشن) پورے گئے ہیں۔ کمپنی کی اپنے ڈائریکٹرز کے مشاورے (مشاہروں کیلئے غیر مجتمع شدہ مالیاتی اسٹیٹمنٹس کا نوٹ 37 ملاحظہ کریں) کمیٹیز ایکٹ 2017 اور سلیڈ کمیٹیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق ہیں۔

## عالمی میکرو اکنامک کا منظر نامہ

IMF ورلڈ اکنامک آؤٹ لک کے مطابق کلینڈر سال 2020 میں عالمی جی ڈی پی 3.2% تک سکرنگی۔ تاہم کلینڈر سال 2021 کیلئے جی ڈی پی کی نمو 6% تک اور ترقی یافتہ معیشت اور ابھرتی ہوئی اور ترقی پذیر معیشت کی بائزٹیپ 5.6% اور 6.3% تک ہو سکتی ہے۔ کلینڈر سال 2021 میں وبا کے بعد جاری بحالی، کلینڈر سال 2022 میں بتدریج بڑھنے کی توقع ہے اور لاک ڈاؤن کے بعد طلب مناسب حد تک ہو جانے اور مراعات کی شرح قابل قبول حد تک کٹنے سے معمول کی صورتحال کی طرف محفوظ واپسی ہو سکتی گی۔

جی ڈی پی کی نمو (%) - ترقی یافتہ بمقابلہ ابھرتی ہوئی اور ترقی پذیر

2018 - 2022 (f)



ذریعہ: آئی ایم ایف ورلڈ اکنامک آؤٹ لک، جولائی 2021

سامان اور خدمات کی عالمی تجارت کی نمو جو 2020 میں 8.3% تک سکرنگی تھی، 2021 میں 9.7% تک اور پھر 7% تک ناٹل ہونے کا تخمینہ ہے۔

سماجی اور معاشی سرگرمیوں کے ناٹل ہونے میں کمی عناصر رکاوٹ بنے ہوئے ہیں جس میں سنے زیادہ مہلک کورونا وائرس، ملکوں کے درمیان، بینکین کی ناہموار تقسیم، افراط زر کا برقرار ہونا اور سخت ترقی وئی مالیاتی ماحول جو مجموعی طلب پر اثر انداز ہو سکتا ہے۔ اور ایک اور کساد بازاری کا سامنا ہو سکتا ہے۔ معیشت کے غیر متوازن ہونے کی مزید دیگر علامات بھی واضح طور پر ظاہر ہیں جس میں اب تک کے بلند ترین مال برداری کے ریس، کنٹینرز اور شپنگ کی جیک کی عدم دستیابی، کمڈوئی اور اثاثہ جات کی قیمتوں کی تاریخی بلند سطح اور بے روزگاری شامل ہیں۔

## مکی معیشت

مالی سال 2020-21 کیلئے پاکستان کی میکرو اکنامک کے اشاریے گزشتہ سال کے موافق اشاریوں کی طرف ہیں جیسے جی ڈی پی کی شرح نمو، بڑے پیمانے کی مینوفیکچرنگ (LSM)، کرنٹ اکاؤنٹ اور مالیاتی خسارہ، اچھی مالیاتی کارکردگی کیلئے سازگار ہیں۔ سہولت کی فراہمی کے اقدامات جیسے عارضی معاشی ریلی فنانس

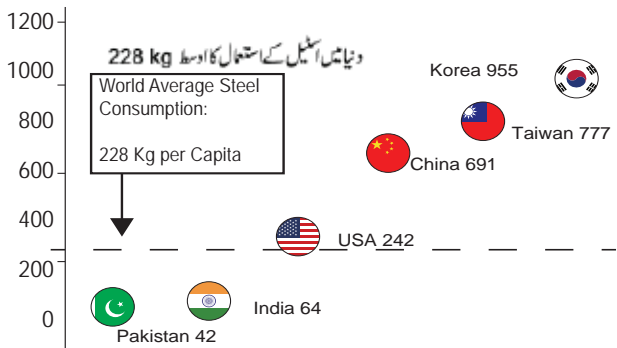
کی سہولت (TERF)، تعمیرات کے مینجنگ، ملک میں گندم کی پیداوار بڑھانے کیلئے رینج مینجنگ، نیا پاکستان ہاؤسنگ اسکیم اور ضروری خام مال اور کینٹیل گڈز پر ڈیوٹیز اور ٹیکس میں کمی معاشی سرگرمیوں کی مزید حوصلہ افزائی اور ایک محکمہ میں اضافے کا سبب بن گئے۔ یہ بات بھی بڑی حوصلہ افزا ہے کہ حکومت اہم شعبہ جات بشمول ٹیکسٹائل، ریفاٹریز، آٹوموبیل اور اسٹیل وغیرہ کے شعبہ کیلئے شعبہ جاتی خصوصی پالیسیوں پر توجہ مرکوز کر رہی ہے جس سے موجودہ صنعتی بنیاد کو وسیع دینے سرمایہ کی بہتر تشکیل میں مدد ملے گی۔ اسٹیٹ بینک آف پاکستان کی مالی سال 2020-21 کیلئے 4-5% جی ڈی پی اور 7-9% کے نمونہ سودوں افراط زر کا پیشگی بیان معاون مالیاتی پالیسی کے موقف کا اشارہ کرتا ہے جو ایک زیادہ وسیع معاشی ترقی کی نشاندہی کرتا ہے۔

چانکا پاکستان اکنامک گورنڈر (CPEC) کے دوسرے مرحلے کے آغاز سے توجہ دہانی سے صنعتی ترقی، زرعی جدت، سیاست اور سماجی انفراسٹرکچر ڈیولپمنٹ کی طرف منتقل ہو جانے کی جو گہرے علاقائی رابطوں کے ساتھ درمیانی مدت میں صنعت کاری اور تجارت کی واضح نشاندہی ہے۔ روس کے ساتھ پاکستان اسٹریٹیم گیس پائپ لائن (PSGP) پر دیکھتے کیلئے دھچکا گئے معاہدے کے مطابق کراچی سے قصور تک 1,100 کلومیٹر گیس پائپ لائن کی تعمیر غور طلب بات ہے۔ گیس کی تقسیم کاری کے فیڈ ورک میں سرمایہ کاری کے اخراجات سے اسٹیل کی مقامی صنعت کے کاروبار کو کئی فروغ حاصل ہوگا جب کہ ملویل عرصے سے جاری گیس کی موجودہ قلت دور کرنے میں بھی مدد ملے گی۔

ورلڈ اسٹیل ایسوسی ایشن کے اندازے کے مطابق 2020 کیلئے دنیا میں اسٹیل کی کچھ تقریباً 228 kg/capita کی اوسط سے ہوئی۔ اگرچہ پاکستان دنیا کے اوسط سے کافی کم یعنی اندازاً 46 kg/capita پر ہے لیکن یہ مقامی اسٹیل مینوفیکچرنگ اور پرمیٹنگ کی صنعت میں ترقی کے زبردست چیلنجز کا اشارہ بھی ہے۔

نیٹس اسٹیل کا استعمال

kg per Capita, 2020



ذریعہ: ورلڈ اسٹیل ایسوسی ایشن 2020

## اسٹیل کا عالمی منظر نامہ

2020 میں دنیا میں خام اسٹیل کی پیداوار 1.88 بلین میٹرک ٹن (MT) ریکارڈ کی گئی جو کہ گزشتہ سال کے مقابلے میں معمولی زیادہ ہے۔ اس کیلئے چین کی پیداوار 1.07 Billion MT (up to 7%) تھی جو کہ گزشتہ سالوں کے مقابلے میں نمایاں طور پر زیادہ تھی اور اندازاً دنیا کی خام اسٹیل کی پیداوار کا 57% تھی۔ دیگر بڑے تیار کنندگان میں انڈیا (100 Million MT)، جاپان (83 Million MT)، یونائیٹڈ اسٹیٹس (73 Million MT) اور روس (72 Million MT) شامل ہیں۔







# CORPORATE GOVERNANCE

# BOARD OF DIRECTORS

## **Mr. Mustapha A. Chinoy**

Director since: February 23<sup>rd</sup>, 1998

Chairman since: September 30<sup>th</sup>, 2016

Non-Executive Director

Mr. Mustapha A. Chinoy holds a B.Sc. in Economics from Wharton School of Finance, University of Pennsylvania, USA and has majored in Industrial Management and Marketing. Thereafter, he served as Marketing Manager at International Industries Limited. He is currently the Chairman of International Industries Limited and Pakistan Cables Limited and a director on the Board of Crea8ive Bench (Private) Limited, Global E-Commerce Services (Private) Limited, Global Reservation (Private) Limited, Travel Solutions (Private) Limited, Binary Vibes (Private) Limited, Trave Tech Solutions, Bridge Vue Solutions DMCC, Global Travel Services Limited, BVI and TSL (Private) Limited. He is the Chief Executive Officer of Intermark (Private) Limited. He has previously served on the Board of Union Bank Limited until it was acquired by Standard Chartered Bank.

## **Mr. Adnan Afridi**

Director since: February 18<sup>th</sup>, 2019

Independent Director

Mr. Adnan Afridi is, at present, Managing Director – National Investment Trust Limited.

Mr. Afridi has over 25 years of international experience in change management, business transformation, innovation and profitability enhancement in blue chip companies, public sector and start-up situations. He has led a distinguished career in financial services and capital markets including serving as Managing Director of Karachi Stock Exchange, CEO of Overseas Chamber of Commerce and Industry (OICCI), Chairman of National Clearing Corporation of Pakistan (NCCPL) and Board of Directors of Central Depository Company (CDC). Mr. Afridi has also served on multiple listed company boards including Silk Bank Limited and Gul Ahmed Textile Mills Limited. Currently, Mr. Afridi is a Member of the SECP Policy Board. Mr. Afridi has a degree in Economics (A.B, Magna Cum Laude, 1992) from Harvard University and a degree in Corporate Law (JD, Magna Cum Laude in 1995) from Harvard Law School. Mr. Afridi is an active supporter of charitable organizations. He has served as the President of the Old Grammarians Society & Trust and is currently Vice Chairman of the Board of Governors of the Kidney Center. He is also a Member of YPO Pakistan since 2008.

## **Mr. Asif Jooma**

Director since: March 16<sup>th</sup>, 2021

Independent Director

Mr. Asif Jooma started his career in the corporate sector with ICI Pakistan Limited in 1983 and has over 35 years of extensive experience in senior commercial and leadership roles. Following his early years with ICI Pakistan Limited and subsequently Pakistan PTA Limited, he 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.

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 of NIB Bank Limited, Engro Fertilisers Limited and Director and Member Executive Committee of the Board of Investment (BOI) – Government of Pakistan. Mr. Jooma currently serves on the Board of National Bank of Pakistan, Systems Limited and Pakistan Tobacco Company Ltd. and is the Chief Executive of NutriCo Morinaga (Private) Limited. He is on the Board of Governors of the Lahore University of Management Sciences (LUMS) and is a Trustee of the Duke of Edinburgh's Awards Programme whilst previously also serving on the Board of Indus Valley School of Art and Architecture (IVSAA). Mr. Jooma graduated cum laude from Boston University with a Bachelor of Arts in Development Economics. He has attended Executive Development Programmes at INSEAD and Harvard Business School.

## **Mr. Azam Faruque**

Director since: November 26<sup>th</sup>, 2009

Non-Executive Director

Mr. Azam Faruque is the Chief Executive Officer of Cherat Cement Company Limited, a Ghulam Faruque Group (GFG) company. He holds a graduate degree in Electrical Engineering and Computer Science from Princeton University, USA and also possesses an MBA (High Honors) from the University of Chicago Booth School of Business, USA. He has spent 30 years in the cement industry and other GFG businesses. He has served as a member on the boards of Privatization Commission of the Government of Pakistan, National Bank of Pakistan and Oil and Gas Development Corporation Limited. He has also served as a member of the Board of Governors of GIK Institute and was a member of the National Commission of Science and

Technology. Currently, he is a director of Atlas Battery Limited, Faruque (Private) Limited, Greaves Pakistan (Private) Limited, Indus Motors Company Limited, Unicol Limited, Habib University Foundation and State Bank of Pakistan.

#### **Mr. Jehangir Shah**

Director since: September 30<sup>th</sup>, 2016  
Independent Director

Mr. Jehangir Shah has over forty years experience in commercial banking, private & personal banking and leasing. He has had overseas work experience in UAE, Egypt and Brazil. Prior to joining Pak Oman Investment Company as Deputy Managing Director in 2008, Mr. Shah served as Country Manager-Pakistan of Oman International Bank SAOG and as Managing Director and CEO of Capital Assets Leasing Corporation Limited (Calcorp). His former employments include those of Executive Director at Pak Gulf Leasing Company Limited, Habib Credit and Exchange Bank and Bank of Credit and Commerce International. Mr. Shah also looks after the Investment Banking Division at Pak Oman. Mr. Shah is also a Director of Pak Oman Asset Management Company Limited.

#### **Mr. Kamal A. Chinoy**

Director since: February 6<sup>th</sup>, 1984  
Non-Executive Director

Mr. Kamal A. Chinoy is a graduate of the Wharton School, University of Pennsylvania, USA. He is a consummate professional with over 45 years of business experience and many corporate laurels to his name. He is the senior-most Director of IIL, having been appointed in 1984 and started his career with the Company in 1980. He has also served as CEO of International Industries Ltd. He has extensive experience in the corporate and management world, having served successfully as CEO of Pakistan Cables for 27 years, while also having served on the Boards of many public listed companies, including Askari Bank Limited, Atlas Insurance Ltd, Atlas Power Limited, First International Investment Bank, ICI Pakistan Limited, NBP Fund Management Limited and Pakistan Security Printing Corporation.

He has been Chairman of the Aga Khan Foundation (Pakistan) and a Director of Pakistan Centre of Philanthropy. He has also served on the Undergraduate Admissions Committee of the Aga Khan University, the University of Pennsylvania Alumni Committee for Pakistan and on the Board of Governors of Army Burn Hall Institutions. Mr. Kamal A. Chinoy is a member of the Executive Committee of the International Chamber of Commerce (ICC) Pakistan and is a past president of the Management Association of Pakistan (MAP).

He is the current Chairman of Jubilee Life Insurance Company Ltd and IIL Americas Inc., a Director at Pakistan Cables Ltd., IIL Australia Pty Ltd. and IIL Construction Solutions (Pvt.) Ltd. and the Honorary Consul General for Cyprus in Sindh & Baluchistan.

#### **Mr. Mansur Khan**

Director since: September 30<sup>th</sup>, 2019  
Independent Director

Mr. Mansur Khan has over 25 years of diversified experience and a proven track record in Development/ Commercial/Investment Banking. He has a Masters in Business Administration (with distinction) from Pace University, New York, USA majoring in Financial Management.

Mr. Khan has served as President / CEO of Zarai Taraqiati Bank Limited (ZTBL), SME (small and Medium Enterprises) Bank Limited, Managing Director of Pak Kuwait Investment Company for over 30 years, Punjab Small Industries Corporation (PSIC) and the Sudanese Microfinance Development facility (SMDF). He has international experience of working in Asia, Africa, USA, Europe and the Middle East. Prior to joining Pak Kuwait as Managing Director, he was associated with Weidemann Associates Inc, a Crown Agents USA company. Mr. Khan was a Fighter Pilot in the Pakistan Air Force from 1970 to 1978.

He held directorship in The General Tyre And Rubber Company of Pakistan Limited, Sudanese Microfinance Development Facility, Zarai Taraqiati Bank Limited, National Commodity Exchange Limited, Saudi Pak Agricultural and Investment Company Limited, National Database and Registration Authority, Kissan Support Services Limited, SME Bank Limited, SME Leasing Limited, TMT Venture Capital Fund, Small and Medium Enterprise Development Authority, Business Competitiveness/Support Funds and Punjab Small Industries Corporation. He is also a certified director from Pakistan Institute of Corporate Governance.

#### **Mr. Riyaz T. Chinoy**

Director since: August 30<sup>th</sup>, 2007  
Non-Executive Director

Mr. Riyaz T. Chinoy obtained a B.Sc. in Industrial Engineering from Case Western Reserve University, USA. He is Professional Engineer, a certified ISO 9001 Lead Auditor and a certified director from the Pakistan Institute of Corporate Governance.



# BOARD OF DIRECTORS

His last assignment was with International Industries Limited (ILL), where he served for 28 years in key management positions, including CEO of the Company from August 2011 until February 2021. He has had extensive industrial management experience in steel processing industries. He led ILL through the most profitable decade in its history. The Company under his leadership diversified from a small diameter steel pipe producer into a manufacturer of a complete range of polymer pipes and fittings, large diameter steel and polymer pipes and construction-solution related pipes and fittings. Under his leadership, ILL expanded its export footprint to 60 countries and also began profitable international operations through wholly owned subsidiaries in Australia and Canada and won numerous local and international awards that acknowledged the management and its performance.

Mr. Riyaz Chinoy is currently a Non-Executive Director on the Boards of International Industries Limited, Indus Motor Company, New Jubilee Insurance Company, Packages Convertors Ltd., Bulleh Shah Packaging (Private) Limited and the Management Association of Pakistan. He also serves as a Director on the Citizens Foundation and Trustee of Patrons of Expo 2020 Trust, The Water Foundation and the Citizens Trust Against Crime. He has also served as the Chairman of the Pakistan Institute of Corporate Governance, ILL Australia Pty Ltd and ILL Americas Inc. and a Director on the Board of International Steels Ltd. and Dadex Eternit Ltd.

## **Mrs. Saadia Shireen Rashid**

Director since: September 30<sup>th</sup>, 2019  
Non-Executive Director

Mrs. Saadia Shireen Rashid holds a degree from Ecole Miramonte, Montreux, Switzerland. She has served as a Director at Lahore College of Arts and Sciences (LCAS) where, apart from general management of the college, her primary responsibility included managing the institution's Finance & Accounts department. She previously also held Directorship in Kashmir Edible Oils Limited (public quoted company) for a period of nearly ten years.

In pursuit of her philanthropic aims, she became the founding member of Charity Unlimited, Lahore providing relief to natural disaster victims, thalassemia patients and furthering education and vocational training.

## **Mr. Sohail R. Bhojani**

Chief Executive Officer  
since: May 1<sup>st</sup>, 2021

Mr. Sohail Bhojani is a Chartered Accountant and a Fellow Member of the Institute of Chartered Accountants in England & Wales (ICAEW) and the Institute of Chartered Accountants of Pakistan (ICAP). He is a member of CPA Australia and is also accredited by the Institute of Public Accountants Australia (IPA). He is an alumnus of the London Metropolitan University, UK, where he studied Accounting & Finance, and Institut Européen d'Administration des Affaires (INSEAD), Fontainebleau, France, where he attended executive development programs. He is also a certified director from the Pakistan Institute of Corporate Governance (PICG).

Mr. Bhojani has over 25 years of global and Pakistan-based experience, mostly in commercial and finance leadership roles with responsibility for delivering strategy, top-line growth and profit, nurturing organizational capability and implementing business performance management and corporate governance frameworks. He has previously served as ILL's Chief Financial Officer for 3 years, coming to the ILL family skilled at business management, financial planning & analysis, audit, financial control, and IT project management. He has substantial experience spanning diverse sectors including industrial manufacturing, retail & private banking, FMCG marketing, life sciences, management consultancy, and audit & assurance acquired at blue-chip corporates including Akzo Nobel, Barclays Bank, United Bank, ICI, BDO Global, and PKF Littlejohn UK.

In his last role, he has been instrumental in launching ILL Australia Pty Limited, ILL's greenfield venture headquartered in Melbourne, off the ground. As a director and the Chief Executive of our subsidiary for 6 years, his stewardship has been pivotal in building the ILL brand as a leading supplier in the Australian market, the Company winning the prestigious Casey Award for Best Business and turning the Oceania region into ILL's top export destination.



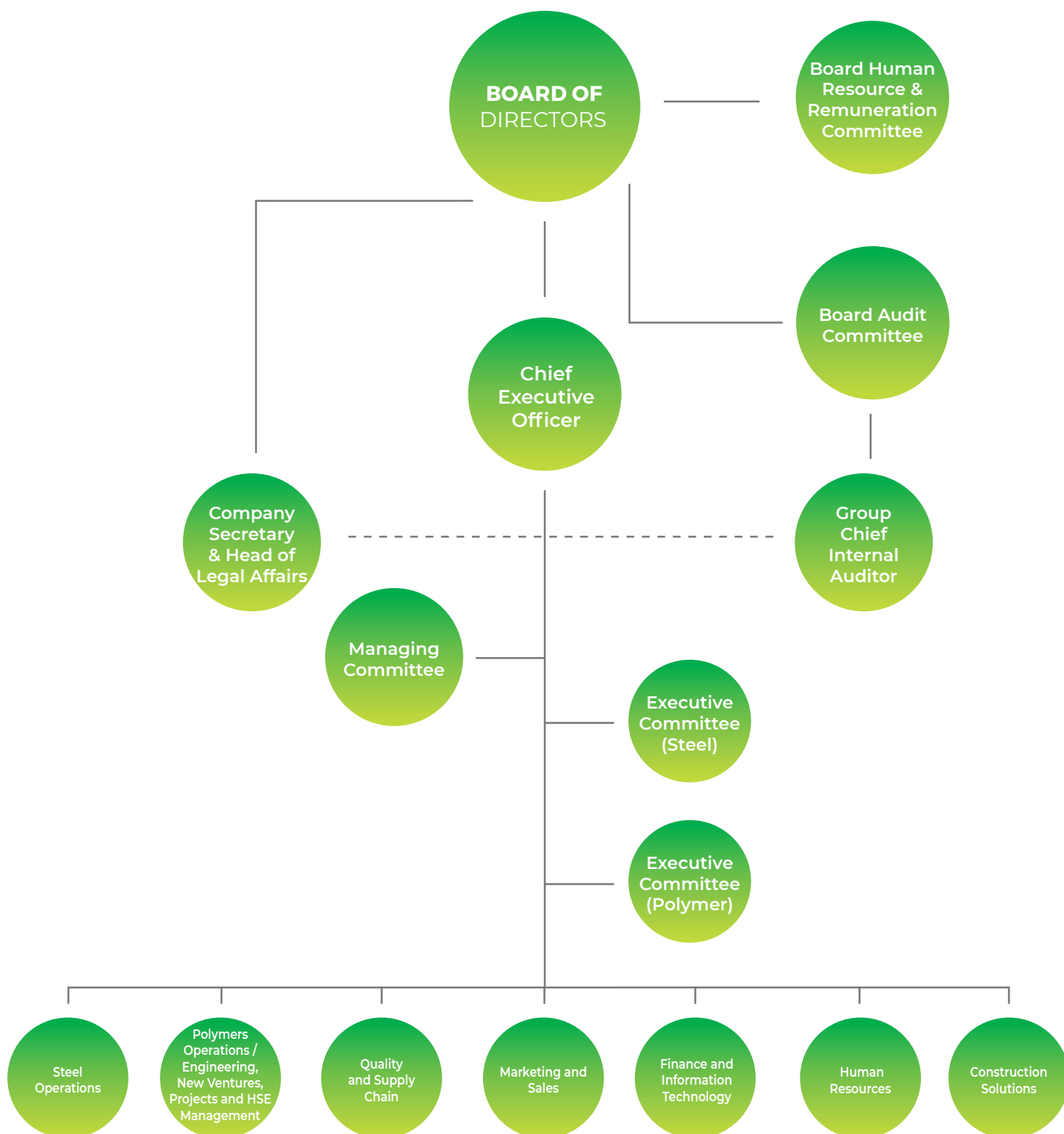
# LIST OF OTHER DIRECTORSHIPS

Directors	Organizations
<b>Mr. Mustapha A. Chinoy</b>	International Steels Limited
	Pakistan Cables Limited
	Binary Vibes (Private) Limited
	Bridge Vue Solutions DMCC
	Crea8ive Bench (Private) Limited
	Global e-Commerce Services (Private) Limited
	Global Reservation (Private) Limited
	Global Travel Services Limited BVI
	Intermark (Private) Limited
	Trave Tech Solutions
	Travel Solutions (Private) Limited
	TSL (Private) Limited
<b>Mr. Adnan Afridi</b>	Bank Al Habib Limited
	Bulk Transport Company (Private) Limited
	Dynea Pakistan Limited
	Habib Sugar Mills Limited
	Lotte Chemical Pakistan Limited
	Mari Petroleum Company Limited
<b>Mr. Asif Jooma</b>	ICI Pakistan Limited
	ICI Pakistan PowerGen Limited
	ICI Pakistan Management Staff Provident Fund
	ICI Pakistan Management Staff Gratuity Fund
	ICI Pakistan Management Staff Defined Contribution Superannuation Fund
	ICI Pakistan Non-Management Staff Provident Fund
	ICI Pakistan Management Staff Pension Fund
	ICI Pakistan Foundation
	NutriCo Pakistan (Private) Limited
	NutriCo International (Private) Limited
	NutriCo Morinaga (Private) Limited
	NutriCo Pakistan (Private) Limited Gratuity Fund
	NutriCo Pakistan (Private) Limited Provident Fund
	Systems Limited
	Lahore University of Management Sciences — (LUMS)
	Duke of Edinburgh's
	Pakistan Tobacco Company Limited
	National Bank of Pakistan

# LIST OF OTHER DIRECTORSHIPS

Directors	Organizations
<b>Mr. Azam Faruque</b>	Atlas Battery Limited
	Cherat Cement Company Limited
	Indus Motors Company Limited
	Faruque (Private) Limited
	Greaves Pakistan (Private) Limited
	Habib University Foundation
	State Bank of Pakistan
	Unicol Limited
<b>Mr. Jehangir Shah</b>	Pak Oman Asset Management Company Limited
<b>Mr. Kamal A. Chinoy</b>	International Steels Limited
	Jubilee Life Insurance Company Limited
	Pakistan Cables Limited
	ILL Australia Pty Limited
	ILL Americas Inc.
	ILL Constructions Solutions (Private) Limited
	Pakistan Business Council
<b>Mr. Mansur Khan</b>	-
<b>Mr. Riyaz T. Chinoy</b>	Indus Motors Company Limited
	Jubilee General Insurance Company Limited
	Bulleh Shah Packaging (Private) Limited
	Citizens Trust Against Crime (CTAC)
	Management Association of Pakistan
	Packages Convertors (Private) Limited
	Patrons of EXPO Trust 2020
	The Citizens Foundation
	The Water Foundation
	Yaqin Steels Limited
<b>Mrs. Saadia S. Rashid</b>	-

# ORGANIZATION STRUCTURE



# GOVERNANCE FRAMEWORK

The main philosophy of business followed by the sponsors of International Industries Limited for the last 73 years has been to create value for all stakeholders through fair and sound business practices, which translates into policies approved by the Board and implemented throughout the Company to enhance the economic and social values of all stakeholders of the organization.

Our governance strategy is to ensure that the Company follows the direction defined by its core values, current regulatory framework and global best practices. The Board discharges its responsibilities as defined by the Companies Act, 2017, Code of Corporate Governance Regulation 2019, Rule Book of the Pakistan Stock Exchange Limited and the Corporate Financial Reporting Framework of Securities and Exchange Commission of Pakistan (SECP). Our approach towards corporate governance ensures ethical behavior, transparency and accountability in all that we do and to attaining a fair return for the shareholders.

## Compliance Statement

Living up to its standards, the Board of Directors has, throughout the year 2020-21, complied with the Code of Corporate Governance, Rule Book of the Pakistan Stock Exchange Limited and the Financial Reporting framework of Securities and Exchange Commission of Pakistan.

The directors confirm that the following has been complied with:

- a) The financial statements have been prepared which fairly represent the state of affairs of the Company, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent business judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of the financial statements and any departures therefrom have been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts about the Company's ability to continue as a going concern.
- g) There is no material departure from the best practices of corporate governance as per regulations.

## The Board of Directors

The Board of Directors consists of qualified individuals possessing knowledge, experience and skills in various profession with the leadership and vision to provide oversight to the Company. The Board is chaired by Mr. Mustapha A. Chinoy, a Non-Executive Chairman; out of nine (9) directors, four (4) are independent directors. The current board composition reflects a good mix of experience and diversity in backgrounds, skills and qualifications. All directors have several years of experience and are fully aware of their duties and responsibilities under the Code of Corporate Governance. At present, all directors have either attended a directors training program or have a minimum of 14 years of education and 15 years of experience on the Board of listed companies and therefore are exempt from a directors training program. In compliance with the Clause 7 of the Companies (Code of Corporate Governance) Regulations, 2019, a female director was elected at the last election of the Board of Directors at the 71st Annual General Meeting in September 2019.

In the year 2019-20, a digital interface was introduced to update the Board of Directors by providing Companies Act, 2017, Companies (Code of Corporate Governance) Regulations, 2019, relevant portions of PSX Rule Book, the Company's Memorandum & Articles of Association and various policies and procedures.

To further its role of providing oversight and strategic guidelines to the Company, the Board has formulated a Board Charter to define its role of strategic leadership and provide guidance to the management. The Board has constituted two sub committees, namely Board Audit Committee (BAC) and Human Resources and Remuneration Committee (HR&RC). The composition, role and responsibilities of the committees are clearly defined in their respective terms of references.

## Annual Calendar and Agenda for Meetings

A board meeting calendar is issued annually to reflect the dates planned for the Board of Directors, Board Audit Committee and Human Resource and Remuneration Committee meetings. All Board members are given relevant documents through the Diligent Board application in advance of each meeting which normally includes a detailed analysis of business matters, where the Board will be required to make a decision or give its approval.



During the year 2020-21, the Board had seven (7) meetings, out of which four (4) were held to review the annual/quarterly results and the three (3) meetings were held to approve capital expenditure and the annual budget for the proceeding year. The average attendance of the directors in board meetings during the year was 97%.

### **Changes in the Board**

At the 71<sup>st</sup> Annual General Meeting of the Company on September 29, 2019, nine (9) Directors were elected for a term of three (3) years. During the year 2020-21, a casual vacancy arose due to the resignation of Mr. Ehsan Ali Malik that was filled by appointing Mr. Asif Jooma as director for the remaining term of the existing Board of Directors. Moreover, Mr. Riyaz T. Chinoy, after completing 28 years of service in IIL, including the last 10 years as Chief Executive Officer, stepped down from the position at the close of business on February 9, 2021. He continues to serve on the Board of IIL as a non-executive director. The Board wishes to place on record its deepest appreciation for the contribution of Mr. Ehsan Malik and Mr. Riyaz Chinoy.

### **Appointment of New Chief Executive Officer**

Consequent to the resignation of Mr. Riyaz T. Chinoy as CEO, Mr. Kamal A. Chinoy was appointed as CEO w.e.f. February 10, 2021 till April 30, 2021. Thereafter, as recommended by the HR&RC, the Board appointed Mr. Sohail R. Bhojani as the Chief Executive Officer of the Company w.e.f. May 1, 2021.

### **Board Meetings Outside Pakistan**

During the year 2020-21, no board meetings were held outside Pakistan.

### **Role and Responsibilities of the Chairman and Chief Executive**

The Board of Directors provides the overall direction for company operations, provides oversight for various policies and monitors the management in the light of operational and financial plans. The roles of the Board and the Chief Executive Officer have been clearly defined where the Board is responsible for strategic guidance and providing directions for sustainable business.

The Chairman and the Chief Executive have separate and distinct roles. The Chairman has all the powers vested in him under the Listed Companies (Code of Corporate Governance) Regulations, 2019 and presides over all board meetings. The Chief Executive performs his duties under the powers vested by the law and the Board and recommends and implements

business plans and is responsible for overall control and operation of the Company.

### **Business Philosophy and Best Corporate Practices**

We believe in ethical practices, sustainable manufacturing processes, transparent reporting to the shareholders and the best practices of corporate governance to ensure business success and better results for all stakeholders.

The Board Charter defines the scope of the Board's activities in setting the tone at the top, formulating strategies and providing oversight to the management for sustainable growth of the business. Board members actively participate in meetings to provide guidance concerning the Company's business activities and operational plans, review corporate operations and formulate and review all significant policies. The Board firmly adheres to ethical practices and fully recognizes its responsibilities for protection and efficient utilisation of company assets for legitimate business objectives and compliance with laws and regulations. The Chairman ensures that the discussions held during board meetings and the consequent decisions arising are duly recorded and circulated to all the directors within fourteen (14) days. The CFO and the Company Secretary attend all the meetings of the Board as required by the Code of Corporate Governance.

All periodic financial statements and other working papers for the consideration of the Board/sub-committees are circulated to the directors well before the meetings so as to give them sufficient time to make decisions on an informed basis. This year the Board has held seven (7) meetings, agendas of which were duly circulated at least a week before the meetings.

### **Timely Communication of Financial Results**

The quarterly un-audited financial statements and the half-yearly financial statements (with limited review by the auditors) were duly circulated within thirty (30) days and sixty (60) days respectively along with the Directors' Report. Annual financial statements, including consolidated financial statements, were authorized by the Board of Directors and communicated to the Pakistan Stock Exchange within fifty-eight (58) days from the close of the financial year. Additionally, all important disclosures, including the financial statement, were also made on the Company's website to keep the stakeholders duly informed.

### Board Evaluation

The Board of Directors has formulated a policy to evaluate its own performance, the salient features of which are as follows:

1. The Board Evaluation Methodology to be adopted as self-evaluation of the Board as a whole and for individual directors through agreed questionnaires.
2. The evaluation exercise is to be carried out every year.
3. The evaluation system is designed to address areas of critical importance and should include, but not be limited to the following:
  - a) Appraising the basic organization of the Board of Directors,
  - b) The effectiveness and efficiency of the operation of the Board and its committees,
  - c) Assess the Board's overall scope of responsibilities,
  - d) Evaluate the flow of information, and
  - e) Validate the support and information provided by the management.
4. The Board would review business results and suggest measures to improve the areas identified for improvement.

The Board has continued its self-evaluation for many years as a part of good governance and has identified areas for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, board composition and providing oversight to the management.

### Directors' Remuneration Policy

A formal policy to review and approve the remuneration of non-executive directors is in place. The Company believes in remunerating its non-executive directors and Chairman adequately to justify their continued guidance and contributions to the Company's objectives good corporate governance and sustained long-term value creation for shareholders while maintaining their independent status.

### Risk and Opportunity Management

Risk management is crucial to the Company, which includes identification and assessment of various risks followed by coordinated application of resources to economically minimize, monitor and control the impact of such risks and maximize the realization of opportunities. The management periodically reviews major financial and operating risks faced by the business.

### Internal Control Framework

The Company maintains an established control framework comprising clear structures, authority limits and accountabilities, well understood policies and procedures and budgeting for review processes. All policies and control procedures are properly documented. The Board establishes corporate strategy and the Company's business objectives.

The Board Audit Committee has been entrusted with the primary responsibility of internal controls. It receives audit reports from the internal and external auditors and, after detailed deliberations and suggesting improvements, periodic reports are submitted to the Board of Directors. The Company places a high value on transparency, both internally and externally, in its corporate management. It focuses consistently on the implementation of efficient management practices for the purpose of achieving clear and quantifiable commitments. The Company has a Chartered Accountant posted as Head of Internal Audit, who is assisted by in-house executives to oversee internal control functions.

The management has placed an explicit internal control framework with clear structures, authority limits and accountabilities, well defined policies and detailed procedures enabling the Audit Committee and the Board to have a clear understanding of risk areas and to place effective controls to mitigate risks.

### Disclosure of Conflict of Interest

The Company has taken measures to prevent conflict of interests between directors, employees and the organization. In this regard, a clear policy on conflict of interests is contained in the Code of Conduct duly approved by the Board of Directors which is placed on page No. 64. As per the Code of Corporate Governance, the Company annually circulates the Code of Conduct and takes appropriate steps to disseminate it across all ranks. Further, the directors and key employees are reminded of insider trading rules and avoiding dealing of shares during the closed period.

Every director is required to bring to the attention of the Board, complete details regarding any material transaction which has a conflict of interest for prior approval of the Board. The interested directors neither participate in discussions nor vote on such matters.

Complete details of all transactions with related parties are submitted to the Audit Committee who recommends them to the Board for approval in each quarter. These transactions are also fully disclosed in the annual financial statements of the Company.

### Corporate Social Responsibility

The Company has implemented comprehensive policies on 'Occupational Health, Safety and Environment' and 'Corporate Social Responsibility and Sustainable Development' to meet its Corporate Social Responsibilities. This reflects the Company's recognition that there is a strong positive correlation between financial performance and corporate, social and environmental responsibility. Social and environment responsibilities include the following:

1. Community investment and welfare schemes
2. Environmental protection measures
3. Occupational health and safety
4. Business ethics and anti-corruption measures
5. Energy conservation
6. Industrial relations
7. National cause donations
8. Contribution to national exchequer
9. Consumer protection measures

Our role as a responsible corporate citizen is as important to us as the satisfaction of our customers and earning a fair return for our shareholders. We are committed to working for the betterment and prosperity of all our stakeholders. The management has endeavored to provide a safe and healthy work atmosphere by adopting practices and creating working conditions that are safe and healthy for our employees, vendors, contractors, suppliers and customers.

We are committed to providing better education and health facilities to the less fortunate, especially within stakeholder community.

In line with our philosophy of CSR, we regularly maintain and support a TCF school – IIL Campus in Landhi adjacent to our factory, along with offering need-based scholarships to NED University students for a better tomorrow of our younger generation. We also support NGOs like Sina Foundation – IIL Clinic, Indus Hospital and Amir Sultan Chinoy Foundation to help the vulnerable.

### Sustainability Measures

All aspects of sustainability including efficient operational procedures, effective internal controls, ethical behavior and energy conservation are an integral part of our business model. We also believe that employees are most critical in the progress, growth and sustainability of our organization.

For more details, please refer to our Group Sustainability Report which has been circulated with the Annual Report 2021 and is available on our website ([www.iil.com.pk](http://www.iil.com.pk))

### Engaging Stakeholders and Transparency

The development of stakeholders relationship is of paramount importance for the Company. Building stakeholder's engagement, compliance with regulatory requirements and terms and conditions are some of the main business principles by which we abide.

To bring an accurate understanding of the management's policies and business activities to all its stakeholders, the Company strives to make full disclosure of all material information to all stakeholders by various announcements on its website, to the stock exchange and other sources available to help investors to make informed decisions. The Company encourages full participation of the members in the Annual General Meetings by sending corporate results and sufficient information following prescribed timelines so as to enable shareholders to participate on an informed basis. By increasing management transparency, it aims to strengthen its relationships and trust with shareholders and investors.

Our stakeholders include, but are not limited to, customers, employees, government, shareholders, suppliers, local communities and banks.

### Corporate Briefing Session

In compliance with the listing regulations of the Pakistan Stock Exchange, the Company arranges corporate briefing session(s) annually to answer queries of the various stakeholders including investors and financial analysts.

A Corporate Briefing Session was held on Wednesday, September 30, 2020 at 4:00 p.m. through video conference to brief the investors/analyst/shareholders about the financial performance and future outlook of the Company.

### Policy for Investor Grievances

The Company has an Investor Relation Policy that sets out the principles in providing shareholders and prospective investors with the necessary information to make well informed investment decisions and to ensure a level playing field. Investor grievances and complaints are very important and are properly reviewed to minimize recurrence. The following principles are adhered to with regards to investor grievances:

1. Investors are treated fairly at all times.
2. Complaints raised are addressed in a courteous and timely manner.
3. Various modes of communication including email, telephone, meetings and raising matters at the Annual General Meeting are available to investors to raise grievances.
4. Queries and complaints are treated fairly and efficiently.

5. Employees work in good faith and without prejudice towards the interest of the shareholders.
6. Detailed company information including financial highlights, investor information, and other requisite information specified under relevant regulations has been placed on the corporate website of the Company which is updated regularly.

### **Safety of Company Records**

ILL has a firm Document and Record Control Policy for establishing, approving, reviewing, changing, maintaining, replacing, retrieving, retaining, distributing and administering control of all documents and data that relate to the Company and has taken the following measures to ensure safety/security of the records and promoting a paperless environment;

- All important documents such as minutes and proceedings of the Board and its sub-committees, Annual General Meetings, statutory certificates, title documents of the Company's properties and all other important communications and records are digitally scanned and archived on secured Company servers.
- All important original documents are placed at a neutral, secure and documented vault.

### **Human Resources Management Policies and Succession Planning**

A comprehensive set of policies has been well implemented to cover all HR matters. The main focus of the policies is to train, motivate and retain valuable human assets for the future growth of the Company. In order to maintain continuity of the business operations, particularly at senior management and key managerial positions, a well-defined succession policy is in practice.

### **Information Technology Policy**

A clearly-defined Information Technology Policy is in place to help achieve efficient and effective use of IT resources so as to establish priorities, increase productivity and deliver the right services to users. The IT Steering Committee, comprising of CEO, CFO and CIO, is responsible for implementing major IT decisions. The CIO is responsible for ensuring communication of CIO security policies to all users of the Company. Further, Internal Audit is responsible for monitoring compliance of IT policies.

The policy on Information Technology is focused on information security, access control, information system acquisition, development and maintenance, business continuity management, incident management, company website and ERP.

### **Whistleblowing Policy**

We are committed to creating an atmosphere in which our people can freely communicate their concerns to their supervisors and functional heads. Our Whistle-blowing Policy has been in place for a number of years to encourage the reporting of any corrupt or unethical behavior, if employees feel that they are not able to use normal management routes.

### **Policy for Security Clearance of Foreign Directors**

ILL has no foreign directors on its Board.

### **Issues Raised at the Last AGM**

While general clarifications were sought by shareholders on the Company's published financial statements during the 72<sup>nd</sup> Annual General Meeting held on September 30<sup>th</sup>, 2020, no significant issues were raised.

### **Dividend and/or Bonus Shares**

During the year, the Company paid an interim dividend of 35% to all eligible shareholders and the Board of Directors has recommended a final dividend of 65%, making a total of 100% in respect of the financial year ended June 30, 2021, which is subject to shareholders approval.

### **Pattern of Shareholding**

A statement on the pattern of shareholding along with categories of shareholders, where disclosure is required under the reporting framework and the statement of shares held by the directors and executives as on June 30, 2021 is placed on Page No. 282.



# MECHANISM FOR PROVIDING INFORMATION

## Formal Reporting Line

The current organization structure of the Company consists of various departments/divisions, each of which is led by a divisional head.

## Employees

Employees are encouraged to express their views and forward their suggestions and we follow an open-door policy. Employees can raise grievances and concerns to the Company. In case the matter is of a significant nature, the same is addressed in the meetings of the Managing Committee, the Board of Directors or the relevant board committees.

The Company also has a Whistle-blowing Policy to enable employees to raise serious concerns at the relevant forum without fear of repercussions.

The CEO also meets the entire Managing Committee and Executive Committee frequently through which they are provided an opportunity to express their concerns and suggestions.

## Shareholders

Every year, the Annual General Meeting of shareholders is held in accordance with the requirements of the Companies' Act, 2017 which is attended by the Board, CEO, Company Secretary, CFO and the senior management of the Company.

The interactive session with the shareholders allows the shareholders to ask questions on financial, economic, social and other issues and also give suggestions and recommendations. The CEO responds to all questions.

The Company has also provided contact details of all relevant personnel for queries on its website.

## Managing Conflict Of Interest

As per the Code of Corporate Governance, the Company annually circulates the Code of Conduct amongst all employees and directors. Further, the directors and key employees are reminded of insider trading rules and to avoid dealing in shares during closed periods.

Directors are required to bring to the attention of the Board complete details regarding any transaction which has a conflict of interest for prior approval of the Board. The interested director(s) neither participate in discussions nor vote on such matters.

Complete details of all transactions with related parties are provided to the Board for approval. These transactions are also fully disclosed in the annual financial statement of the Company.

# BOARD COMMITTEES

The Board is assisted by two committees, namely the Board Audit Committee (BAC) and the Human Resource & Remuneration Committee (HR&RC) to support its decision making in their respective domains:

## A. Board Audit Committee

<b>Mr. Jehangir Shah</b> Independent Director	Chairman
<b>Mr. Adnan Afridi</b> Independent Director	Member
<b>Mr. Kamal A. Chinoy</b> Non - Executive Director	Member
<b>Mr. Mansur Khan</b> Independent Director	Member
<b>Ms. Asema Tapal</b> Group Chief Internal Auditor	Secretary

The BAC comprises of four (4) Non-executive Directors, out of which three (3) are independent. The Chairman of the Committee has over forty years of experience in commercial banking, private & personal banking and leasing. The Chief Financial Officer and the Chief Internal Auditor attend the BAC meetings while the Chief Executive Officer is invited to attend the meetings. The BAC also separately meets the internal and external auditors at least once in a year without the presence of the management.

Meetings of the BAC are held at least once every quarter. The recommendations of the BAC and the financial results of the Company are then submitted for approval of the Board. During the year 2020-21, the BAC held five (05) meetings. The minutes of the meetings of the BAC are provided to all members, directors and the Chief Financial Officer.

The Chief Internal Auditor meets the BAC, without the presence of the management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are referred to the respective departments and corrective actions are then implemented. The BAC has completed its independent self evaluation.

## Terms of Reference of the BAC

The BAC is mainly responsible for reviewing the financial statements, ensuring proper internal controls to align operations in accordance with the mission, vision and business plans and monitoring compliance with all applicable laws and regulations and accounting and financial reporting standards.

The salient features of terms of reference of the BAC are as follows:

1. Recommending the appointment of internal and external auditors to the Board.
2. Consideration of questions regarding resignation or removal of external auditors, audit fees and provision by the external auditors of any services to the Company in addition to the audit of financial statements.
3. Determination of appropriate measures to safeguard the Company's assets.
4. Review of preliminary announcements of results prior to publication.
5. Review of quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board, focusing on major judgmental areas, significant adjustments resulting from the audit, any changes in accounting policies and practices, compliance with applicable accounting standards and compliance with listing regulations and other statutory and regulatory requirements.
6. Facilitating the external audit and discussion with external auditors on major observations arising from the audit and any matter that the auditors may wish to highlight (without the presence of the management, where necessary).
7. Review of the Management Letter issued by external auditors and the management's response thereto.
8. Ensuring coordination between the internal and external auditors of the Company.
9. Review of the scope and extent of internal audit and ensuring that an adequately resourced internal audit function is placed within the organization.
10. Consideration of major findings of internal investigations and the management's response thereto.

11. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
12. Review of the Company's statement on the internal control systems prior to endorsement by the Board.
13. Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
14. Determination of compliance with relevant statutory requirements review of periodic financial statements and preliminary announcements of results prior to the external communication and publication.
15. Monitoring compliance together with the external auditors and internal audit with the best practices of corporate governance and identification of significant violations such as fraud, corruption and abuse of power thereof.
16. Consideration of any other issue or matter as may be assigned by the Board.

## **B. Board Human Resources & Remuneration Committee**

<b>Mr. Mansur Khan</b> Independent Director	Chairman
<b>Mr. Azam Faruque</b> Non- Executive Director	Member
<b>Mr. Kamal A. Chinoy</b> Non- Executive Director	Member
<b>Mr. Mustapha A. Chinoy</b> Non- Executive Director	Member
<b>Mr. Sohail R. Bhojani</b> Chief Executive Officer	Ex-Officio Member
<b>Mr. Khalid Junejo</b> Director Human Resources	Secretary

The HR&RC comprises of five (05) members and the Chairman is an independent director whereas the other four members are the Chief Executive Officer and three non-executive directors. Meetings are conducted at least quarterly or at such other frequency as the

Chairman may determine. Director Human Resources is the secretary of the HR&RC. The minutes of the meetings of the HR&RC meetings are provided to all members and directors. The Committee held six (06) meetings during the year.

### **Terms of Reference of HR&RC**

The Committee defines the HR policy framework and makes recommendations to the Board in the evaluation and approval of employee remunerations benefit plans and succession planning.

### **The salient features of the Terms of Reference of HR&RC are as follows:**

1. Major HR Policy / framework including compensation.
2. Overall organizational structure.
3. Organization model and periodically seek the assessment of the same.
4. Succession planning for key executives, including the CEO.
5. Recruitment, remuneration and evaluation of the CEO and his/her direct reports, including CFO, Chief Internal Auditor and the Company Secretary.
6. The CEO, being a member of the HR&RC shall not be a part of committee meetings, when his/her compensation/performance is being discussed/evaluated.
7. Charter of demands and negotiated settlements with the CBA.
8. Compensation of the Non-Executive directors.
9. Board Remuneration Policy & Procedure.
10. Board Evaluation Policy and Procedure for the Board as a whole and for the individual directors

# MEETINGS OF THE BOARD OF DIRECTORS

Meetings of the Board of Directors, Board Audit Committee and Human Resource and Remuneration Committee were held according to an annual schedule circulated before each fiscal year to ensure maximum director participation.

	Board	BAC	HR&RC
<b>Meetings held during FY 2020-21</b>	<b>7</b>	<b>5</b>	<b>6</b>
Mr. Mustapha A. Chinoy	7/7		6/6
Mr. Adnan Afridi	7/7	3/3	
Mr. Asif Jooma **	2/2		
Mr. Azam Faruque	7/7		6/6
Mr. Jehangir Shah	7/7	5/5	
Mr. Kamal A. Chinoy	7/7	3/3	6/6
Mr. Mansur Khan	7/7	2/2	6/6
Mrs. Saadia S. Rashid	6/7		
Mr. Riyaz T. Chinoy	7/7		2/2
Mr. Ehsan A. Malik *	4/4	2/2	

\* Resigned

\*\* Appointed to fill casual vacancy

\*\*\* BAC and HR&RC reconstituted on March 31, 2021 and June 28, 2021



# MANAGING COMMITTEE

The aim of the Managing Committee (MC) is to support the Chief Executive Officer to determine and implement business policies within the strategy approved by the Board of Directors. MC meetings are conducted on frequently. The Committee reviews all operational and financial aspects of the business, advises improvements to operational policies / procedures and monitors implementation of the same. The MC meets to review operational performance and to consider various policies and procedures.

## Composition of the Managing Committee:

Mr. Sohail R. Bhojani	Chairman	Chief Executive Officer
Mr. Muhammad Akhtar	Member	Chief Financial Officer
Mr. Khawar Bari	Member	Director Marketing & Sales
Mr. Khalid Junejo	Member	Director Human Resources
Mr. Zulfikar Mooraj	Member	CEO IIL Constructions Solutions
Mr. Perwaiz Ibrahim	Member	Technical Advisor
Mr. Muhammad Imran Siddiqui	Member	GM Polymer, Engineering and Projects
Mr. Muhammad Riaz Moazzam	Member & Secretary	GM Steel Operations

## Role of the Managing Committee

The Committee is responsible for the following:

- a) Reviewing organizational structure.
- b) Establishing the Executive Committees and their TORs.
- c) Reviewing the annual budget of the Company.
- d) Reviewing business principles, strategic priorities, risk analysis, business plan as well as key performance indicators, financial performance, annual targets and variances.
- e) Reviewing the Company's Management Information System.

# EXECUTIVE COMMITTEES

The aim of the Executive Committee (EC) is to support the Managing Committee in implementing business policies within the strategy approved by the Board of Directors. The Company has in place two dedicated Executive Committees, one focusing on the Company's steel business whereas the second focuses on polymer business. EC meetings are conducted regularly.

## Composition of the Executive Committee – Steel:

Mr. Muhammad Riaz Moazzam	Chairman	GM Steel Operations
Mr. Muhammad Imran Siddiqui	Member	GM Polymer, Engineering and Projects
Mr. Mirza Samar Abbas	Member	GM Domestic Sales (South) & Global Sales
Mr. Sheraz Ahmed Khan	Member	GM Domestic Sales (North)
Syed Ghazanfar Ali Shah	Member	Div. Manager Supply Chain
Mr. Zain Kamal Chinoy	Member	Head of Global Sales
Mr. Samiuddin Khan	Member	Div. Manager IR & Admin (South)
Mr. Owais Ahmed	Member	Chief Information Officer
Mr. Salman Najeeb	Member & Secretary	Financial Controller

## Composition of the Executive Committee – Polymer:

Mr. Muhammad Imran Siddiqui	Chairman	GM Polymer, Engineering and Projects
Mr. Muhammad Riaz Moazzam	Member	GM Steel Operations
Mr. Mirza Samar Abbas	Member	GM Domestic Sales (South) & Global Sales
Mr. Sheraz Ahmed Khan	Member	GM Domestic Sales (North)
Mr. Usman Ali	Member	Div. Manager PPRC Sales
Mr. Nasir Arif Raja	Member	GM Polymer Operations
Mr. Qasim Shaheen	Member	Manager Costing
Mr. Aarij Farooqui	Secretary	Manager Production Planning

## Role of the Executive Committee

The Committee is responsible for the following:

- Reviewing organizational structure and recommending the changes to the Managing Committee.
- Implementing business principles, strategic priorities, risk analysis, business plan.
- Analyzing the key performance indicators, financial and non-finance performance, targets and variances.
- Recommending changes in the Company's Management Information System to the Managing Committee.
- Reviewing training needs for optimization of resources.
- Briefing the Managing Committee and CEO on key matters discussed at the EC meetings.
- Reviewing raw material, WIP and finished goods inventory levels and taking timely action on reducing/controlling the same.
- Reviewing the status of the order book for future production planning.
- Reviewing product development and new projects and ventures.

# REPORT OF THE BOARD AUDIT COMMITTEE

on Adherence to the Code of Corporate Governance

The Board Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2021 and reports that:

- The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Code of Corporate Governance, the Company's Code of Conduct and Values and the international best practices of governance throughout the year.
- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.
- Appropriate accounting policies have been consistently applied except those disclosed in financial statements. Applicable accounting standards were followed in preparation of the financial statements of the Company on a going concern basis for the financial year ended June 30, 2021, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the Chairman and Directors' Reports. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper, accurate and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and applicable International Accounting Standards and International Financial Reporting Standards notified by the SECP.
- All direct and indirect trading in and holdings of the Company's shares by directors and executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction. All such transactions have been disclosed.

## INTERNAL AUDIT FUNCTION

- The Company's Internal Audit function is being led by the Chief Internal Auditor in compliance with the Code of Corporate Governance, who is assisted by in-house staff. The Chief Internal Auditor reports directly to the Chairman of the Board Audit Committee.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
- The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company and shareholders' wealth through effective financial, operational and compliance controls and risk management at all levels within the Company.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

## EXTERNAL AUDITORS

- The statutory auditors of the Company, A.F. Ferguson & Co., Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2021 and shall retire on the conclusion of the 73<sup>rd</sup> Annual General Meeting.
- The final Management Letter is required to be submitted within forty-five (45) days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Board Audit Committee meeting.
- The audit firm has been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.
- Being eligible for reappointment under the listing regulations, the Board Audit Committee recommends their reappointment for the financial year ending June 30, 2022 on terms and remuneration negotiated by the Chief Executive Officer.
- As recommended by the Board of Directors, the management has acquired consent from M/s A.F. Fergusons & Co., Chartered Accountants, eligible for under the Listed Companies (Code of Corporate Governance) Regulations 2019 and the listing regulations of the Pakistan Stock Exchange for the financial year ending June 30, 2022 on terms and remuneration negotiated by the Chief Executive Officer.



**Mr. Jehangir Shah**

Chairman-Board Audit Committee

Dated: August 23, 2021

Karachi





## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of International Industries Limited

### **Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of International Industries Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 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 noncompliance 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. 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.

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 June 30, 2021.

**A. F. Ferguson & Co.**  
**Chartered Accountants**

**Karachi**

Date: September 8, 2021

# STATEMENT OF COMPLIANCE

with Listed Companies (Code of Corporate Governance) Regulations, 2019

**International Industries Limited**  
**June 30, 2021**

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine (9) as per the following:

a.	Male	Eight (8)
b.	Female	One (1)

2. The composition of Board is as follows:

Category	Names
Independent directors	Adnan Afridi Asif Jooma Jehangir Shah Mansur Khan
Non-executive directors	Mustapha A. Chinoy Kamal A. Chinoy Azam Faruque Riyaz T. Chinoy
Female director (Non-executive director)	Saadia S. Rashid

*Mr. Sohail R. Bhojani, the Chief Executive Officer of the Company, is a deemed director as defined in Section 188(3) of the Companies Act, 2017.*

3. The directors have confirmed that none of them are serving as a director in more than seven listed companies, including this company;
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;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act 2017 ("Act") and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The directors were apprised of their duties and responsibilities from time to time. The directors either have already attended directors' training as required in previous years or meet the exemption criteria as contained in these Regulations;
10. The Board has approved appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed following committees comprising of the following members:

a) Board Audit Committee

Jehangir Shah  
Chairman – Independent Director

Adnan Afridi  
Member – Independent Director

Kamal A. Chinoy  
Member – Non-Executive Director

Mansur Khan  
Member – Independent Director

b) Human Resource & Remuneration Committee

Mansur Khan  
Chairman – Independent Director

Azam Faruque  
Member – Non-Executive Director

Kamal A. Chinoy  
Member – Non-Executive Director

Mustapha A. Chinoy  
Member – Non-Executive Director

Sohail R. Bhojani  
Ex-officio Member – Chief Executive Officer

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 of the committees were as per following:

a) Board Audit Committee: Quarterly

b) HR and Remuneration Committee: Quarterly

15. The Board has set up an effective Internal Audit function experienced for the purpose and are conversant with the policies and procedures of the Company;

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 and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or any director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, 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 requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non- mandatory requirements) are below:

S.No.	Requirement	Explanation	Reg. No
1	All directors of a company shall attend its general meeting(s), (ordinary and extra-ordinary unless precluded from doing so due to any reasonable cause.	Seven (7) Directors attended the 72nd Annual General Meeting of the Company. Mr. Kamal A. Chinoy and Mr. Azam Faruque could not attend due to personal reasons.	10(6)
2	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being addressed at Board level as and when needed so a separate committee is not considered to be necessary.	29
3	The Board may constitute the risk management committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has tasked the Board Audit Committee to oversee risk management related matters of the Company.	30

On behalf of the Board



**Sohail R. Bhojani**  
Chief Executive Officer



**Mustapha A. Chinoy**  
Chairman

August 26, 2021









# UNCONSOLIDATED FINANCIAL HIGHLIGHTS

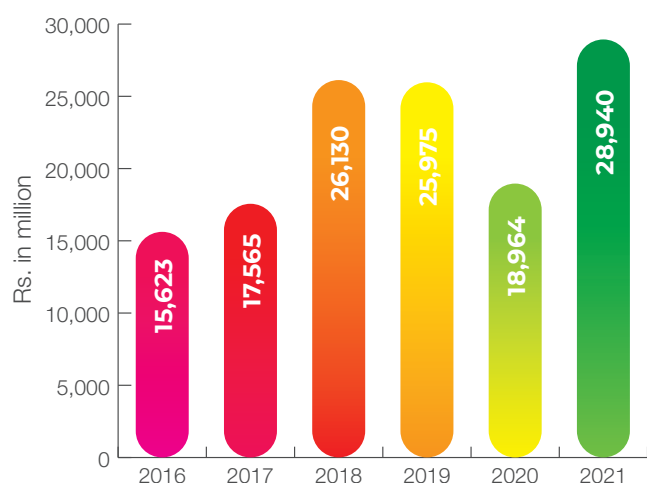


# FINANCIAL HIGHLIGHTS

	2021	2020	%
	-----Rs. in million -----		
Net Sales	28,940	18,964	52.6%
Gross Profit	3,973	1,371	189.8%
Property, Plant & Equipment	7,480	7,081	5.6%
Shareholders' Equity	11,499	8,946	28.5%
Book Value per Share (Rs.)	87.19	67.83	28.5%

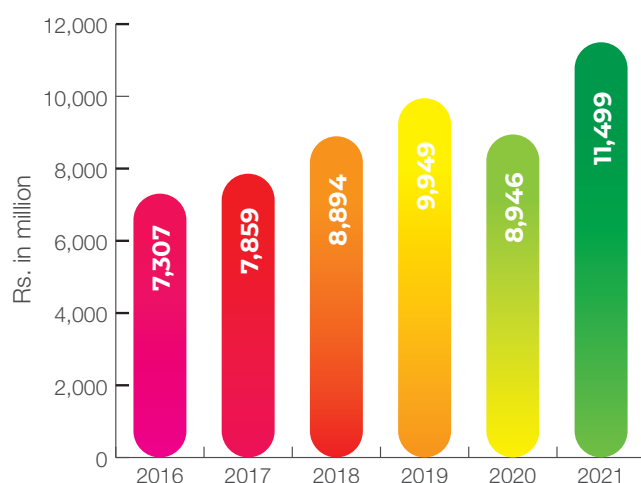
## BUSINESS GROWTH

Net Sales

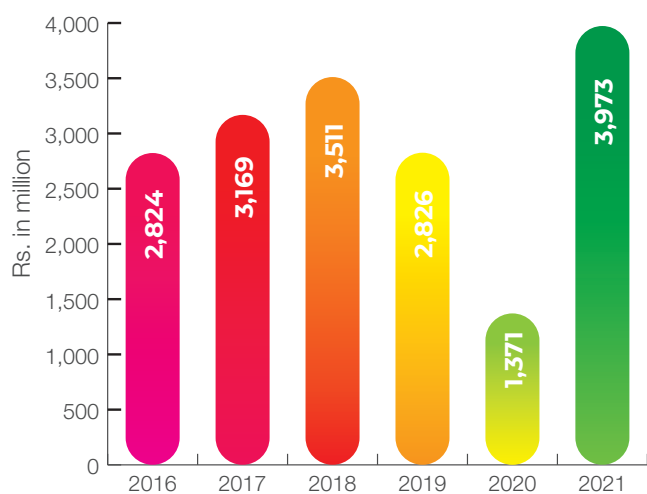


## SHAREHOLDER VALUE ACCRETION

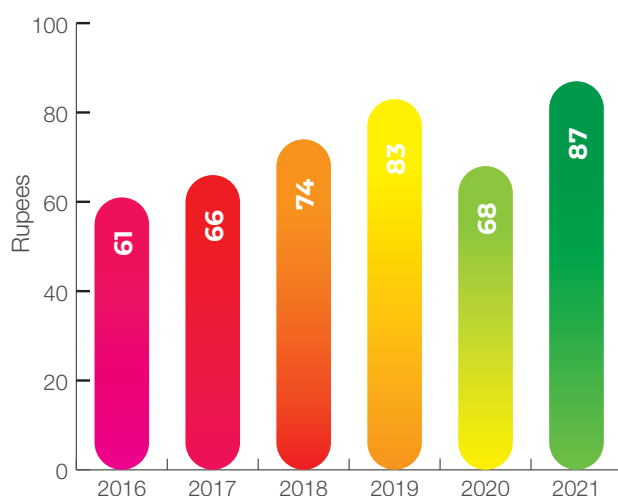
Shareholders' Equity



Gross Profit



Book Value per Share





# ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Financial Position

	2021	2020	2019	2018	2017	2016
	Rs. in million					
Property, plant and equipment	7,480	7,081	7,360	5,770	5,088	4,852
Investments	3,373	3,295	3,277	3,277	2,743	2,743
Other non-current assets	281	5	7	72	67	59
Current assets	17,657	12,758	14,683	13,346	10,619	6,322
Total assets	28,791	23,140	25,327	22,465	18,516	13,977
Shareholders' equity	11,499	8,946	9,949	8,894	7,859	7,307
Non-current liabilities	2,418	1,960	2,156	2,338	1,494	1,332
Current portion of long-term financing	889	411	291	181	110	158
Short-term borrowings	10,181	9,394	9,425	8,310	5,899	3,243
Other current liabilities	3,805	2,429	3,506	2,743	3,155	1,937
Total equity and liabilities	28,791	23,140	25,327	22,465	18,516	13,977

### Vertical Analysis

	Percentage					
Property, plant and equipment	26.0	30.6	29.1	25.7	27.5	34.7
Investments	11.7	14.2	12.9	14.6	14.8	19.6
Other non-current assets	1.0	0.0	0.0	0.3	0.4	0.4
Current assets	61.3	55.1	58.0	59.4	57.3	45.2
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
Shareholders' equity	39.9	38.7	39.3	39.6	42.4	52.3
Non-current liabilities	8.4	8.5	8.5	10.4	8.1	9.5
Current portion of long-term financing	3.1	1.8	1.1	0.8	0.6	1.1
Short-term borrowings	35.4	40.6	37.2	37.0	31.9	23.2
Other current liabilities	13.2	10.4	13.8	12.2	17.0	13.9
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0

### Horizontal Analysis

	Percentage					
Property, plant and equipment	5.6	(3.8)	27.6	13.4	4.9	34.0
Investments	2.3	0.5	0.0	19.5	-	-
Other non-current assets	5278.4	(23.9)	(90.4)	6.9	12.9	183.6
Current assets	38.4	(13.1)	10.0	25.7	68.0	(6.4)
Total assets	24.4	(8.6)	12.7	21.3	32.5	6.4
Shareholders' equity	28.5	(10.1)	11.9	13.2	7.6	15.2
Non-current liabilities	23.4	(9.1)	(7.8)	56.5	12.1	190.9
Current portion of long-term financing	116.3	41.2	60.8	64.9	(30.7)	5.5
Short-term borrowings	8.4	(0.3)	13.4	40.9	81.9	(30.5)
Other current liabilities	56.6	(30.7)	27.8	(13.1)	62.9	27.2
Total equity and liabilities	24.4	(8.6)	12.7	21.3	32.5	6.4

# ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Profit or Loss

	2021	2020	2019	2018	2017	2016
	----- Rs. in million -----					
Net sales	28,940	18,964	25,975	26,130	17,565	15,623
Cost of sales	(24,967)	(17,593)	(23,149)	(22,619)	(14,396)	(12,800)
Gross profit	3,973	1,371	2,826	3,511	3,169	2,824
Administrative, selling and distribution expenses	(1,825)	(1,112)	(1,443)	(1,631)	(1,408)	(1,424)
Other operating charges	(189)	(31)	(98)	(172)	(180)	(116)
Other operating income	1,054	580	1,733	883	1,037	155
Operating profit before financing cost	3,015	809	3,017	2,591	2,618	1,438
Financing cost	(756)	(1,238)	(924)	(442)	(224)	(334)
Profit/(loss) before taxation	2,259	(430)	2,093	2,149	2,393	1,104
Taxation	56	(264)	(518)	(567)	(551)	(318)
Profit/(loss) after taxation	2,315	(694)	1,575	1,582	1,842	786

### Vertical Analysis

	Percentage					
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(86.3)	(92.8)	(89.1)	(86.6)	(82.0)	(81.9)
Gross profit	13.7	7.2	10.9	13.4	18.0	18.1
Administrative, selling and distribution expenses	(6.3)	(5.9)	(5.6)	(6.2)	(8.0)	(9.1)
Other operating charges	(0.7)	(0.2)	(0.4)	(0.7)	(1.0)	(0.7)
Other operating income	3.6	3.1	6.7	3.4	5.9	1.0
Operating profit before financing cost	10.4	4.3	11.6	9.9	14.9	9.2
Financing cost	(2.6)	(6.5)	(3.6)	(1.7)	(1.3)	(2.1)
Profit/(loss) before taxation	7.8	(2.3)	8.1	8.2	13.6	7.1
Taxation	0.2	(1.4)	(2.0)	(2.2)	(3.1)	(2.0)
Profit/(loss) after taxation	8.0	(3.7)	6.1	6.1	10.5	5.0

### Horizontal Analysis

	Percentage					
Net sales	52.6	(27.0)	(0.6)	48.8	12.4	(17.2)
Cost of sales	41.9	(24.0)	2.3	57.1	12.5	(22.1)
Gross profit	189.8	(51.5)	(19.5)	10.8	12.2	15.4
Administrative, selling and distribution expenses	64.0	(22.9)	(11.5)	15.8	(1.1)	5.8
Other operating charges	514.1	(68.8)	(43.0)	(4.0)	55.0	42.1
Other operating income	81.7	(66.5)	96.2	(14.8)	567.7	(61.4)
Operating profit before financing cost	272.8	(73.2)	16.5	(1.0)	82.0	1.3
Financing cost	(39.0)	34.0	109.3	97.1	(33.0)	(31.4)
Profit/(loss) before taxation	625.5	(120.5)	(2.6)	(10.2)	116.8	18.3
Taxation	(121.1)	(49.0)	(8.6)	3.0	73.3	57.2
Profit/(loss) after taxation	433.4	(144.1)	(0.4)	(14.1)	134.4	7.6

# ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Cash Flows

Net cash generated from/(used in) operating activities  
Net cash inflows/(outflows) from investing activities  
Net cash inflows/(outflows) from financing activities  
Net increase/(decrease) in cash and cash equivalents

### Vertical Analysis

Net cash generated from/(used in) operating activities  
Net cash inflows/(outflows) from investing activities  
Net cash inflows/(outflows) from financing activities  
Net increase/(decrease) in cash and cash equivalents

### Horizontal Analysis

Net cash generated from/(used in) operating activities  
Net cash inflows/(outflows) from investing activities  
Net cash inflows/(outflows) from financing activities  
Net increase/(decrease) in cash and cash equivalents

2021	2020	2019	2018	2017	2016
Rs. in million					
(2,084)	268	288	(1,404)	(2,101)	1,843
514	176	(182)	(895)	357	(817)
(602)	(1,733)	807	(535)	2,012	(1,649)
(2,173)	(1,290)	913	(2,834)	268	(623)

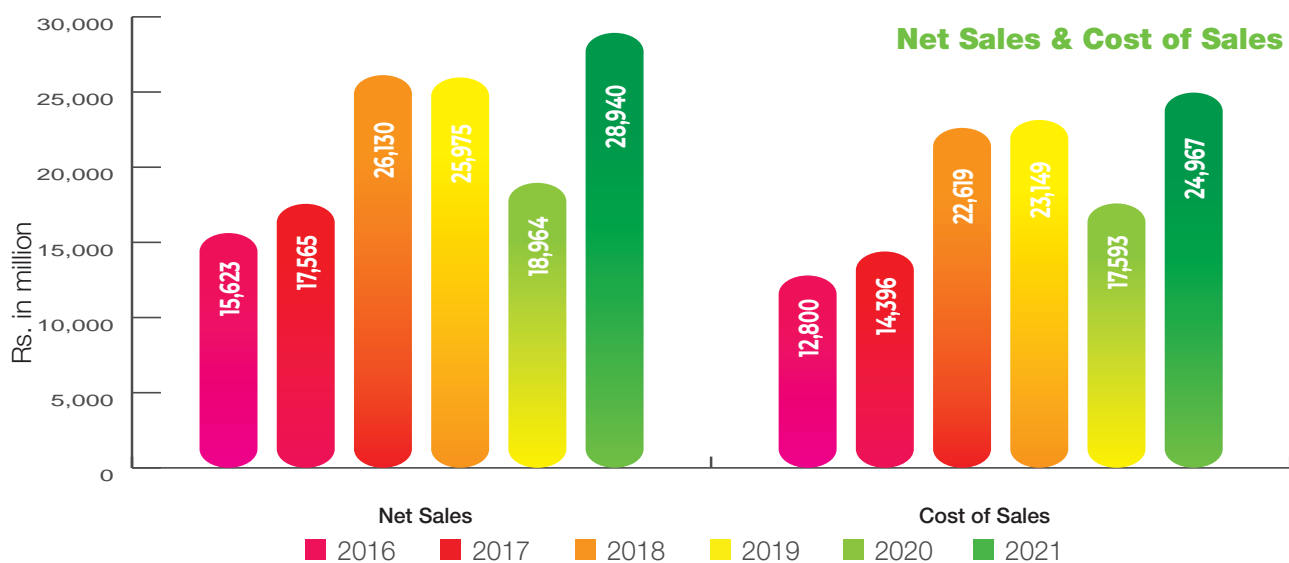
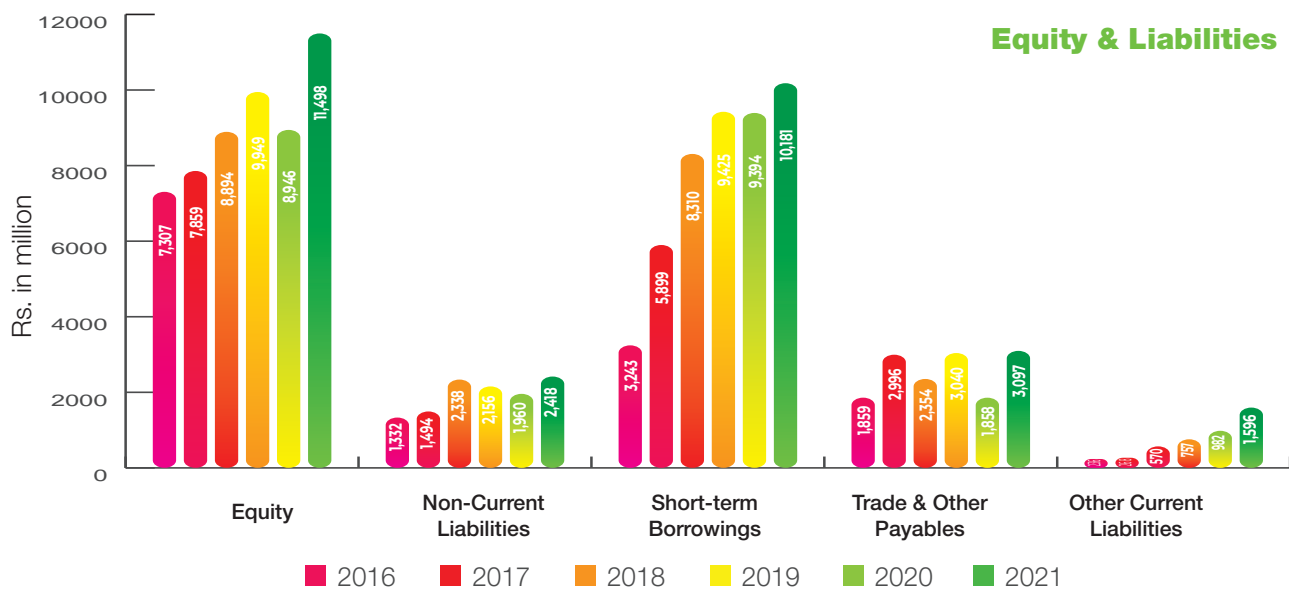
Percentage					
(95.9)	20.8	(31.6)	(49.5)	(785)	296
23.6	13.6	20.0	(31.6)	134	(131)
(27.7)	(134.4)	(88.4)	(18.9)	751	(265)
(100.0)	(100.0)	(100.0)	(100.0)	100	(100)

Percentage					
(878.0)	(7.0)	(120.5)	(33.2)	(214.0)	(18.3)
192.8	(196.3)	(79.6)	(350.3)	(143.7)	280.9
(65.2)	(314.8)	(250.8)	(126.6)	(222.0)	(15.1)
68.5	(241.3)	(132.2)	(1,158.3)	(143.0)	(727.1)



# GRAPHICAL PRESENTATION OF

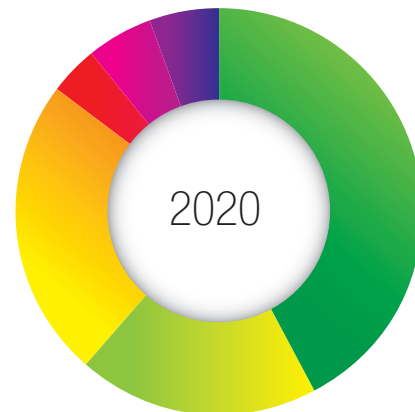
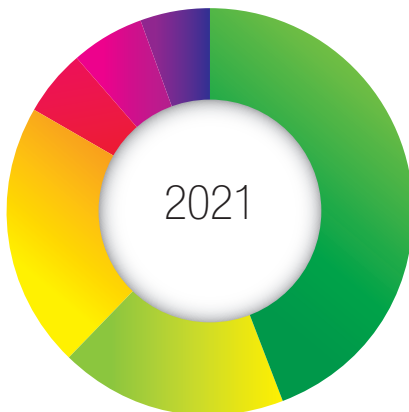
Statement of Financial Position and Statement of Profit or Loss





# KEY FINANCIAL INDICATORS (GRAPHS)

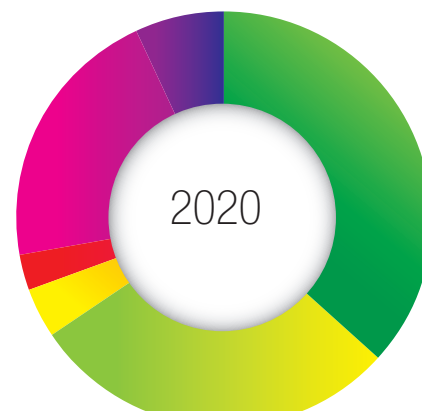
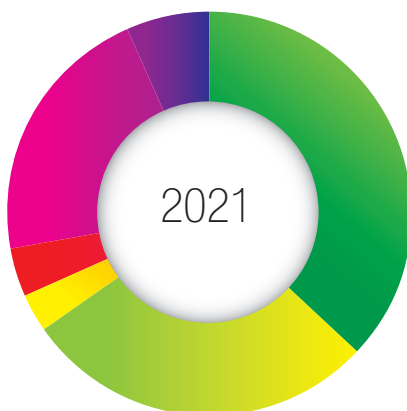
## Conversion Cost



- Salaries, wages and benefits
- Electricity, gas and water
- Depreciation and amortisation
- Operational supplies and consumables
- Repairs and maintenance
- Others

2021	2020
Rs in million	
1,025	867
421	394
485	494
124	80
135	106
125	112
2,316	2,054

## Product-wise Volumes



- Galvanized iron pipes
- CR steel tubes
- API line pipes
- Black pipes
- Other (Steel)
- Polymer pipes & fittings

2021	2020
% of tonnage	
37%	37%
28%	29%
3%	4%
4%	3%
21%	21%
6%	7%
100%	100%

# KEY FINANCIAL INDICATORS

## Profitability Ratios

Gross profit ratio	%
Net profit to sales	%
EBITDA margin to sales	%
Cost to income ratio	Times
Operating leverage	%
Return on equity with surplus on revaluation of fixed assets	%
Return on equity without surplus on revaluation of fixed assets	%
Return on capital employed	%
Return on total assets	%
Shareholders' funds ratio	%

	2021	2020	2019	2018	2017	2016
%	13.7	7.2	10.9	13.4	18.0	18.1
%	8.0	(3.7)	6.1	6.1	10.5	5.0
%	12.2	7.1	13.4	11.4	17.1	10.9
Times	1.9	12.2	2.6	1.9	1.8	2.3
%	3.1	2.3	(28.8)	(0.01)	6.07	(0.15)
%	20.1	(7.8)	15.8	17.8	23.4	10.8
%	27.4	(10.6)	21.0	22.8	31.5	15.1
%	17.1	(6.6)	13.5	14.6	20.4	9.4
%	8.0	(3.0)	6.2	7.0	10.0	5.6
%	(39.9)	(38.7)	(39.3)	(39.6)	(42.4)	(52.3)

## Liquidity Ratios

Current ratio	Times
Quick / acid test ratio	Times
Cash to current liabilities	Times
Cash flow from operations to sales	Times

Times	1.19	1.04	1.11	1.19	1.16	1.18
Times	0.37	0.34	0.27	0.37	0.26	0.40
Times	(0.58)	(0.53)	(0.39)	(0.54)	(0.06)	(0.15)
Times	(0.07)	0.01	0.01	(0.05)	(0.12)	0.12

## Activity / Turnover Ratios

Inventory turnover ratio	Times
Inventory turnover in days	Days
Debtor turnover ratio	Times
Debtor turnover in days	Days
Creditor turnover ratio	Times
Creditor turnover in days	Days
Total assets turnover ratio	Times
Fixed assets turnover ratio	Times
Operating cycle in days	Days
Capital employed turnover ratio	Times

Times	2.5	1.8	2.3	2.6	2.4	3.3
Days	149	200	157	139	155	110
Times	8.0	7.0	11.6	14.3	10.8	8.9
Days	46	52	31	26	34	41
Times	42	23	34	37	20	23
Days	9	16	11	10	18	16
Times	1.0	0.8	1.0	1.2	0.9	1.1
Times	3.9	2.7	3.5	4.5	3.5	3.2
Days	186	236	177	154	171	135
Times	2.4	1.7	2.3	2.6	2.0	2.1

## Investment / Market Ratios

Earnings per share - basic and diluted	Rs.
Price earning ratio	Times
Dividend yield ratio	%
Dividend payout ratio	%
Dividend per share - cash	Rs.
Bonus shares	Rs.
Dividend cover	(x)
Market value per share at the end of the year	Rs.
Market value per share high during the year	Rs.
Market value per share low during the year	Rs.
Break-up value per share with revaluation of fixed assets	Rs.
Break-up value per share without revaluation of fixed assets	Rs.
Price to book ratio	Times
Break-up value per share including investment in related party with revaluation of fixed assets	Rs.
Break-up value per share including investment in related party without revaluation of fixed assets	Rs.

Rs.	17.6	(5.3)	11.9	13.2	15.4	6.6
Times	12.0	(17.4)	6.5	17.6	24.0	10.8
%	4.7	0.0	8.4	3.7	2.4	6.4
%	57.0	0.0	54.4	64.4	58.57	68.64
Rs.	10.00	-	5.50	8.50	9.00	4.50
Rs.	-	-	1.00	-	-	-
(x)	1.76	-	1.84	1.55	1.71	1.46
Rs.	211.02	91.73	77.07	231.98	368.57	70.55
Rs.	242.50	120.99	247.97	377.00	405.99	93.90
Rs.	92.10	63.50	71.25	203.00	85.80	60.00
Rs.	87.19	67.83	82.98	74.19	65.55	60.94
Rs.	63.98	49.84	62.54	57.85	48.72	43.39
Times	0.97	0.52	0.36	1.24	2.39	0.61
Rs.	242.88	143.82	144.03	264.30	311.88	115.65
Rs.	219.68	125.84	123.59	247.97	295.05	98.10

ISL (market value of investment at year end)	Rs. M
PCL (market value of investment at year end)	Rs. M
IIL Australia (unquoted - value of initial investment)	Rs. M
IIL Americas (unquoted - value of initial investment)	Rs. M
IIL CSL (unquoted - value of initial investment)	Rs. M
IIL SS (unquoted - value of initial investment)	Rs. M
Total investment in related parties at market value	Rs. M

Rs. M	22,891	12,657	9,731	24,922	31,340	8,729
Rs. M	911	651	856	1,139	776	414
Rs. M	9	9	9	9	9	9
Rs. M	18	-	-	-	-	-
Rs. M	77	-	-	-	-	-
Rs. M	-	-	-	-	150	150
Rs. M	23,906	13,318	10,596	26,070	32,276	9,302

## Capital Structure Ratios

Financial leverage ratio	(x)
Weighted average cost of debt	(x)
Net assets per share	Rs.
Total debt : equity ratio	(x)
Interest cover	(x)

(x)	1.5	1.6	1.5	1.5	1.4	0.9
(x)	5.6	10.9	8.1	4.0	2.8	5.4
Rs.	87.19	67.83	82.98	74.19	65.55	60.94
(x)	60 : 40	61 : 39	61 : 39	60 : 40	58 : 42	48 : 52
(x)	2.8	0.2	1.5	4.3	7.9	4.2

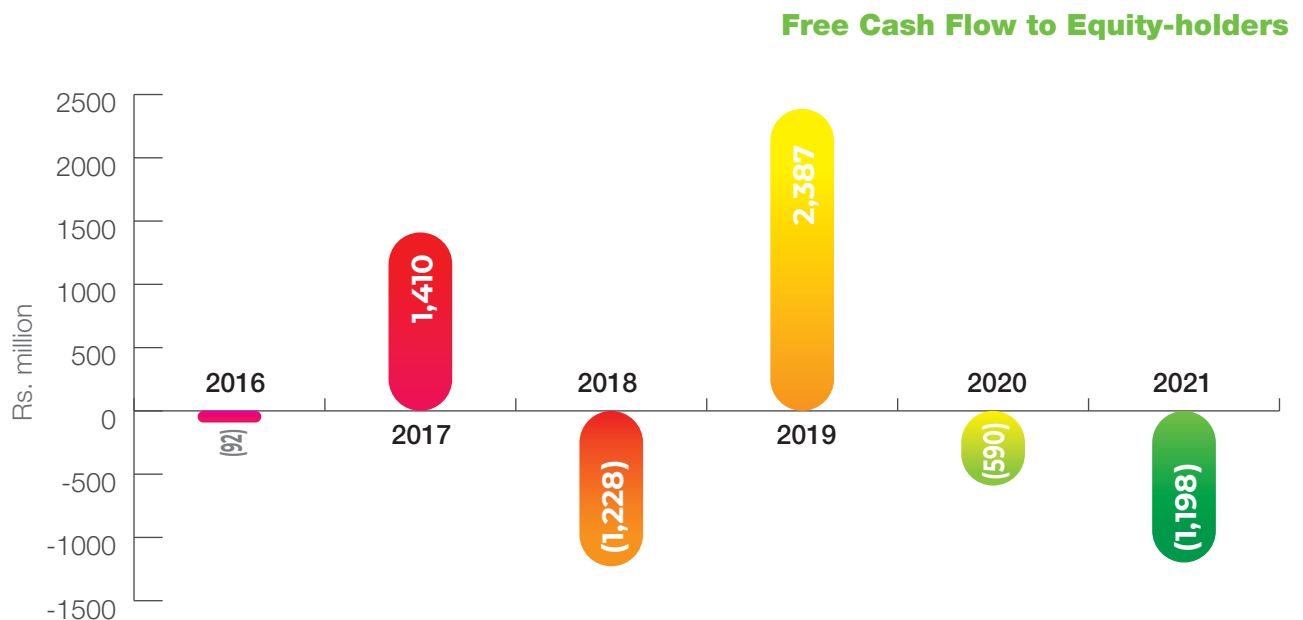
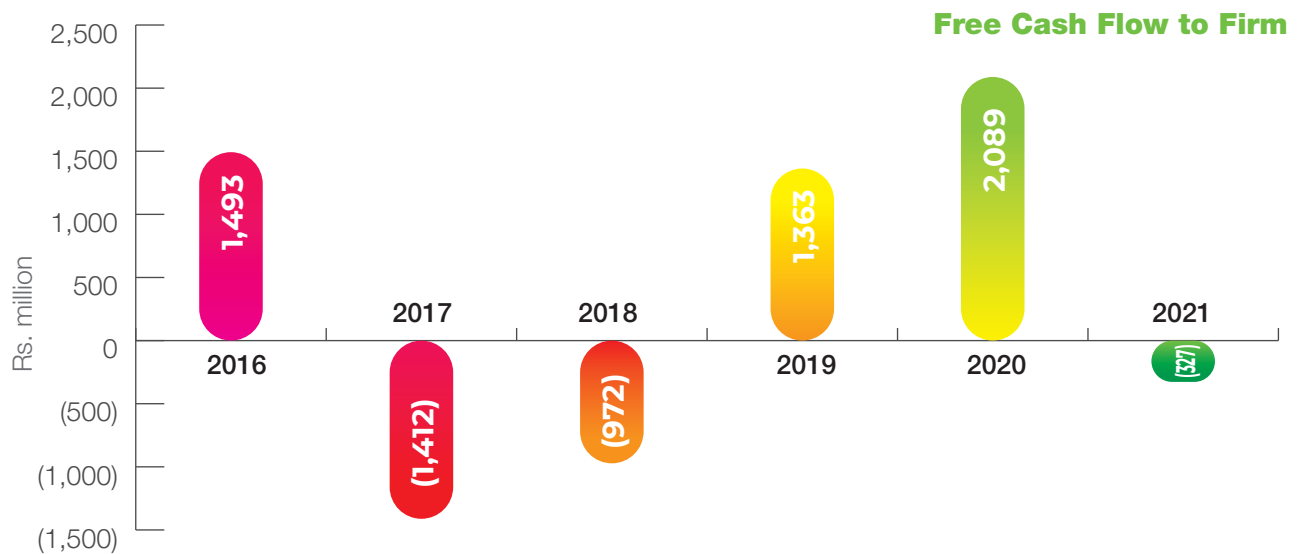
## Employee Productivity / others

Production per employee	Tons
Revenue per employee	Rs. M
Spares inventory as % of assets cost	%
Maintenance cost as % of operating expenses	%

Tons	192	124	187	235	189	198
Rs. M	30.3	18.4	23.8	24.2	17.3	15.5
%	0.8	0.9	0.9	0.7	0.6	0.9
%	3.3	3.4	4.0	3.9	4.1	3.4

# FREE CASH FLOW

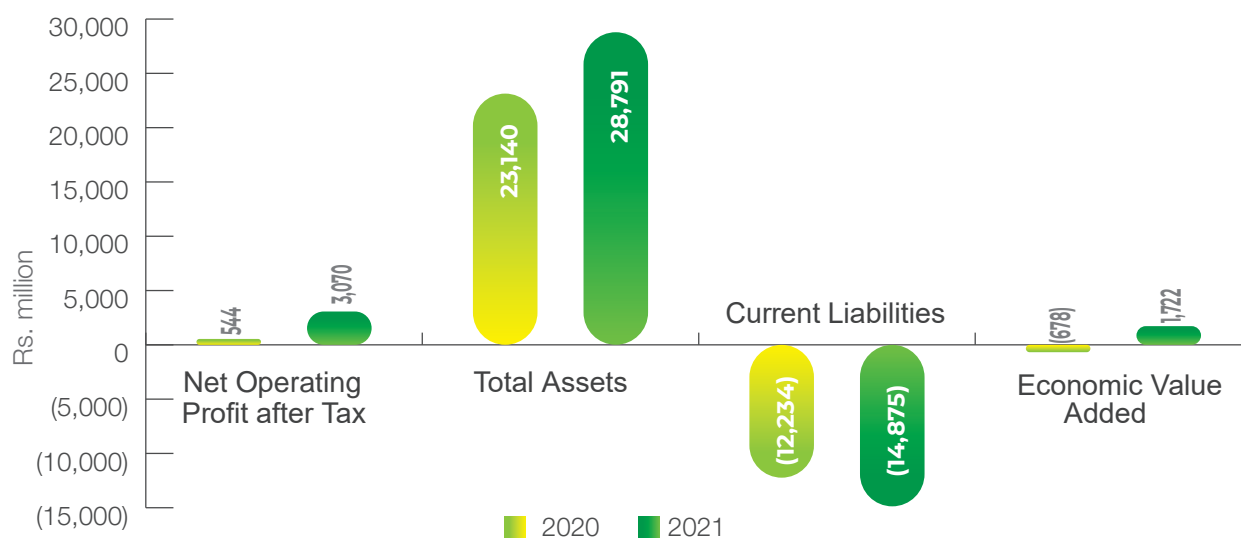
	2021	2020	2019	2018	2017	2016
	Rs. in million					
Earnings before interest and taxes	3,015	809	3,017	2,591	2,618	1,438
Depreciation & amortization	524	536	468	387	379	270
Changes in working capital	(3,623)	1,011	(666)	(2,881)	(3,788)	653
Capital expenditure incurred	(243)	(267)	(1,456)	(1,070)	(620)	(868)
	(3,342)	1,280	(1,654)	(3,563)	(4,029)	54
Free cash flow to firm	(327)	2,089	1,363	(972)	(1,412)	1,493
Net borrowing raised / (paid)	(135)	(1,374)	1,883	170	3,024	(1,232)
Interest paid	(736)	(1,305)	(859)	(426)	(202)	(353)
	(871)	(2,679)	1,024	(256)	2,822	(1,585)
Free cash flow to equity-holders	(1,198)	(590)	2,387	(1,228)	1,410	(92)



# ECONOMIC VALUE ADDED

	2021	2020	2019	2018	2017	2016
	----- Rs. in million -----					
Net operating profit after tax (NOPAT)	3,070	544	2,499	2,023	2,067	1,120
Cost of capital	(1,348)	(1,222)	(1,304)	(1,091)	(938)	(877)
Economic value added	1,722	(678)	1,195	932	1,129	243
Total assets	28,791	23,140	25,327	22,465	18,516	13,977
Current liabilities	(14,875)	(12,234)	(13,222)	(11,233)	(9,164)	(5,338)
Invested capital	13,916	10,905	12,105	11,232	9,352	8,639
WACC	9.68%	11.21%	10.77%	9.71%	10.02%	10.15%
Cost of capital	1,348	1,222	1,304	1,091	938	877

## Economic Value Added





# COMMENTS ON SIX YEARS ANALYSIS

On the performance of the Company

## COVID-19 AND THE ECONOMY

These are certainly not usual times. FY20 witnessed advent of the COVID-19 pandemic. With no recent experience of handling a pandemic, most economies shut down in panic and businesses suffered profoundly. Priorities changed the world over and health took precedence over business. FY21 however brought clearer visibility and Pakistan emerged as country that fared relatively better than the most, both in terms of infections / fatalities as well as in terms of economic performance. While a V shaped economic recovery has been welcomed by all, any analysis of financial performance over the past six years needs to be considered with due care.

The markets have greatly improved due to lower interest rates, subdued devaluation and improving economic growth prospects. Average National CPI for FY 21 was recorded at 8.9% YoY compared to 10.7% during same period last year and 8.2% projected for next year. Current account balance remained in surplus mainly due to increase in worker remittances. Decent rise was also observed in SBP Foreign exchange reserves and tax collections by FBR.

## STATEMENT OF FINANCIAL POSITION

Over six years, the Company has invested in Plant and Machinery to improve capabilities and efficiency. Additions to and revaluation of land and building also contributed in progression of the asset base.

Inflation in raw material prices and continued depreciation of PKR led to increase in investment in working capital.

During FY21, the Company established a wholly owned subsidiary [IIL Construction Solutions (Pvt) Limited] to provide various solutions for the construction industry.

Long Term investments represent company's strategic stake of 56.33% in International Steels Limited, 17.12% in Pakistan Cables Limited, 100% in IIL Australia / IIL Americas and IIL Construction Solutions (Private) Limited respectively.

The shareholders' equity consists of share capital, reserves and revaluation surplus. The equity surged over the past six years due to accumulated retained earnings and the revaluation surplus.

The non-current liabilities of the Company increased in the past six years, principally due to the long-term loans obtained to enhance capabilities to produce large dia tubes, PPRC and Stainless Steel products. The current liabilities have consequently soared-up due increase in average working capital requirement and also a portion of long-term debt being shown in the current liabilities

.

## STATEMENT OF PROFIT OR LOSS

The top line witnessed continuous growth, except FY20 when the volumes declined due to the lockdowns forced by COVID-19.

Administrative and selling expenses were broadly consistent with the proportion to the sales in last six years. Distribution expenses did witness an unprecedented increase due to container shortages and port congestions as experienced across the world.

Finance cost was exceptionally high during FY20 because of policy rate which was eased in FY21 as a COVID-19 economic measure. Other income mainly consists of dividends received from strategic investments and exchange differences.

## **CASHFLOW ANALYSIS**

The Company's expansion projects are financed through profit retention and / or long-term borrowings at favorable terms. The working capital needs are fulfilled through short-term running finance from reputable banks.

Continuously rising inflation in raw materials prices and depreciation of PKR resulted in net investment in operating activities. Investing activities comprises of investment in capital expenditure, subsidiaries and dividend income.

Financing activities comprise of long-term loans obtained, changes in short term borrowings and dividends paid to the shareholders.

## **RATIO ANALYSIS**

### **PROFITABILITY**

EBITDA margin to sales at 12.2% was driven by the bounce back in business volume at decent margins.

### **INVESTMENT / MARKET**

Company's profitability and earnings per share were at a record high level of Rs 17.55 per share. The price earning ratio stood at 12 which is in line with current market sentiments.

### **LIQUIDITY**

Throughout the last six years, the Company's current ratio remained above 1. All debt commitments were discharged on timely basis. Net Cash from operations remained positive half the time and negative in remaining half mainly due to inventory position as at Balance sheet date.

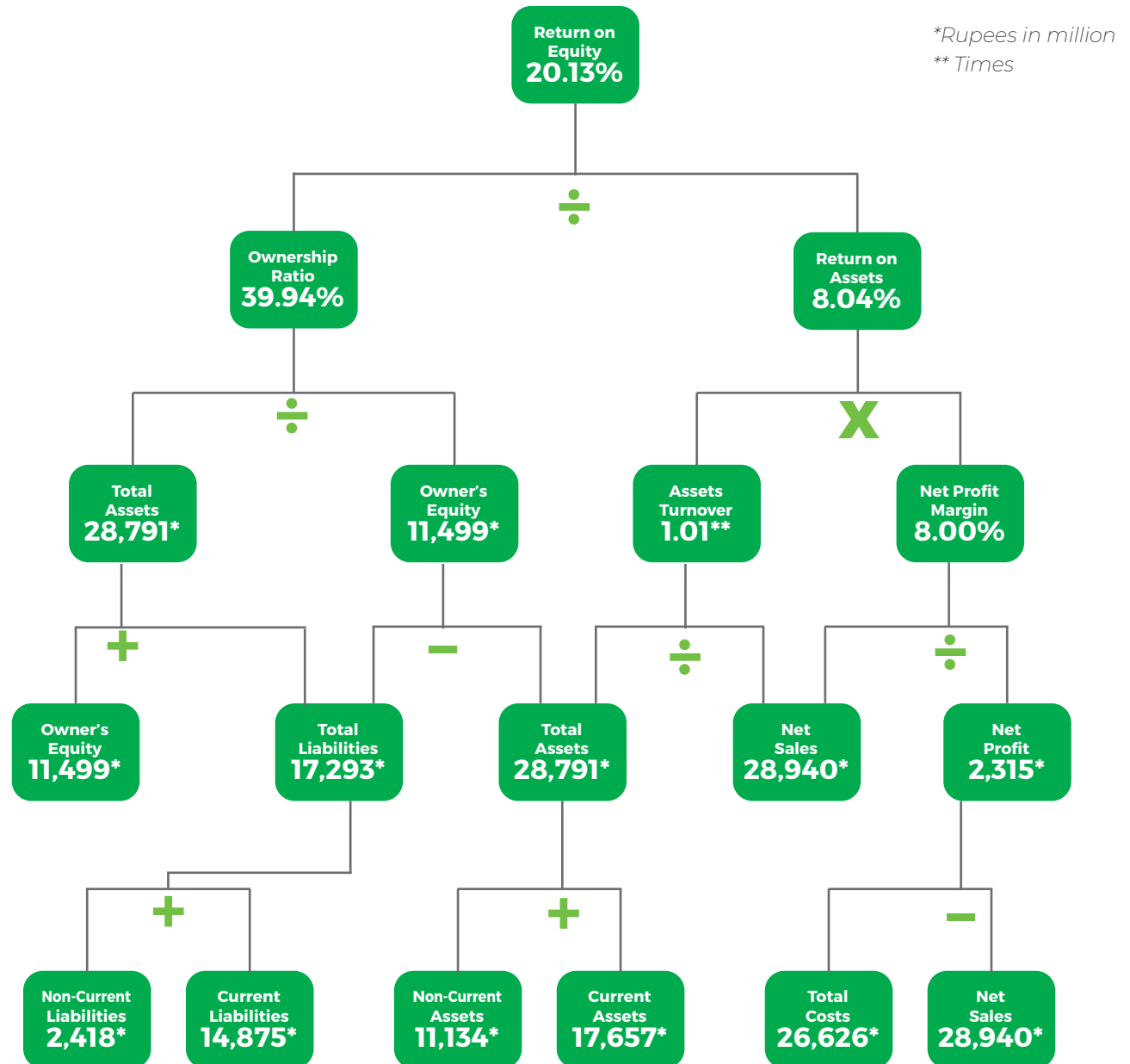
### **CAPITAL STRUCTURE**

The gearing level of the Company remained around 60:40 for most part of the last six years.

### **ACTIVITY / TURNOVER**

The operating cycle stood at the normal level of 170-180 days except for FY21 when the sales were exceptionally low due to COVID-19.

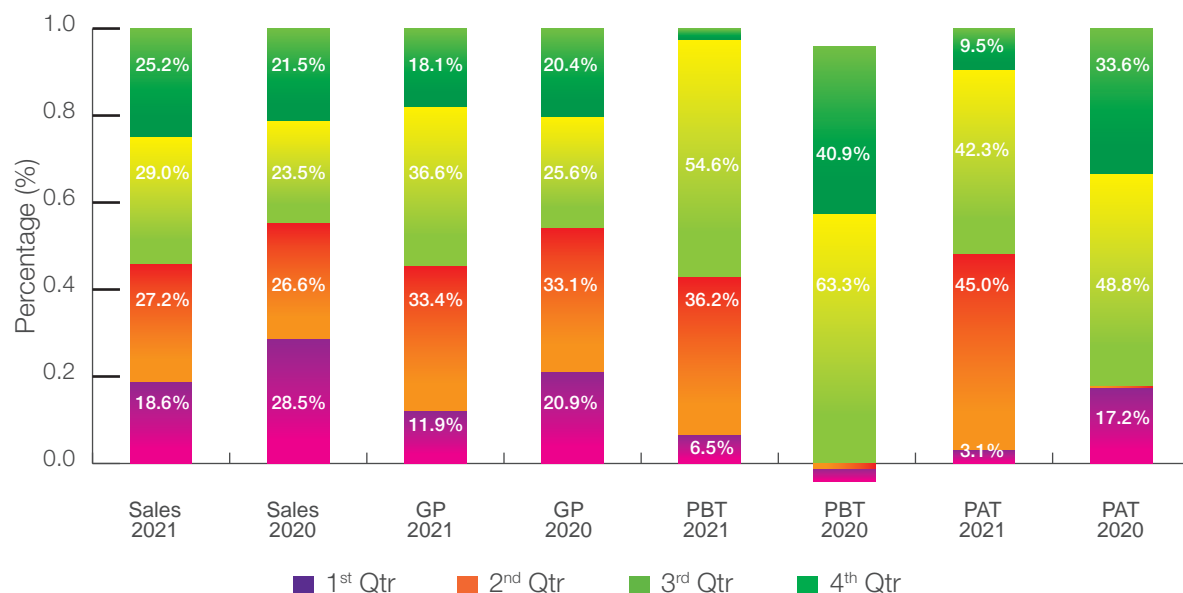
# DUPONT ANALYSIS 2021



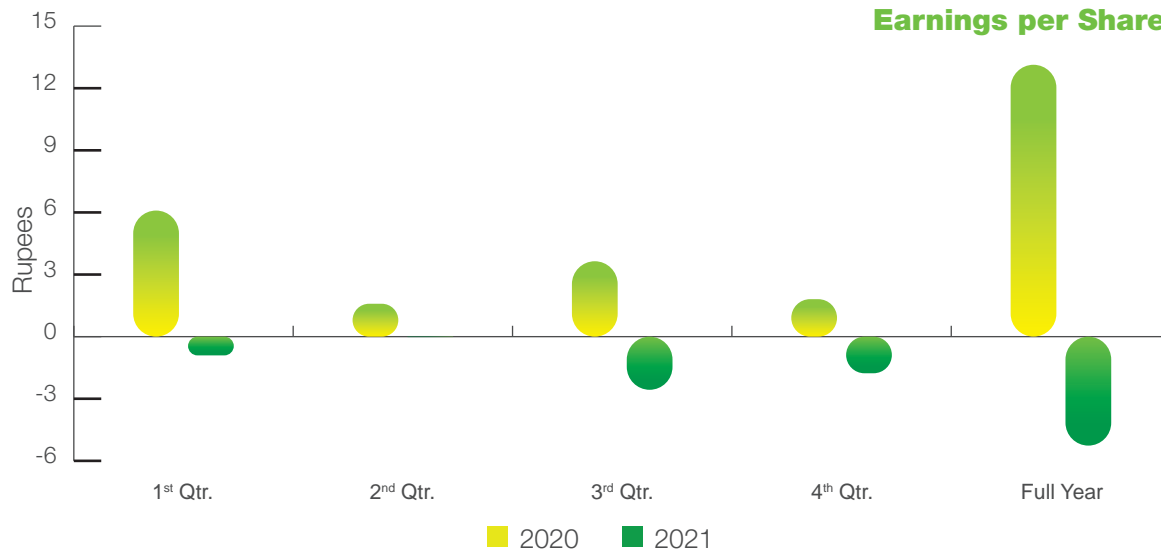
# QUARTERLY PERFORMANCE ANALYSIS

	2021									
	Q 1		Q 2		Q 3		Q 4		Total	
	Amount Rs.m	%	Amount Rs.m	%	Amount Rs.m	%	Amount Rs.m	%	Amount Rs.m	%
Net Sales	5,394	100.0	7,880	100.0	8,387	100.0	7,279	100.0	28,940	100.0
Cost of sales	(4,920)	(91.2)	(6,554)	(83.2)	(6,932)	(82.7)	(6,561)	(90.1)	(24,967)	(86.3)
<b>Gross Profit</b>	<b>474</b>	<b>8.8</b>	<b>1,326</b>	<b>16.8</b>	<b>1,455</b>	<b>17.3</b>	<b>718</b>	<b>9.9</b>	<b>3,973</b>	<b>13.7</b>
Selling and distribution expenses	(210)	(3.9)	(338)	(4.3)	(440)	(5.2)	(454)	(6.2)	(1,442)	(5.0)
Administrative expenses	(61)	(1.1)	(64)	(0.8)	(164)	(2.0)	(94)	(1.3)	(383)	(1.3)
<b>Operating Profit</b>	<b>203</b>	<b>3.8</b>	<b>924</b>	<b>11.7</b>	<b>851</b>	<b>10.1</b>	<b>171</b>	<b>2.4</b>	<b>2,149</b>	<b>7.4</b>
Other charges	(13)	(0.2)	(88)	(1.1)	(67)	(0.8)	(21)	(0.3)	(189)	(0.7)
Other income	123	2.3	164	2.1	636	7.6	132	1.8	1,054	3.6
<b>EBIT</b>	<b>312</b>	<b>5.8</b>	<b>1,000</b>	<b>12.7</b>	<b>1,420</b>	<b>16.9</b>	<b>282</b>	<b>3.9</b>	<b>3,015</b>	<b>10.4</b>
Finance cost	(164)	(3.0)	(183)	(2.3)	(187)	(2.2)	(221)	(3.0)	(756)	(2.6)
<b>PBT</b>	<b>148</b>	<b>2.7</b>	<b>817</b>	<b>10.4</b>	<b>1,233</b>	<b>14.7</b>	<b>61</b>	<b>0.8</b>	<b>2,259</b>	<b>7.8</b>
Taxation	(76)	(1.4)	225	2.9	(253)	(3.0)	160	2.2	56	0.2
<b>PAT</b>	<b>72</b>	<b>1.3</b>	<b>1,042</b>	<b>13.2</b>	<b>980</b>	<b>11.7</b>	<b>221</b>	<b>3.0</b>	<b>2,315</b>	<b>8.0</b>
<b>EPS (Rupees)</b>	<b>0.54</b>		<b>7.90</b>		<b>7.43</b>		<b>1.67</b>		<b>17.55</b>	

## Quarterly Performance Analysis



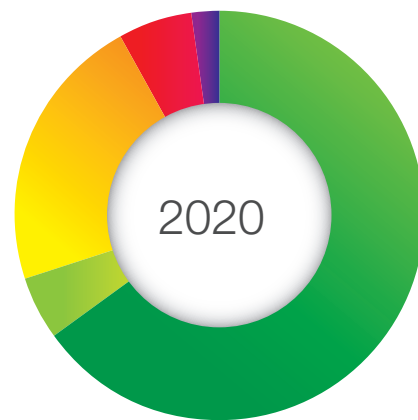
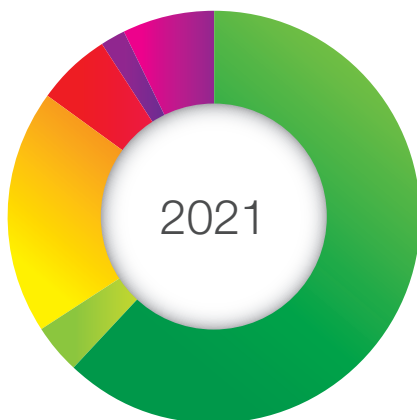
## Earnings per Share





# STATEMENT OF VALUE ADDITION

	2021		2020	
	Rupees in '000	%	Rupees in '000	%
<b>Wealth Generated</b>				
Sales including sales tax	33,125,035	96.9%	21,908,964	97.4%
Other operating income	1,054,431	3.1%	580,326	2.6%
	<b>34,179,466</b>	<b>100%</b>	<b>22,489,290</b>	<b>100%</b>
<b>Wealth Distributed</b>				
Cost of material & services	21,120,610	61.8%	14,571,112	64.8%
<b>To Employees</b>				
Salaries & other related cost	1,516,288	4%	1,231,668	5%
<b>To Government</b>				
Taxes & duties	6,452,229	18.9%	4,900,481	21.8%
Workers' Profit Participation Fund	82,376	0.2%	7,166	0.0%
Workers' Welfare Fund	41,442	0.1%	2,302	0.0%
	<b>6,576,047</b>	<b>19.2%</b>	<b>4,909,949</b>	<b>21.8%</b>
<b>To Providers of Capital</b>				
Dividend to shareholders	1,318,817	3.9%	-	0.0%
Finance cost	755,715	2.2%	1,238,325	5.5%
	<b>2,074,532</b>	<b>6.1%</b>	<b>1,238,325</b>	<b>5.5%</b>
<b>To Society</b>				
Donations	53,350	0.2%	2,350	0.0%
<b>Retained in Business</b>				
For replacement of fixed assets	524,077	1.5%	535,886	2.4%
Depreciation & amortisation	2,314,562	6.8%	-	0.0%
To provide for growth: retained profit	2,838,639	8.3%	535,886	2.4%
	<b>34,179,466</b>	<b>100%</b>	<b>22,489,290</b>	<b>100%</b>

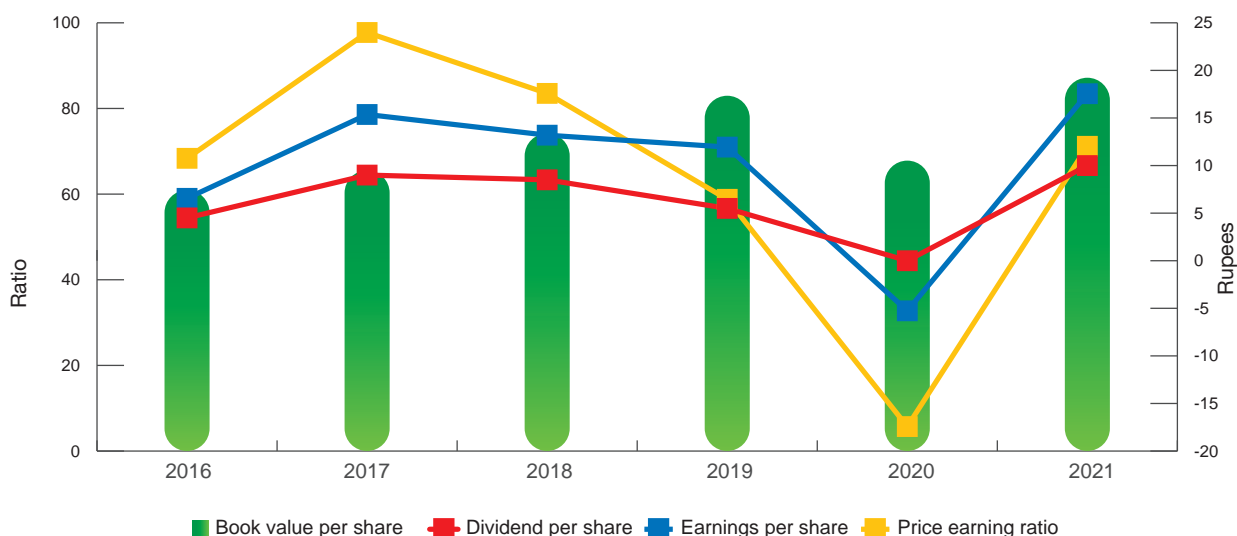


- Cost of material & services
- To employees
- To government
- To providers of capital
- To society
- Depreciation & amortisation
- Retained profit

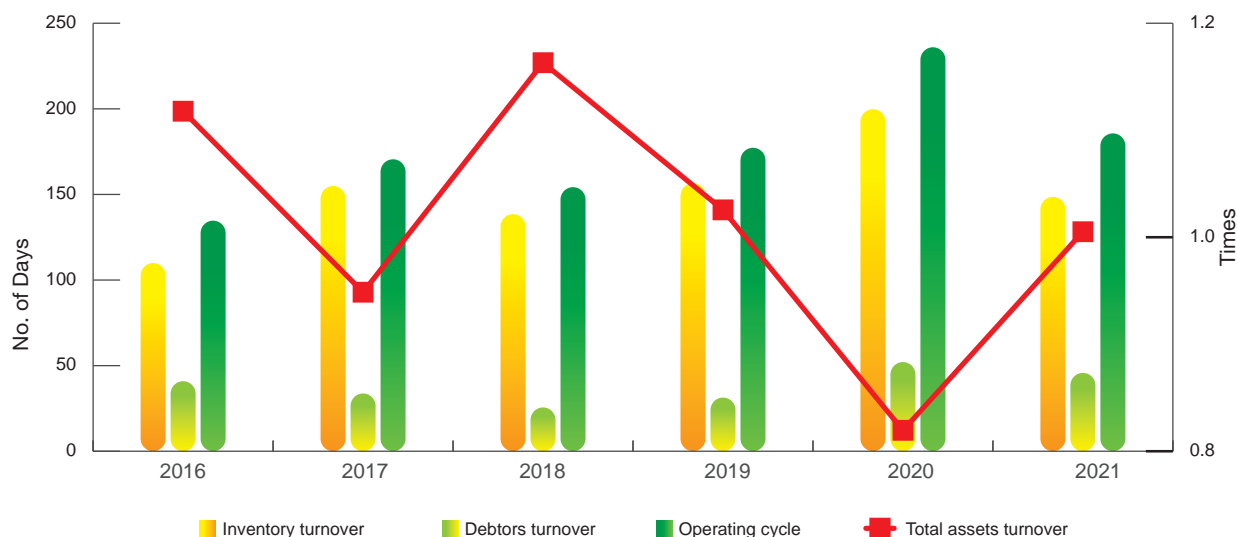
2021	2020
61.8%	64.8%
4.4%	5.5%
19.2%	21.8%
6.1%	5.5%
0.2%	0.0%
1.5%	2.4%
6.8%	0.0%

# PERFORMANCE AT A GLANCE

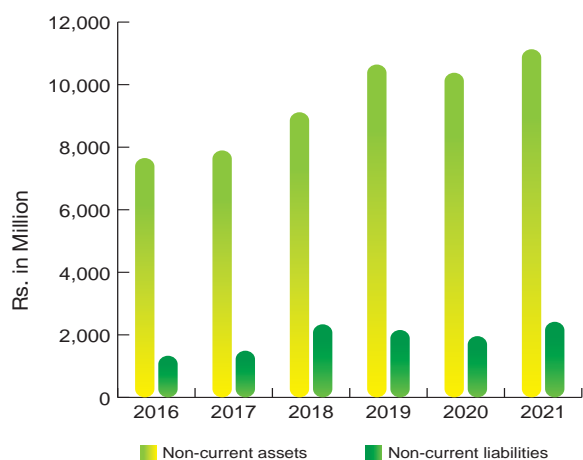
## Market Value Ratio



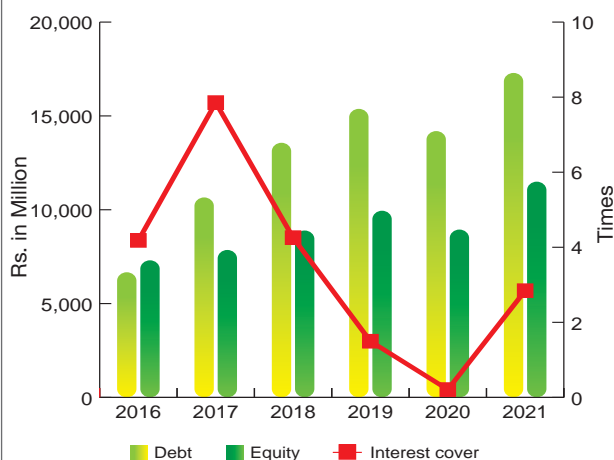
## Assets Management Ratio



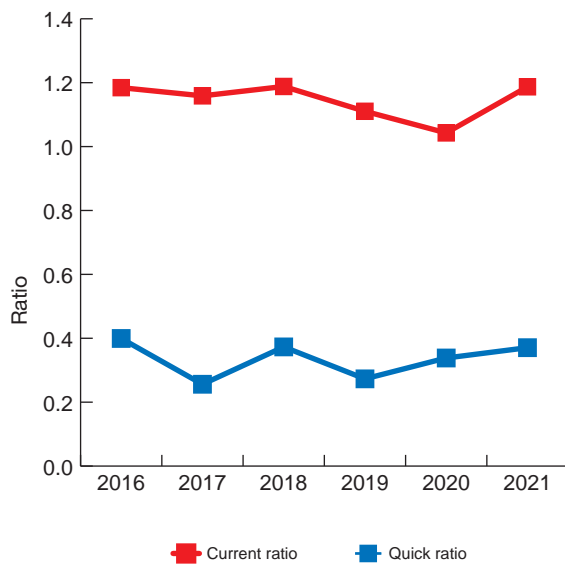
## Non-Current Assets & Non-Current Liabilities



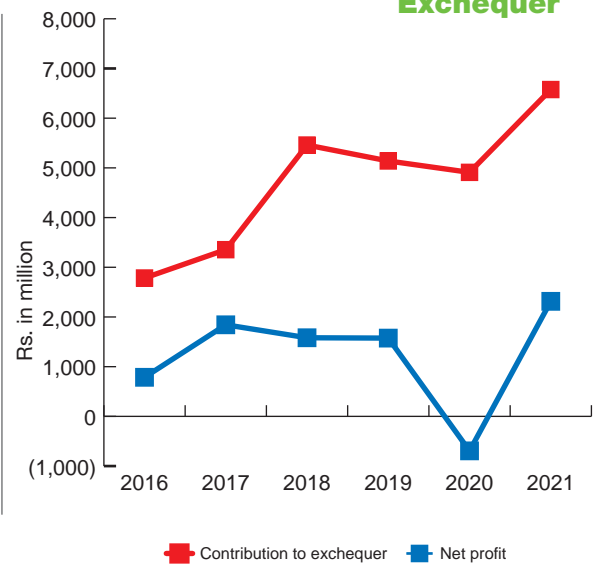
## Debt Management & Interest Cover Ratio



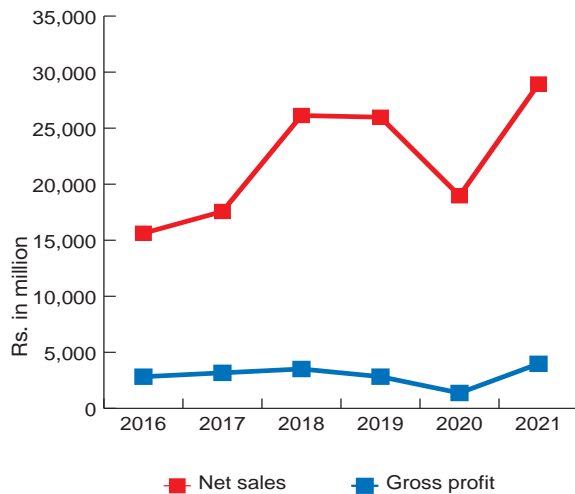
### Liquidity Ratio



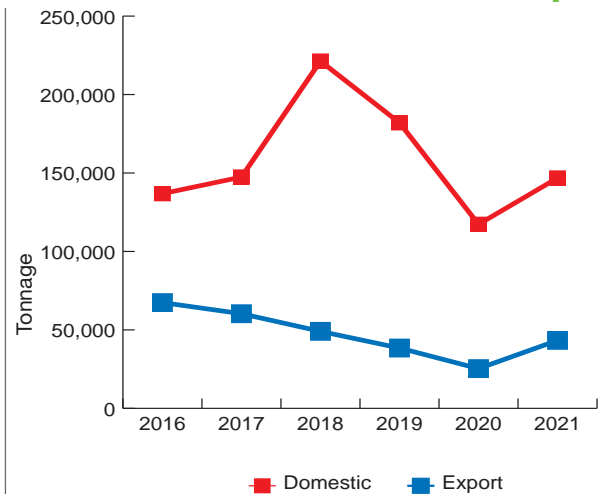
### Net Profit & Contribution to Exchequer



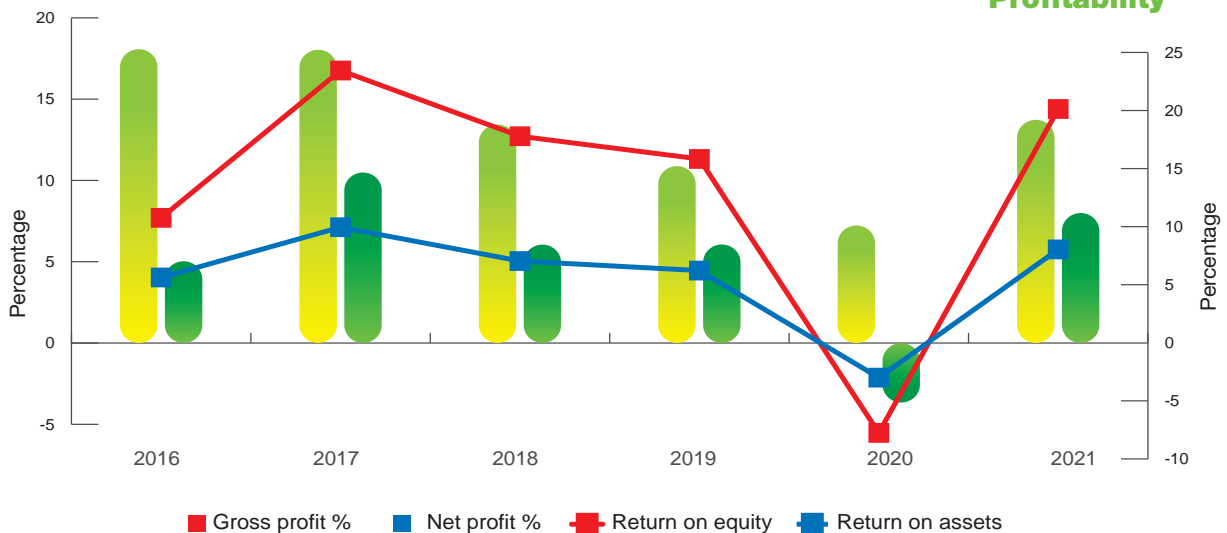
### Net Sale & Gross Profit



### Sales Break-up



### Profitability



# STATEMENT OF CASH FLOWS - DIRECT METHOD

For the year ended June 30, 2021

2021

2020

(Rupees in '000)

## CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers  
Cash paid to suppliers / service providers and employees  
Workers' funds  
Sales tax payment  
Finance cost paid  
Income on bank deposits received  
Payment for staff gratuity  
Payment for compensated absences  
Income tax paid  
Decrease in long-term deposits

### Net cash generated from / (used in) operations

## CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment  
Amalgamation of wholly-owned subsidiary company  
Proceeds from disposal of property, plant and equipment  
Dividend income received

### Net cash generated from / (used in) investing activities

## CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term financing  
Repayment of long-term financing  
Proceeds from short-term borrowings - net  
Dividends paid

### Net cash generated from / (used in) financing activities

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of the year  
Cash and cash equivalents at end of the year

## CASH AND CASH EQUIVALENTS COMPRISE OF:

Cash and bank balances  
Short-term borrowings - running finance (secured)

31,618,384	21,359,916
(31,774,870)	(19,052,001)
(113,109)	(11,482)
(667,506)	(343,236)
(735,797)	(1,305,256)
792	1,344
(77,800)	(17,800)
(13,055)	(4,801)
(323,382)	(358,754)
1,866	-
(2,084,477)	267,930
(242,976)	(266,523)
(77,273)	(17,966)
98,969	83,648
735,166	376,351
513,886	175,510
1,458,844	131,415
(434,087)	(136,364)
(1,160,000)	(1,369,000)
(467,180)	(359,049)
(602,423)	(1,732,998)
(2,173,014)	(1,289,558)
(6,479,988)	(5,190,430)
(8,653,002)	(6,479,988)
73,489	299,469
(8,726,491)	(6,779,457)
(8,653,002)	(6,479,988)



# SHARE PRICE SENSITIVITY ANALYSIS

The following are some factors which may affect the share price of the Company in the stock exchange.

## **INCREASE IN DEMAND**

Increase in demand of our products will contribute towards better profitability and EPS which will in turn increase the share price.

## **INCREASE IN VARIABLE COST**

Any increase in variable cost may significantly impact the gross margin and will result in a fall in profitability and EPS if the increase cannot be passed on to customers. This will have a negative impact on our share price.

## **INCREASE/DECREASE IN STEEL PRICES**

Cost of steel is a major component of the cost of the product. Instability in price which cannot be passed on to the customers will have an impact on profitability and the share price.

## **INCREASE IN FIXED COSTS**

Increase in fixed cost would reduce profitability affecting EPS and share price.

## **CHANGE IN GOVERNMENT POLICIES**

Changes in government policies related to steel sector may affect the share price. A positive change would increase the share price and a negative change would reduce the share price.



# FORWARD LOOKING STATEMENT

While FY 2019-20 brought humbling challenges, FY 2020-21 proved that human will to rise in the face of adversity is as strong as ever. At present, there are more reasons to be positive than otherwise.

Availability of COVID-19 vaccines and successful inoculation drives across the world have helped arrest the hospitalization and fatality rates – something that seemed unlikely less than a year ago. While new virus variants will remain a cause of concern, our ability to cope with associated challenges has also improved.

Pakistan has fared relatively better than its peer countries and infection and fatality rates have thankfully remained low. Unprecedented policy response helped protect jobs and supported businesses with increased credit supply at economical rates. As a result, the economy which reeled under pressure of the pandemic in FY 2019-20 rebounded strongly in FY 2020-21.

Our region is going through profound geopolitical and socio-economic changes. Afghanistan has seen a complete withdrawal of US-led troops and China-Afghanistan relations seem likely to grow, leading to a possible extension of One-Belt-One-Road and CPEC projects to Afghanistan. This may present an opportunity for Pakistani industries dealing in the building materials sectors, including cement, steel and associated products.

The IMF has projected world GDP to grow by 6% during CY 2021 and subsequently to normalize at 4.9% in CY 2022. We remain optimistic for the first half year of FY 2021-22 while remaining cautious is likely to remain the need of the hour during the second half of the year.

Steel prices touched historic highs around May-June 2021 and have since corrected somewhat, even though they still remain considerably high. At this level, the sustainability of demand is a concern.

Regulatory reforms in the Chinese steel industry have fostered uncertainties with regards to global steel supply. Further reforms may bring Chinese steel exports under increased competitive pressure from other steel producing nations.

Global steel supply may come under pressure as China, with 50% of world steel production, endeavors to meet its carbon emission targets.

According to the World Steel Association's assessment for 2020, global average steel consumption was 228 kg per capita, whereas Pakistan, as per industry estimates, remained well below the world average at approximately 46 kg per capita. This indicates the immense potential for growth in the domestic steel manufacturing and processing industry.

Pakistan is inching closer towards the next general election cycle which has historically coincided with launching of public infrastructure projects such in dams, utilities transmission and distribution, mass transport and infrastructure. The government has hitherto released PKR 900 billion for FY 2021-22 for various projects. IIL is positioned favorably to cater to the demand arising from government-backed mega projects.

## **Status of projects in progress and disclosed in the previous years:**

1. IIL Construction Solution (Pvt) Limited (CSL) was incorporated in August 2020. CSL has already won a couple of large projects to provide technical solutions and structural engineering and fabrication services which augment our investments in our scaffolding and HSS mills commissioned in previous years. CSL is geared to produce scaffolding, shoring and formwork products and systems used in the construction industry worldwide. High-rise buildings, warehouses, industrial sheds, pedestrian bridges and walkways are some of the key target markets for our solutions.

2. Our Stainless Steel business has continued to grow on the back of our expanded range of products which includes squares and rectangles and the newly introduced mid-range 'Econic' range of stainless steel pipes. Our premium range of 304 grade 'Cosmo' pipes are also well-positioned in the market. Sales were up 79% year-on-year and our projections remain optimistic.
3. IIL Australia Pty Ltd., a wholly-owned subsidiary, grew in sale volumes by 99% over FY 2019-20. It has grown to become a well-established, preferred supplier in Australia with a distribution network spanning across the nation. Exports to Australia are expected to further rise in FY 2021-22 and beyond.
4. IIL Americas Inc., commenced operations in FY 2019-20 and has built a healthy order book in a relatively short time. North America is the largest steel tube and pipe importing market in the world, and through IIL Americas we expect to re-enter this market with a diversified portfolio of products to re-gain our foothold in this region.
5. The Company's PPRC pipes and fittings business has continued to flourish. In order to complement our PPRC range, we have commissioned the launch of uPVC pipes and fittings which are commonly used for drainage of waste water. The new investment is likely to be operational by the end of FY 2021-22 and is expected to boost the Company's market share of PPRC pipes and fittings, in addition to being a profitable revenue line by itself. Moreover, HDPE / MDPE production facilities at Karachi and Sheikhpura place the Company in an ideal position to serve project needs of institutional customers. It is anticipated that the forthcoming general election cycle will result in infrastructure projects for water / gas distribution. Our production facilities are well-positioned to serve the needs of such projects. Overall Polymer sales volumes were up significantly, by 26% over FY 2020-21.
6. Our subsidiary, International Steels Ltd. (ISL) reported earnings of Rs. 7,466 million for FY21 (FY20: 495 million). Net sales were up 45% over last year. ISL is the market leader in its segment and remains a very strong player in the domestic and export markets.

**Explanation of how the performance of the entity meets the forward-looking disclosures made in the previous year:**

As mentioned above, all our new subsidiaries and investments are operational and generate revenues using IIL's production capacity.

**Sources of information:**

The management has quoted figures from the World Steel Association Report (2020) and IMF, and has made estimates through market surveys, discussions with industry professionals, internal discussions and independent research, for which IIL regularly utilises the services of external consultants.



## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL INDUSTRIES LIMITED

### Report on the Audit of the Unconsolidated Financial Statements

#### Opinion

We have audited the annexed unconsolidated financial statements of International Industries Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 June 30, 2021 and of the profit and other comprehensive loss, 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 Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
<b>1</b>	<p><b>Revenue from contracts with customers</b></p> <p>(Refer note 3.10 and note 26 to the unconsolidated financial statements).</p> <p>The Company recognizes revenue from domestic as well as export customers when the performance obligation is satisfied by transferring control of a promised good to the customer. During the year, net sales to the domestic and export customers have increased significantly by 43.49% and 103.53%.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our key audit procedures amongst others, included the following:</p> <ul style="list-style-type: none"> <li>evaluated management controls over revenue and checked their validation;</li> <li>performed verification of sales with underlying documentation including gate pass, delivery order and invoice;</li> <li>performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period;</li> <li>verified that sales prices are negotiated and approved by appropriate authority;</li> <li>recalculated the commission as per Company's policy and verified related distribution expenses;</li> <li>obtained confirmations from debtors on sample basis; and</li> <li>ensured that presentation and disclosures related to revenue are being addressed appropriately.</li> </ul>

### Information Other than the Unconsolidated and Consolidated 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 unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated 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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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.

### **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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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.

### **Other Matter**

The unconsolidated financial statements of the Company for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on September 06, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.



**A. F. Ferguson & Co.**

**Chartered Accountants**

**Karachi**

Date: September 8, 2021





# UNCONSOLIDATED FINANCIAL STATEMENTS



# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021	2020
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	7,480,309	7,081,385
Intangible assets	5	1,608	1,710
Investments	6	3,372,515	3,295,242
Long-term deposits		1,653	3,519
Deferred taxation - net	7	277,977	-
		<b>11,134,062</b>	<b>10,381,856</b>
<b>CURRENT ASSETS</b>			
Stores and spares	8	221,945	213,371
Stock-in-trade	9	11,923,524	8,405,807
Trade debts	10	5,138,171	3,558,719
Advances, trade deposits and prepayments	11	84,477	28,526
Other receivables	12	26,974	34,006
Sales tax receivable		188,818	217,762
Cash and bank balances	13	73,489	299,469
		<b>17,657,398</b>	<b>12,757,660</b>
<b>TOTAL ASSETS</b>		<b>28,791,460</b>	<b>23,139,516</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share capital</b>			
Issued, subscribed and paid-up capital	14	1,318,819	1,318,819
<b>Revenue reserves</b>			
General reserve	15	2,700,036	2,700,036
Unappropriated profit		4,419,169	2,554,370
<b>Capital reserve</b>			
Revaluation surplus on property, plant and equipment	16	3,060,499	2,372,304
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>11,498,523</b>	<b>8,945,529</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing - secured	17	2,072,610	1,558,667
Deferred income - government grant	18	27,185	6,873
Gas Infrastructure Development Cess	19	202,820	-
Staff retirement benefits	20	115,338	89,552
Deferred taxation - net	7	-	304,615
		<b>2,417,953</b>	<b>1,959,707</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	3,097,257	1,857,869
Contract liabilities	22	170,745	184,462
Short-term borrowings - secured	23	10,181,491	9,394,457
Unpaid dividend		-	2,438
Unclaimed dividend		35,889	39,044
Current portion of long-term financing- secured	17	888,720	410,863
Taxation - net	24	447,376	269,317
Accrued mark-up		53,506	75,830
		<b>14,874,984</b>	<b>12,234,280</b>
<b>TOTAL LIABILITIES</b>		<b>17,292,937</b>	<b>14,193,987</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	25	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,791,460</b>	<b>23,139,516</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
Revenue from contracts with customers	26	28,940,096	18,964,215
Cost of sales	27	(24,966,647)	(17,592,908)
<b>Gross profit</b>		<b>3,973,449</b>	<b>1,371,307</b>
Selling and distribution expenses	28	(1,494,240)	(813,043)
Administrative expenses	29	(383,116)	(298,707)
Reversal / (charge) of loss allowance on trade debts	10.3	52,567	(664)
		(1,824,789)	(1,112,414)
<b>Operating profit</b>		<b>2,148,660</b>	<b>258,893</b>
Finance cost	30	(755,715)	(1,238,325)
Other operating charges	31	(188,550)	(30,702)
		(944,265)	(1,269,027)
Other income	32	1,054,431	580,326
<b>Profit / (loss) before income tax</b>		<b>2,258,826</b>	<b>(429,808)</b>
Income tax credit / (expense)	33	55,736	(264,397)
<b>Profit / (loss) for the year</b>		<b>2,314,562</b>	<b>(694,205)</b>
		<b>(Rupees)</b>	
<b>Earnings / (loss) per share - basic and diluted</b>	34	<b>17.55</b>	<b>(5.26)</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



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Board Audit Committee



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Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
<b>Profit / (loss) for the year</b>		<b>2,314,562</b>	<b>(694,205)</b>
<b>Other comprehensive income / (loss)</b>			
Items that will not be subsequently reclassified to Statement of Profit or Loss			
Re-measurement of staff retirement benefits		(65,201)	60,665
Adjustment related to opening deferred tax balance		(1,318)	595
Related deferred tax for the year		15,098	(7,107)
		13,780	(6,512)
		(51,421)	54,153
Surplus on revaluation of land and buildings			
Freehold land	4.1.3	100,000	-
Leasehold land	4.1.3	639,805	-
		739,805	-
Adjustment related to opening deferred tax balance on buildings		11,635	(3,685)
		751,440	(3,685)
Other comprehensive income for the year - net of tax		700,019	50,468
<b>Total comprehensive income / (loss) for the year</b>		<b>3,014,581</b>	<b>(643,737)</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



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Board Audit Committee



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Officer



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Chief Executive  
Officer



# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Issued, subscribed and paid-up capital	Revenue reserves	Un- appropriated profit	Capital Reserves	Total
		General reserves		Revaluation surplus on property, plant & equipment	
(Rupees in '000)					
<b>Balance as at July 1, 2019</b>	<b>1,198,926</b>	<b>2,700,036</b>	<b>3,599,089</b>	<b>2,450,893</b>	<b>9,948,944</b>
Loss for the year	-	-	(694,205)	-	(694,205)
Other comprehensive income for the year	-	-	54,153	(3,685)	50,468
Total comprehensive loss for the year	-	-	(640,052)	(3,685)	(643,737)
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	8,772	(8,772)	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	66,132	(66,132)	-
<b>Transactions with owners recorded directly in equity - distributions</b>					
Dividend:					
- Final dividend at 30% (i.e. Rs. 3.00 per share) for the year ended June 30, 2019	-	-	(359,678)	-	(359,678)
- Bonus share at 10% (i.e. 1 share for every 10 shares) for the year ended June 30, 2019	119,893	-	(119,893)	-	-
	119,893	-	(479,571)	-	(359,678)
<b>Balance as at June 30, 2020</b>	<b>1,318,819</b>	<b>2,700,036</b>	<b>2,554,370</b>	<b>2,372,304</b>	<b>8,945,529</b>
Profit for the year	-	-	2,314,562	-	2,314,562
Other comprehensive income for the year	-	-	(51,421)	751,440	700,019
Total comprehensive income for the year	-	-	2,263,141	751,440	3,014,581
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	406	(406)	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	62,839	(62,839)	-
<b>Transactions with owners recorded directly in equity - distributions</b>					
Dividend:					
- Interim dividend at 35% (i.e. Rs. 3.50 per share) for the year ended June 30, 2021	-	-	(461,587)	-	(461,587)
<b>Balance as at June 30, 2021</b>	<b>1,318,819</b>	<b>2,700,036</b>	<b>4,419,169</b>	<b>3,060,499</b>	<b>11,498,523</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
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Board Audit Committee



**Muhammad Akhtar**  
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Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

Note **2021** **2020**  
----- (Rupees in '000) -----

## CASH FLOWS FROM OPERATING ACTIVITIES

### Cash generated from / (used in) operations

Finance cost paid

Income on bank deposits received

Staff retirement benefits paid

Payment on account of compensated absences

Income tax paid - net

Decrease in long term deposits

### Net cash generated from / (used in) operating activities

## CASH FLOWS FROM INVESTING ACTIVITIES

Payment for acquisition of property, plant and equipment

Payment for acquisition of intangible assets

Payment for investment in wholly-owned subsidiary company

Proceeds from disposal of property, plant and equipment

Dividend received

### Net cash generated from investing activities

## CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term financing

Repayment of long-term financing

Repayment short-term borrowings - net

Dividend paid

### Net cash used in financing activities

### Net decrease in cash and cash equivalents

### Cash and cash equivalents at beginning of the year

### Cash and cash equivalents at end of the year

35	(937,101)	1,953,197
	(735,797)	(1,305,256)
	792	1,344
	(77,800)	(17,800)
	(13,055)	(4,801)
	(323,382)	(358,754)
	1,866	-
	(2,084,477)	267,930
	(242,676)	(266,523)
	(300)	-
	(77,273)	(17,966)
	98,969	83,648
	735,166	376,351
	513,886	175,510
	1,458,844	131,415
	(434,087)	(136,364)
	(1,160,000)	(1,369,000)
	(467,180)	(359,049)
	(602,423)	(1,732,998)
	(2,173,014)	(1,289,558)
	(6,479,988)	(5,190,430)
36	(8,653,002)	(6,479,988)

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



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**Sohail R. Bhojani**  
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Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 1. STATUS AND NATURE OF BUSINESS

International Industries Limited ("the Company") was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. The Company is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes and polymer pipes & fittings. The registered office of the Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Company are situated as follows:

- i) LX 15 - 16, Landhi Industrial Area, Karachi;
- ii) Survey no. 402, 405 - 406, Dehshrahi Landhi Town, Karachi; and
- iii) 22 KM, Sheikhpura Road, Lahore.

The sales offices of the Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore;
- ii) Office no. 303-A, Third Floor, Evacuee Trust Complex, Sir Aga Khan Road, Sector F-5/1, Islamabad;
- iii) 1592, Second Floor, Quaid-e-Azam Shopping Centre no. 1, Multan Cantt;
- iv) Office no. 1/1, Wahab Centre, Electrociti Plaza, Susan Road, Faisalabad; and
- v) Office no. 1 & 2, First Floor, Hurmaz Plaza, Main University Road, Peshawar.

These unconsolidated financial statements are separate financial statements of the Company in which investments in subsidiaries and associate have been accounted for at cost less accumulated impairment losses, if any. Details of the Company's investment in subsidiaries and associated company are stated in note 6 to these unconsolidated financial statements.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act 2017 differ with the requirements of IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets and land and buildings that are stated at fair values determined by an independent valuer and derivative financial instruments which are stated at fair value.

### 2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## 2.4 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognised in these unconsolidated financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in future periods are described in the following notes:

- Property, plant and equipment (note 3.1)
- Trade debts, advances and other receivables (note 3.4.2.1)
- Stores and spares (note 3.5)
- Stock-in-trade (note 3.6)
- Taxation (note 3.7)
- Staff retirement benefits (note 3.8)
- Impairment (note 3.12)
- Provisions (note 3.13)
- Contingent liabilities (note 3.14)

## 2.5 Changes in accounting standards, interpretations and pronouncements

### a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

### b) Standard and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these are considered either not to be relevant or to have any significant impact on the Company's unconsolidated financial statements and operations and, therefore, have not been disclosed in these unconsolidated financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computations adopted in the preparation of these unconsolidated financial statements are same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended June 30, 2020.

### 3.1 Property, plant and equipment

#### 3.1.1 Operating assets and depreciation

##### Initial Recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

### **Measurement**

Property, plant and equipment (except freehold land, leasehold land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold and leasehold lands are stated at revalued amounts, and buildings on freehold and leasehold lands are stated at revalued amounts less accumulated depreciation and impairment loss, if any. The value assigned to leasehold lands is not amortized as the respective leases are expected to be renewed for further periods on payment of relevant rentals. The costs of property, plant and equipment include:

- (a) its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and
  - (b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
  - (c) Borrowing costs, if any.
- When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### **Subsequent expenditure**

Expenditure incurred to replace a significant component of an item of plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other expenditure (including repairs and normal maintenance) is recognised in the statement of profit or loss as an expense when it is incurred.

### **Depreciation**

Depreciation on all items except for land is charged on straight line method at the rates specified in note 4.1 to the unconsolidated financial statements and is generally recognised in the statement of profit or loss.

Depreciation on addition is charged from the month the asset is available for use up to the month prior to disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

### **Revaluation surplus**

Revaluation of land and buildings is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of land and buildings is recognised, net of tax, in other comprehensive income and presented as a separate component of equity as “Revaluation surplus on property, plant and equipment” except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognised in the statement of profit or loss, in which case the increase is first recognised in the statement of profit or loss to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset and all other decreases are charged to statement of profit or loss. The revaluation reserve is not available for distribution to the Company’s shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset’s original cost, net of tax, is reclassified from revaluation surplus to retained earnings.



### **Gains and losses on disposal**

Gains and losses on disposal of assets are taken to the statement of profit or loss, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to retained earnings.

#### **3.1.2 Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

Advances paid to suppliers for acquisition of property, plant and equipment including land and building is also classified under capital work-in-progress.

#### **3.2 Intangible assets**

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding one year are recognised as an intangible asset.

##### **Indefinite Intangible**

These are stated at cost less impairment, if any.

##### **Definite Intangible**

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) These are amortised on straight line basis over the estimated useful life(s) of these assets (refer note 5).
- c) Amortisation on additions during the year is charged from month in which the asset is intended to be used, whereas no amortisation is charged from the month the asset is disposed-off.

#### **3.3 Investments**

##### **Investments in subsidiaries**

Investments in subsidiaries are initially recognised and carried at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the statement of profit or loss.

##### **Investments in associates**

Investments in associates are initially recognised and carried at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount.

Impairment losses are recognised in statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the statement of profit or loss.

### 3.4 Financial Instruments

#### 3.4.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

#### Subsequent measurement

<b>Debt Investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.
<b>Equity Investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.
<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit or loss.
<b>Financial assets measured at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income, foreign exchange gains and losses and impairment, if any, are recognised in the statement of profit or loss.

#### 3.4.2 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and include trade debts, deposits, advances, other receivables and cash and cash equivalents. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

#### **3.4.2.1 Trade debts, advances and other receivables**

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off where there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

#### **3.4.2.2 Cash and cash equivalents**

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes balances with banks and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

#### **3.4.3 Financial liabilities**

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings, unclaimed dividend, accrued mark-up and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

##### **3.4.3.1 Mark-up bearing borrowings and borrowing costs**

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.

##### **3.4.3.2 Trade and other payables**

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

##### **3.4.3.3 Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

#### **3.4.4 Derivative financial instruments - other than hedging**

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

### **3.4.5 Derivative financial instruments - cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the statement of profit or loss. The amount accumulated in equity is removed therefrom and included in the initial carrying amount of non-financial asset upon recognition of non-financial asset.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

### **3.4.6 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

### **3.5 Stores and spares**

Stores and spares are stated at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision is made for obsolete and slow moving spares and is recognised in the statement of profit or loss.

### **3.6 Stock-in-trade**

These are valued at lower of cost and net realizable value. Cost is determined under the weighted average basis. Cost comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Raw materials in transit comprise of invoice value and other charges thereon. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses. Scrap and by-product is valued at estimated realizable value.

### **3.7 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

#### **Current tax**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax or alternate corporate tax as applicable, after taking into account tax credits and tax rebates available, if any.

#### **Deferred tax**

Deferred tax is recognised using balance sheet liability method, providing for temporary difference 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 tax rates enacted or substantively enacted at the reporting date.

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 assets 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.

### **3.8 Staff retirement benefits**

#### **3.8.1 Defined benefit plan**

The Company provides gratuity benefits to all its permanent employees who have completed their minimum qualifying period of service i.e. three year (except in case of workers where minimum qualifying period of service is six months). For executives and officers having total service of over twenty years, the benefit is available at one month's basic salary (eligible salary) for each completed year of service. For executives and officers having total service of less than twenty years, the benefit is available at half month's basic salary (eligible salary) for each completed year of service. For workers, the benefit is available at one month's gross salary less conditional allowances (eligible salary) for each completed year of service. The Company's obligation is determined through actuarial valuations carried out under the 'Projected Unit Credit Method'. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in statement of profit or loss account. The latest actuarial valuation was conducted at the reporting date by a qualified professional firm of actuaries.

The actual return on plan assets represent the difference between the fair value of plan assets at the beginning and end of the year and adjusted for contributions and benefits paid.

#### **3.8.2 Defined contribution plan**

The Company provides provident fund benefits to all its officers. Equal contributions are made, both by the Company and the employees, at the rate of 8.33% of basic salary and cost of living allowance and the same is charged to the statement of profit or loss.

#### **3.8.3 Compensated absences**

The liability for accumulated compensated absences of employees is recognised in the period in which employees render service that increases their entitlement to future compensated absences.

### **3.9 Foreign currency transactions and translation**

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange ruling on the reporting date. Exchange differences are included in the statement of profit or loss currently.

#### **3.10 Revenue recognition**

- Domestic sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides with delivery, as this is the point in time that the consideration becomes unconditional, because only the passage of time is required before the payment is due.
- Export sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representative, based on terms of arrangement.
- Revenue from power generation plant on account of sales of surplus electricity is recognised on transmission of electricity to K-Electric Limited (KE).



- Toll manufacturing / partial manufacturing income is recognised when related services are rendered.
- Dividend income is recognised when the right to receive the dividend is established.
- Gains / losses arising on sale of investments are included in the statement of profit or loss in the period in which they arise.
- Service income is recognised when related services are rendered.
- Rental income is recognised on straight line basis over the term of the respective lease agreement.

No element of financing is deemed present as the sales are made with a credit term of up to 180 days, which is consistent with the market practice.

### **3.11 Income on bank deposits and finance cost**

The Company's finance income and finance cost includes interest income and interest expense. Interest income or expense is recognised using the effective interest method.

### **3.12 Impairment**

#### **3.12.1 Financial assets**

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

The expected loss rates are based on the payment profiles of sales over a period of 36 - 60 months before June 30, 2021 or July 1, 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product (GDP) and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovery of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

A financial asset is considered in default when the counterparty fails to make contractual payments within one year of when they fall 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.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

### **3.12.2 Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. 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 assessments of the time value of money and the risks specific to the asset. 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

### **3.13 Provisions**

A provision is recognised in the 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. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

### **3.14 Contingent liabilities**

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

### **3.15 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting structure. The management monitors the operating results of its products (i.e. Steel and Polymer pipes) separately for the purposes of making decisions regarding resource allocation and performance assessment. Further, due to significant returns from its investment in 56.33% owned subsidiary and an associated company, the management monitors returns from its strategic investments separately. Accordingly, investments has also been identified as a reportable segment.

The Company does not consider sale of electricity to K-Electric Limited as separate reportable segment as the power plant of the Company is installed primarily to supply power to its production facilities and currently only excess electricity, if any, is sold to KE.

### 3.16 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognised as a liability in the period in which these are approved.

### 3.17 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognises government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognised on a systematic basis in the income for the year in which the related expenses are recognised. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

## 4. PROPERTY, PLANT AND EQUIPMENT

Note	2021	2020
----- (Rupees in '000) -----		

Operating assets	4.1	7,439,289	7,052,984
Capital work-in-progress (CWIP)	4.2	26,138	4,161
Stores and spares held for capital expenditures - at cost	4.3	14,882	24,240
		<b>7,480,309</b>	<b>7,081,385</b>

## 4.1 Operating assets

	Land - revalued - note 4.1.2 & 4.1.3		Buildings - revalued - note 4.1.2 & 4.1.3		Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
----- (Rupees in '000) -----								
<b>Balance as at July 1, 2020</b>								
Cost / revalued amount	601,426	2,041,669	412,531	1,456,248	5,404,012	130,464	156,779	10,203,129
Accumulated depreciation	-	-	(38,700)	(131,420)	(2,782,246)	(99,439)	(98,340)	(3,150,145)
Net book value (NBV)	601,426	2,041,669	373,831	1,324,828	2,621,766	31,025	58,439	7,052,984
Transfers from CWIP	-	-	-	39,547	146,892	8,248	35,370	230,057
Surplus on revaluation - note 4.1.3	100,000	639,805	-	-	-	-	-	739,805
Disposals - note 4.1.4								
- Cost	-	-	-	(2,144)	(132,114)	(3,417)	(22,610)	(160,285)
- Accumulated depreciation	-	-	-	1,635	74,095	3,358	21,315	100,403
	-	-	-	(509)	(58,019)	(59)	(1,295)	(59,882)
Depreciation charge - note 4.1.1	-	-	(36,563)	(133,851)	(316,978)	(11,873)	(24,410)	(523,675)
<b>Balance as at June 30, 2021 (NBV)</b>	<b>701,426</b>	<b>2,681,474</b>	<b>337,268</b>	<b>1,230,015</b>	<b>2,393,661</b>	<b>27,341</b>	<b>68,104</b>	<b>7,439,289</b>
<b>Gross carrying value as at June 30, 2021</b>								
Cost / revalued amount	701,426	2,681,474	412,531	1,493,651	5,418,790	135,295	169,539	11,012,706
Accumulated depreciation	-	-	(75,263)	(263,636)	(3,025,129)	(107,954)	(101,435)	(3,573,417)
<b>Net book value</b>	<b>701,426</b>	<b>2,681,474</b>	<b>337,268</b>	<b>1,230,015</b>	<b>2,393,661</b>	<b>27,341</b>	<b>68,104</b>	<b>7,439,289</b>
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	
<b>Balance as at July 1, 2019</b>								
Cost / revalued amount	601,426	2,028,395	385,869	1,414,772	5,294,115	127,400	160,491	10,012,468
Accumulated depreciation	-	-	-	-	(2,530,253)	(88,671)	(83,761)	(2,702,685)
Net book value (NBV)	601,426	2,028,395	385,869	1,414,772	2,763,862	38,729	76,730	7,309,783
Transfers from CWIP	-	13,274	26,662	57,387	186,780	4,635	14,420	303,158
Disposals								
- Cost	-	-	-	(15,911)	(76,883)	(1,571)	(18,132)	(112,497)
- Accumulated depreciation	-	-	-	2,376	69,564	1,475	12,703	86,118
	-	-	-	(13,535)	(7,319)	(96)	(5,429)	(26,379)
Depreciation charge	-	-	(38,700)	(133,796)	(321,557)	(12,243)	(27,282)	(533,578)
<b>Balance as at June 30, 2020 (NBV)</b>	<b>601,426</b>	<b>2,041,669</b>	<b>373,831</b>	<b>1,324,828</b>	<b>2,621,766</b>	<b>31,025</b>	<b>58,439</b>	<b>7,052,984</b>
<b>Gross carrying value as at June 30, 2020</b>								
Cost / revalued amount	601,426	2,041,669	412,531	1,456,248	5,404,012	130,464	156,779	10,203,129
Accumulated depreciation *	-	-	(38,700)	(131,420)	(2,782,246)	(99,439)	(98,340)	(3,150,145)
<b>Net book value</b>	<b>601,426</b>	<b>2,041,669</b>	<b>373,831</b>	<b>1,324,828</b>	<b>2,621,766</b>	<b>31,025</b>	<b>58,439</b>	<b>7,052,984</b>
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	

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

	Note	2021	2020
		----- (Rupees in '000) -----	
Cost of sales	27	484,951	492,651
Selling and distribution expenses	28	13,642	13,765
Administrative expenses	29	12,377	15,348
Loss from power generation	32.1	12,705	11,814
		<b>523,675</b>	<b>533,578</b>

#### 4.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company and related forced sales values are as follows:

Particulars	Location	Area of Land (acres)	Covered Area (Sq Ft)	Forced sales value (Rupees in '000)
Leasehold Land and Building (Manufacturing plant)	Plot no.LX15-16, HX-7/4 Landhi Industrial Estate Karachi	25.59	791,614	1,706,091
Leasehold Land and Building (Manufacturing plant)	22 KM Sheikhpura Road, Mouza Khanpur Nabipur, Tehsil Ferozpur, District Sheikhpura.	31.45	370,664	849,012
Freehold Land and Building (Manufacturing plant)	Survey No.402,405-406, Deh Sharabi, Landhi Town, Karachi	10	220,480	704,818
Leasehold Building (Office premises)	Office No.101-105, 1st Floor, Beaumont Plaza, 10 Beaumont Road, Karachi	Not applicable	13,676	164,107
Leasehold Building (Sales office premises)	Chinoy House, 2nd and 3rd Floor, Off Thornton Road, Hadbast Mouza Khas, Lahore	Not applicable	4,906	37,531
Freehold Land and Building (Sales godown)	Plot bearing No.NEIR-61 Khasra No.3303 - 3308, Hadbast Mouza Naulakha, GT Road, Lahore	0.17	6,295	45,530
Freehold Land and Building (Sales godown)	Plot bearing No.47, Khasra No.298/1, 2978/1, Ghoray Shah Road, Hadbast Mouza Khoi Meran, Lahore	0.18	6,215	39,488
				<b>3,546,577</b>

#### 4.1.3 The revaluation of freehold land, leasehold land and buildings thereon was carried out as at June 30, 2019 by MYK Associates (Private) Limited (an external valuer who is located in Karachi) resulted in a surplus amounting to Rs. 628 million which was incorporated in the books of the Company as at June 30, 2019. A Desktop Evaluation of freehold land, leasehold land and buildings was carried out by the same valuer as at June 30, 2021 resulting in a surplus amounting to Rs. 739.81 million on freehold and leasehold land. Further, no surplus was noted on the buildings since there was no significant change in the fair value of the buildings as compared to the valuation in 2019.

The Company commissioned independent valuation of freehold land, leasehold land and buildings thereon during the years / periods ended June 30, 1988, June 30, 1997, June 30, 2000, June 30, 2004, December 31, 2007, June 30, 2013, June 30, 2016 & June 30, 2019.

The carrying amount of the aforementioned assets as at June 30, 2021, if the said assets had been carried at historical cost, would have been as follows:

	Cost	Accumulated depreciation	Net book value
	----- (Rupees in '000) -----		
Freehold land	141,962	-	141,962
Leasehold land	724,456	-	724,456
Buildings	1,434,898	(575,565)	859,333
<b>As at June 30, 2021</b>	<b>2,301,316</b>	<b>(575,565)</b>	<b>1,725,751</b>
As at June 30, 2020	2,263,913	(489,089)	1,774,824



**4.1.4** Details of property, plant and equipment disposed off / scrapped having book value of Rs. 500,000 or more each are as follows:

Asset category	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
----- (Rupees in '000) -----								
<b>Plant and machinery</b>								
Screw / barrel	8,600	2,529	6,071	270	(5,801)	Negotiation	Local market - Sheikhpura Arshad Brothers / Rahim Shah / Shakhi / Al-Khair / Aisha Traders	Third party
Pickling line	43,583	39,899	3,684	19,854	16,170	Negotiation	Mass Engineering Services	Third party
Furnace	8,231	6,889	1,342	363	(979)	Negotiation	Mass Engineering Services / Aisha Traders	Third party
Crane runners	3,750	2,627	1,123	1,146	23	Negotiation	International Steels Limited	Subsidiary company
Diesel generator	1,660	636	1,024	2,083	1,059	Negotiation	III Construction Solutions (Private) Limited	Subsidiary company
Pipe cutting machine	2,655	230	2,425	2,655	230	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Pipe bending machine	1,752	140	1,612	1,752	140	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Welding machine	1,505	115	1,390	1,505	115	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Press shape and punching machine	5,413	505	4,908	5,413	505	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Welding machine	6,863	651	6,212	6,863	651	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Welding machine	2,985	263	2,722	2,985	263	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Shape making machine	3,988	363	3,625	3,988	363	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Horizontal press	1,528	117	1,411	1,528	117	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Hole punching machine	4,172	382	3,790	4,172	382	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Welding machine	9,118	876	8,242	9,118	876	At cost	III Construction Solutions (Private) Limited	Subsidiary company
Catwalk machine	8,518	385	8,133	8,518	385	At cost	III Construction Solutions (Private) Limited	Subsidiary company
<b>Total</b>	<b>114,321</b>	<b>56,607</b>	<b>57,714</b>	<b>72,213</b>	<b>14,499</b>			

**4.2 Capital work-in-progress (CWIP)**

	2021				2020			
	As at July 1, 2020	Additions / adjustments	Transfers / adjustments	As at June 30, 2021	As at July 1, 2019	Additions / adjustments	Transfers / adjustments	As at June 30, 2020
----- (Rupees in '000) -----								
Leasehold land	-	-	-	-	-	13,274	(13,274)	-
Buildings on freehold land	-	-	-	-	-	26,662	(26,662)	-
Buildings on leasehold land	603	40,617	(39,547)	1,673	4,884	53,106	(57,387)	603
Plant and machinery	3,558	167,365	(146,892)	24,031	14,865	175,473	(186,780)	3,558
Furniture, fixtures and office equipment	-	8,682	(8,248)	434	-	4,635	(4,635)	-
Vehicles	-	35,370	(35,370)	-	-	14,420	(14,420)	-
	<b>4,161</b>	<b>252,034</b>	<b>(230,057)</b>	<b>26,138</b>	<b>19,749</b>	<b>287,570</b>	<b>(303,158)</b>	<b>4,161</b>

	Note	2021	2020
		----- (Rupees in '000) -----	
<b>4.3 Stores and spares held for capital expenditures - at cost</b>			
Net Book Value at beginning of the year		24,240	30,953
Additions during the year		11,349	15,207
Transfers made during the year		(20,707)	(21,920)
NBV at end of the year		14,882	24,240

## 5. INTANGIBLE ASSETS

Operating intangible assets	5.1	1,308	630
Capital work-in-progress (CWIP)	5.2	300	1,080
		1,608	1,710

### 5.1 Operating intangible assets

Net book value at beginning of the year		630	2,271
Additions		1,080	667
Amortisation	5.1.2	(402)	(2,308)
Balance at end of the year		1,308	630

#### Gross carrying value as at June 30

Cost		76,687	75,607
Accumulated amortisation		(75,379)	(74,977)
Net book value		1,308	630

#### Percent

Amortisation rate (per annum)		33.33	33.33
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5.1.1 Intangible assets comprise of computer software and licenses.

5.1.2 The amortisation expense for the year has been allocated as follows:

Cost of sales	27	180	1,136
Selling and distribution expenses	28	222	718
Administrative expenses	29	-	454
		402	2,308

5.2 This represents advance provided to ERP consultant on account of upgradation of ERP system.

## 6. INVESTMENTS

2021 (Number of shares)	2020		Note	2021 ----- (Rupees in '000) -----	2020
<b>Quoted Companies</b>					
245,055,543	245,055,543	International Steels Limited (ISL) - subsidiary company, at cost	6.1	2,450,555	2,450,555
6,092,470	6,092,470	Pakistan Cables Limited (PCL) - associated company, at cost	6.2	817,553	817,553
<b>Un-quoted Companies</b>					
150,000	-	IIL Americas Inc. (IIL Americas) - subsidiary company, at cost	6.4	17,966	17,966
100,000	100,000	IIL Australia Pty Limited (IIL Australia) - subsidiary company, at cost	6.5	9,168	9,168
7,727,270	-	IIL Construction Solutions (Private) Limited (IIL CSL) - subsidiary company, at cost	6.6	77,273	-
				<b>3,372,515</b>	<b>3,295,242</b>

- 6.1** The Company holds 56.33% ownership interest in ISL. The Chief Executive Officer of ISL is Mr. Yousuf H. Mirza. The price per share of ISL as at reporting date was Rs. 93.41 (2020: Rs. 51.65) resulting in a market value of total investment amounting to Rs. 22,891 million (2020: Rs. 12,657 million).
- 6.1.1** The Company has pledged 500,000 shares of International Steels Limited in the Honourable Sindh High Court as explained in note 25.1.2.
- 6.2** The Company holds 17.124% (2020: 17.124%) ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Fahd K. Chinoy. The Company considers it has significant influence over PCL as, in addition to its holding, the Chairman of the Board of the Company is also the Chairman of the Board of PCL. The price per share of PCL as at reporting date was Rs. 149.50 (2020: Rs. 106.89) resulting in a market value of total investment amounting to Rs. 910.82 million (2020: Rs. 651.22 million).
- 6.3** Market values of the investments disclosed in note 6.1 and 6.2 is categorised as level 1 fair value measurement in accordance with IFRS 13 'Fair Value Measurement'.
- 6.4** The Company holds 100% ownership interest in IIL Americas. The Chief Executive Officer of IIL Americas is Mr. Sa'ad Shah. IIL Americas is incorporated in Canada. The Company has invested CAD 150,000 (2020: CAD 150,000) in IIL Americas as at year end. The book value of IIL Americas based on the financial statements as at June 30, 2021 is CAD 220,649 (Rs. 27.98 million) [2020: CAD 127,239 (Rs. 15.63 million)].
- 6.5** The Company holds 100% ownership interest in IIL Australia. The Chief Executive Officer of IIL Australia is Mr. Sohail R. Bhojani. The Company is incorporated in Australia. The latest available financial statements are prepared on going concern basis. IIL Australia has been audited by KST Partners Chartered Accountants and they have expressed an unqualified opinion on the financial statements of the subsidiary. The Company has invested AUD 100,000 (2020: AUD 100,000) in IIL Australia as at year end. The book value of IIL Australia based on the financial statements as at June 30, 2021 is AUD 363,499 (Rs. 42.96 million) [2020: AUD 160,232 (Rs. 18.47 million)].

- 6.6** During the year, the Company made 100% investment in a newly incorporated company, IIL Construction Solutions (Private) Limited (IIL CSL), amounting to Rs. 77.3 million as subscription to the Memorandum of Association. IIL CSL was incorporated on August 19, 2020 under the Companies Act, 2017. IIL CSL has its registered office situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530. The principal business activity of this subsidiary is to carry on the business of providing scaffolding solutions. The Chief Executive Officer of IIL CSL is Mr. Zulfiqar Mooraj. The book value of IIL CSL based on the financial statements as at June 30, 2021 is Rs. 77.3 million (2020: Nil).
- 6.7** The above investments have been made in accordance with the requirements of Companies Act, 2017.

## 7. DEFERRED TAXATION - NET

	Accelerated tax depreciation	Surplus on revaluation of buildings	Provision for infrastructure cess	Loss allowance on trade debts	Provision for compensated absences	Staff retirement benefits	Gas Infrastructure Development Cess payable	Minimum Tax - note 7.3	Tax loss - note 7.3	Total
	(Rupees in '000)									
Balance at July 1, 2020	(307,662)	(194,626)	133,153	42,465	-	22,055	-	-	-	(304,615)
Credit / (charge) to profit or loss for the year	38,273	19,058	20,598	(20,730)	1,563	(9,127)	(9,460)	543,053	147,136	730,364
Credit / (charge) to other comprehensive income for the year	-	11,635	-	-	-	13,780	-	-	-	25,415
Adjustment of minimum tax - note 24	-	-	-	-	-	-	-	(173,187)	-	(173,187)
<b>Balance at June 30, 2021</b>	<b>(269,389)</b>	<b>(163,933)</b>	<b>153,751</b>	<b>21,735</b>	<b>1,563</b>	<b>26,708</b>	<b>(9,460)</b>	<b>369,866</b>	<b>147,136</b>	<b>277,977</b>
Balance at July 1, 2019	(306,631)	(215,417)	115,791	40,551	1,592	28,567	-	-	-	(335,547)
Credit / (charge) to profit or loss for the year	(1,031)	24,476	17,362	1,914	(1,592)	-	-	-	-	41,129
Credit / (charge) to other comprehensive income for the year	-	(3,685)	-	-	-	(6,512)	-	-	-	(10,197)
<b>Balance at June 30, 2020</b>	<b>(307,662)</b>	<b>(194,626)</b>	<b>133,153</b>	<b>42,465</b>	<b>-</b>	<b>22,055</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(304,615)</b>

- 7.1** The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position.
- 7.2** Deferred tax assets and liabilities are restricted to 79.85% (2020: 84.93%) of the total deferred tax assets and liabilities except minimum tax and tax loss based on the assumptions that export sales will continue to fall under Final Tax Regime and the current trend of export and local sales ratio will continue to be the same in the foreseeable future.
- 7.3** The deferred tax asset on minimum tax and tax loss will be recoverable based on the estimated future taxable income and approved business plans and budgets.
- 7.4** Under the Finance Act, 2020, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.

## 8. STORES AND SPARES

	Note	2021	2020
		----- (Rupees in '000) -----	
Stores		133,561	131,618
Spares		111,867	104,624
Loose tools		4,016	4,628
		249,444	240,870
Less: Provision for obsolescence against stores and spares		(27,499)	(27,499)
		221,945	213,371

## 9. STOCK-IN-TRADE

Raw material	- in hand	9.1	4,893,900	4,433,572
	- in transit		1,622,101	120,327
			6,516,001	4,553,899
Work-in-process			1,444,729	1,648,287
Finished goods			3,908,988	2,123,945
By-products			11,040	32,295
Scrap material			42,766	47,381
			11,923,524	8,405,807

9.1 Raw material amounting to Rs. 5.2 million as at June 30, 2021 (2020: Rs. 2.3 million) was held at a vendor's premises for the production of pipe caps.

## 10. TRADE DEBTS

	Note	2021	2020
		----- (Rupees in '000) -----	
Considered good - secured	10.1	310,586	183,471
- unsecured		4,827,585	3,375,248
		5,138,171	3,558,719
Considered doubtful		93,864	146,431
		5,232,035	3,705,150
Loss allowance on trade debts	10.3	(93,864)	(146,431)
		5,138,171	3,558,719

10.1 These represent trade debts arising on account of export sales of Rs. 259.7 million (2020: Rs. 139.9 million) which are secured by way of Export Letters of Credit and Rs. 50.9 million (2020: Rs. 43.5 million) on account of domestic sales which are secured by way of Inland Letters of Credit.

10.2 Related parties from whom trade debts are due as at June 30, 2021 are as under:

	Note	2021	2020
		----- (Rupees in '000) -----	
ILL Australia Pty Limited		1,744,058	814,507
ILL Americas Inc.		789,600	70,042
Pakistan Cables Limited		1,665	702
		2,535,323	885,251

10.2.1 The maximum aggregate amount due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 1,784.5 million. Companies fully owned subsidiaries, ILL Americas and ILL Australia, have obtained credit insurance on their debtors.



**10.2.2** The ageing of trade debts receivable from related parties as at the reporting date is as under:

	Note	2021	2020
		----- (Rupees in '000) -----	
Not yet due		2,523,680	491,221
Past due 1-60 days		11,539	75,785
Past due 61 days - 180 days		104	318,245
Total		2,535,323	885,251

**10.3 Loss allowance on trade debts**

Balance at beginning of the year	146,431	145,767
(Reversal) / charge for the year	(52,567)	46,786
Recoveries during the year	-	(46,122)
(Reversal) / charge of loss allowance on trade debts	(52,567)	664
Balance at end of the year	93,864	146,431

**11. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS**

	Note	2021	2020
		----- (Rupees in '000) -----	
Considered good - unsecured			
- Suppliers	11.1	50,081	14,378
- Employees for business related expenses	11.1 & 11.2	9,220	703
Trade deposits	11.1	20,583	7,906
Prepayments	11.3	4,593	5,539
		84,477	28,526

**11.1** These advances and trade deposits are non interest bearing.

**11.2** These include Eid advance to workers which is deductible from the salary of respective employees.

**11.3** These include prepayment of insurance premium to Jubilee General Insurance Company Limited, a related party, amounting to Rs. 3.3 million (2020: Rs. 5.5 million).

**12. OTHER RECEIVABLES**

	Note	2021	2020
		----- (Rupees in '000) -----	
Considered good			
Insurance claim		-	15,000
Receivable from K-Electric Limited (KE)		26,954	19,006
- unsecured		20	-
Others		26,974	34,006
Considered doubtful			
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods		25,940	25,940
		52,914	59,946
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior periods		(25,940)	(25,940)
		26,974	34,006

	Note	2021	2020	
		----- (Rupees in '000) -----		
<b>13. CASH AND BANK BALANCES</b>				
<b>Cash at bank</b>				
Conventional				
Current accounts - local currency		4,009	3,892	
- foreign currency		69,278	295,389	
		73,287	299,281	
<b>Islamic</b>				
Current accounts - local currency		202	188	
		73,489	299,469	
<b>14. SHARE CAPITAL</b>				
Authorised share capital				
2021	2020			
(Number of shares)				
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	2,000,000	2,000,000
Issued, subscribed and paid-up capital				
2021	2020			
(Number of shares)				
6,769,725	6,769,725	Fully paid ordinary shares of Rs. 10 each issued for cash	67,697	67,697
125,112,155	125,112,155	Fully paid ordinary shares of Rs.10 each issued as bonus shares	1,251,122	1,251,122
131,881,880	131,881,880		1,318,819	1,318,819
<b>14.1</b>	Pakistan Cables Limited, an associated company, due to common directors, held 633,600 (2020: 633,600) ordinary shares of Rs. 10 each at the year end.			
<b>15. GENERAL RESERVE</b>				
General reserve is maintained for fulfilling various business needs including meeting contingencies, offsetting future losses, enhancing the working capital and paying dividends.				
<b>16. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT</b>	Note	2021	2020	
		----- (Rupees in '000) -----		
Freehold land				
Balance at beginning of the year		459,464	459,464	
Surplus on revaluation of freehold land		100,000	-	
Balance at end of the year		559,464	459,464	
Leasehold land				
Balance at beginning of the year		1,317,213	1,317,213	
Surplus on revaluation of leasehold land		639,805	-	
Balance at end of the year		1,957,018	1,317,213	
Buildings				
Balance at beginning of the year		790,253	889,633	
Disposal of buildings		(509)	(11,638)	
Transferred to retained earnings (un-appropriated profit) in respect of incremental depreciation charged during the year		(81,794)	(87,741)	
		707,950	790,253	
Related deferred tax liability	16.2	(163,933)	(194,626)	
Balance at end of the year - net of deferred tax		544,017	595,627	
		3,060,499	2,372,304	

**16.1** The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.

<b>16.2 Movement in related deferred tax liability</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Balance at beginning of the year		<b>194,626</b>	<b>215,417</b>
Effect of change in Normal Tax Regime ratio		<b>(11,635)</b>	<b>3,685</b>
Tax effect on disposal		<b>(103)</b>	<b>(2,866)</b>
Tax effect on incremental depreciation transferred to retained earnings		<b>(18,955)</b>	<b>(21,609)</b>
Balance at end of the year		<b>163,933</b>	<b>194,626</b>

<b>17. LONG TERM FINANCING - secured</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
<b>CONVENTIONAL</b>			
Long-Term Finance Facility (LTFF)	17.2	<b>433,085</b>	<b>520,357</b>
Long-term finance		<b>1,581,818</b>	<b>727,272</b>
Payroll Refinance Scheme	17.3	<b>454,985</b>	<b>167,097</b>
		<b>2,469,888</b>	<b>1,414,726</b>
<b>ISLAMIC</b>			
Diminishing Musharakah	17.1	<b>318,182</b>	<b>454,546</b>
Islamic Long-Term Finance Facility (ILTFF)	17.4	<b>118,866</b>	<b>118,866</b>
Islamic Temporary Economic Refinance Facility (ITERF)	17.5	<b>105,959</b>	<b>-</b>
		<b>543,007</b>	<b>573,412</b>
		<b>3,012,895</b>	<b>1,988,138</b>
Less: Deferred income - government grant	18	<b>(51,565)</b>	<b>(18,608)</b>
Less: Current portion of long-term financing			
<b>CONVENTIONAL</b>			
Long-Term Finance Facility (LTFF)		<b>(87,272)</b>	<b>(54,605)</b>
Long-term finance		<b>(395,454)</b>	<b>(145,455)</b>
Payroll Refinance Scheme		<b>(259,991)</b>	<b>(74,439)</b>
		<b>(742,717)</b>	<b>(274,499)</b>
<b>ISLAMIC</b>			
Diminishing Musharakah		<b>(136,364)</b>	<b>(136,364)</b>
Islamic Long-Term Finance Facility (ILTFF)		<b>(9,639)</b>	<b>-</b>
		<b>(888,720)</b>	<b>(410,863)</b>
		<b>2,072,610</b>	<b>1,558,667</b>

## 17.1 Long-term finances utilised under mark-up arrangements

	Sale price  (Rupees in '000)	Purchase price	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount	
						2021	2020
CONVENTIONAL						----- (Rupees in '000) -----	
i) LTFF							
MCB Bank Limited	550,000	906,963	34 quarterly	March 28, 2025 to November 20, 2027	3.7% / 5.2%	281,045	346,690
Assistance for plant and machinery			October 29, 2016		(fixed rate)		
MCB Bank Limited	100,000	149,976	34 quarterly	August 31, 2027	3.5%	75,762	86,492
Assistance for plant and machinery			August 31, 2019		(fixed rate)		
MCB Bank Limited	100,000	147,862	34 quarterly	June 30, 2028	3.5%	76,278	87,175
Assistance for plant and machinery			March 30, 2020		(fixed rate)		
						433,085	520,357
ii) Payroll Refinance Scheme							
Habib Metropolitan Bank Limited	550,000	660,000	8 quarterly	March 31, 2023	0.75%	454,985	167,097
Payroll finance facility			March 31, 2021		(fixed rate)		
iii) Long-term finance							
MCB Bank Limited	800,000	1,164,316	11 half yearly	December 28, 2024	0.1 % over	581,818	727,272
Refinancing of capital expenditure / balancing, modernization and replacement (BMR)			June 30, 2020		6 months KIBOR		
Allied Bank of Pakistan Limited	1,000,000	1,494,500	4 half yearly	December 29, 2023	0.1 % over	1,000,000	-
Refinancing of capital expenditure			June 29, 2022		6 months KIBOR		
						1,581,818	727,272
						2,469,888	1,414,726
ISLAMIC							
i) Diminishing Musharakah							
Meezan Bank Limited	500,000	950,361	5 half yearly	June 30, 2023	0.1 % over	181,820	272,728
Acquisition of Musharakah assets			& 12 quarterly		3 months KIBOR		
			June 30, 2018				
Meezan Bank Limited	250,000	279,978	3 half yearly	June 30, 2024	0.1 % over	136,362	181,818
Acquisition of Musharakah assets			& 16 quarterly		3 months KIBOR		
			June 30, 2019				
						318,182	454,546
ii) ILTFF							
Habib Bank Limited	150,000	187,500	16 half yearly	May 31, 2030	2.5%	118,866	118,866
Acquisition of Musharakah assets			February 22, 2022		(fixed rate)		
iii) ITERF							
Habib Bank Limited	131,000	163,750	32 quarterly	April 9, 2031	2%	93,125	-
Assistance for plant and machinery			June 28, 2023	to June 18, 2031	(fixed rate)		
BankIslami	125,000	156,250	32 quarterly	May 6, 2031	2%	12,834	-
Assistance for plant and machinery			July 25, 2023	June 17, 2031	(fixed rate)		
						105,959	-
						543,007	573,412
						3,012,895	1,988,138

**17.1.1** The above loans are secured by way of charge on stocks and all present and future land, buildings and plant and machinery located at plot number LX - 15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi.

**17.1.2** In relation to above borrowings the Company needs to observe certain financial and non financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.

- 17.2** This represents finance facility loan obtained from different banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects from different banks.
- 17.3** This represents long term loans obtained by the Company for financing its salaries and wages under SBP's Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.
- 17.4** This represents finance facility loan obtained from an Islamic bank under the SBP Islamic Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects from different banks.
- 17.5** This represents long term loan obtained by the Company under the SBP's Islamic Temporary Economic Refinance Facility available to the Company from various Islamic banks at below market interest rates.
- 17.6** During the year, mark-up paid on conventional and Islamic long term finance amounts to Rs. 107.7 million (2020: Rs. 126.3 million) and Rs. 35.8 million (2020: Rs. 76.1 million) respectively.

**18. DEFERRED INCOME - GOVERNMENT GRANT**

	Note	2021	2020
		----- (Rupees in '000) -----	
Balance at beginning of the year	18.1	18,608	-
Deferred grant recorded:			
- under Islamic Temporary Economic Refinance Facility	18.1	34,228	-
- under Payroll Refinance Scheme		29,287	19,313
		63,515	19,313
Government grant recognised in income	32	(30,558)	(705)
Balance at end of the year		51,565	18,608
Less: current portion of deferred income			
- government grant	21	(24,380)	(11,735)
		27,185	6,873

- 18.1** This represents deferred grant recognised in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in respect of SBP's Refinance Scheme for Payment of Wages and Salaries and the Islamic Temporary Economic Refinance Facility obtained at concessionary rates. The Company has fulfilled the criteria of the said loans and have accordingly recognised the grant income in the statement of profit or loss account.

**19. GAS INFRASTRUCTURE DEVELOPMENT CESS**

During the year, Supreme Court of Pakistan (SCP) has decided the Appeal against consumers upholding the vires of The Gas Infrastructure Development Cess Act, 2015 (GIDC Act) through its judgement dated August 13, 2020. The Supreme Court on November 2, 2020 ordered that their decision of August 13, 2020 has validated the GIDC Act in complete sense and the benefits allowed under section 8 (2) of the GIDC Act to the industrial sector is also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 instalments instead of 24 instalments.

The Company has also filed a civil suit before the Honourable High Court of Sindh (SHC) on the ground that the Company has not passed on the burden of the Cess. Stay order was granted in the aforesaid suit, which has been operative till the next date of hearing.

The Company has recorded the present value of the Cess by discounting the future cash flows using three year PKRV rate and has booked income of Rs. 52.5 (2020: Nil) million, which has been recorded as other income. The unwinding of the GIDC during the year amounts to Rs. 11.7 million (2020: Nil).

Despite the speaking order dated August 13, 2020 by the SCP, the Federal Government did not initiate the gas project within six months, therefore, during the year, the Company has filed a petition in the SHC challenging the decision of SCP.



## 20. STAFF RETIREMENT BENEFITS

### 20.1 Defined contribution plan

#### Staff Provident Fund

All investments in collective investment schemes, listed equity and listed debt securities out of the Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

### 20.2 Defined benefit scheme

#### Staff Gratuity Fund

**20.2.1** As stated in note 3.8, the Company operates approved funded defined benefit gratuity plan for all permanent employees meeting the specified criteria and defined contribution plan for all active employees subject to minimum service of prescribed period as per the respective trust deeds. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2021.

**20.2.2** Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the respective trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The Company appoints trustees from among its employees.

#### 20.2.3 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

**Final salary risk** - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Asset volatility** - Most assets are invested in risk free investments of 3, 5 or 10 year Regular Income Certificates, Defence Savings Certificates and Government Bonds. However, investments in equity instruments are subject to adverse fluctuations as a result of change in the market price.

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

**Investment risks** - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

**Risk of insufficiency of assets** - This is managed by making regular contribution to the Fund as advised by the actuary.

#### 20.2.4 Funding

The gratuity plan is fully funded by the Company. The funding requirements are based on the Gratuity Fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions used in determining defined benefit liability. Employees are not required to contribute to the plan.

**20.2.5** The actuarial valuation of Gratuity Fund was carried out at June 30, 2021 under projected unit credit method using the following significant assumptions:

od using the following significant assumptions:

	Note	2021	2020
		----- % per annum -----	
<b>Financial Assumptions</b>			
Discount Rate		10.00%	8.50%
Salary increase rate			
First year - Unionized staff		10.00%	16%
First year - Management		10.00%	0%
Long term		10.00%	6.50%
<b>Demographic Assumptions</b>			
Mortality rate		SLIC 2001-05-1	SLIC 2001-05-1
Rates of employee turnover		Heavy	Heavy
Retirement assumption		Age 60 years	Age 60 years

**20.2.6** The amounts recognised in statement of financial position are as follows:

	Note	2021	2020
		----- (Rupees in '000) -----	
Present value of defined benefit obligation	20.2.9	578,407	559,293
Fair value of plan assets	20.2.10	(463,069)	(469,741)
Deficit as at June 30		115,338	89,552

#### 20.2.7 Movements in the net defined benefit liability

	Note	2021	2020
		----- (Rupees in '000) -----	
Balance at beginning of the year		89,552	118,409
Expense chargeable to statement of profit or loss	20.2.8	38,385	49,608
Contribution paid during the year		(77,800)	(17,800)
Re-measurements recognised in other comprehensive income during the year	20.2.8	65,201	(60,665)
Balance at end of the year		115,338	89,552

#### 20.2.8 Amount recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to statement of profit or loss and other comprehensive income:

	Note	2021	2020
		----- (Rupees in '000) -----	
Component of defined benefit costs recognized in statement of profit or loss			
Service cost			
Current service cost		31,077	33,646
Interest cost on defined benefit obligation		46,677	77,720
Return on plan assets		(39,369)	(61,758)
		7,308	15,962
		38,385	49,608
Component of defined benefit costs (re-measurement) recognised in other comprehensive income			
Actuarial loss / (gain) on obligation		97,590	(81,320)
Actuarial (loss) / gain on plan assets		(32,389)	20,655
Total re-measurements recognised in other comprehensive income		65,201	(60,665)
Total defined benefit cost / (income) recognised in profit or loss and other comprehensive income		103,586	(11,057)

#### 20.2.8.1 Analysis of remeasurements recognised in other comprehensive income

Note	2021	2020
	----- (Rupees in '000) -----	
Re-measurements: Actuarial loss / (gain) on obligation		
Loss / (gain) due to change in financial assumptions	76,687	(12,948)
Loss / (gain) due to change in experience adjustments	20,903	(68,372)
Total actuarial loss / (gain) on obligation	97,590	(81,320)
Re-measurements: Actuarial (gain) / loss on plan assets		
Actual return on plan assets	(52,630)	(49,483)
Interest income on plan assets	39,369	61,758
Opening difference	(19,128)	8,380
Total actuarial (gain) / loss on plan assets	(32,389)	20,655
	65,201	(60,665)

#### 20.2.9 Movements in the present value of defined benefit obligation

Note	2021	2020
	----- (Rupees in '000) -----	
Present value of defined benefit obligation at beginning of the year	559,293	556,142
Current service cost	31,077	33,646
Interest cost	46,677	77,720
Benefits paid	(156,230)	(26,895)
Re-measurements: Actuarial loss / (gain) on obligation	97,590	(81,320)
Present value of defined benefit obligation	578,407	559,293

#### 20.2.10 Movements in the fair value of plan assets

Note	2021	2020
	----- (Rupees in '000) -----	
Fair value of plan assets at beginning of the year	469,741	437,733
Interest income on plan assets	39,369	61,758
Contribution to the fund	77,800	17,800
Benefits paid	(156,230)	(26,895)
Re-measurements: Actuarial gain / (loss) on plan assets	32,389	(20,655)
Fair value of plan assets	463,069	469,741

#### 20.2.11 Analysis of Present value of defined benefit obligation

Note	2021	2020
	----- (Rupees in '000) -----	
<b>Vested / non-vested</b>		
Vested benefits	575,019	557,451
Non-vested benefits	3,388	1,842
	578,407	559,293
<b>Type of benefits earned to date</b>		
Accumulated benefit obligation	320,914	375,632
Amounts attributed to future salary increases	257,493	183,661
	578,407	559,293

## 20.2.12 Disaggregation of fair value of plan assets

Note	2021	2020
	----- (Rupees in '000) -----	
Cash and cash equivalents (after adjusting current liabilities)	8,180	2,079
Equity instruments	106,053	75,659
Debt instruments		
Pakistan Investment Bonds	98,521	154,122
Market Treasury Bills	-	7,097
Defence Saving Certificates	188,568	168,235
Regular Income Certificates	61,747	62,549
	<b>463,069</b>	<b>469,741</b>

**20.2.13** The Company ensure asset / liability matching by investing in government securities, bank deposits and equity securities and does not use derivatives to manage its risk.

## 20.2.14 Maturity profile of the defined benefit obligation

Note	2021	2020
	----- (Rupees in '000) -----	
Weighted average duration of the defined benefit obligation	7.05	6.03
Distribution of timing of benefit payments		
One year	56,326	51,809
Two years	91,286	69,018
Three years	73,489	89,663
Four years	77,673	66,587
Five years	72,154	178,526
Six years to ten years	444,526	330,390

**20.2.15** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Note	2021	2020
	----- (Rupees in '000) -----	
Discount rate + 1%	540,153	527,440
Discount rate - 1%	622,123	595,100
Long term salary increases + 1%	622,901	614,565
Long term salary increases - 1%	538,858	543,402

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

**20.2.16** The expense in relation to gratuity benefit for the year ending June 30, 2022 is expected to be Rs. 47.8 million which is also the expected contribution.

## 21. TRADE AND OTHER PAYABLES

Note	2021	2020
	----- (Rupees in '000) -----	
Trade creditors	196,080	152,325
Bills payable	826,378	1,278
Accrued expenses	1,211,273	998,138
Provision for Infrastructure Cess	663,983	540,653
Short-term compensated absences	6,750	-
Workers' Profit Participation Fund	7,065	855
Workers' Welfare Fund	127,956	123,457
Current portion of deferred income		
- government grant	24,380	11,735
Payable to provident fund	4,898	-
Others	28,494	29,428
	<b>3,097,257</b>	<b>1,857,869</b>

**21.1** These include payable to Jubilee General Insurance Limited and Jubilee Life Insurance Limited, related parties of the Company, amounting to Rs. 2.3 million (2020: Nil) and Rs. 1.3 million (2020: Nil) respectively.

**21.2** These include current portion of Gas Infrastructure Development Cess amounting to Rs. 115.4 million and also includes provision against the revision of gas tariff by Oil and Gas Regulatory Authority amounting to Rs. 99.93 million (2020: Rs. 87.02 million).

### **21.3 Provision for Infrastructure Cess**

This represents provision against fifty percent amount guaranteed to Excise and Taxation Officer.

Note	2021	2020
	----- (Rupees in '000) -----	
Balance at beginning of the year	540,653	477,586
Charge for the year	123,330	63,067
Balance at end of the year	663,983	540,653

**21.3.1** The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court, passed an interim order directing that every company subsequent to December 27, 2006 is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above mentioned interim order amount to Rs. 780 million (2020: Rs. 655 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Company on prudent basis. Subsequently through Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh infrastructure cess. The Company had obtained stay against these and the ultimate dispute had been linked with the previous infrastructure cess case.

The case was decided on June 4, 2021 by the Sindh High Court. The Sindh High Court declared first four versions of the law unconstitutional and the release of bank guarantees were ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order will remain suspended till September 3, 2021. The Company is not satisfied with the above orders and has engaged legal consultant to file an appeal in the Supreme Court of Pakistan.

### **21.4 Workers' Profit Participation Fund**

Note	2021	2020
	----- (Rupees in '000) -----	
Balance at beginning of the year	855	5,171
Interest on funds utilized in the Company's business - 45.85% (2020: 48.75%)	45	600
	900	5,771
Expense for the year	82,376	7,166
	83,276	12,937
Payments made during the year	(76,211)	(12,082)
Balance at end of the year	7,065	855

**21.5** The Company filed a constitutional petition in the Sindh High Court against notice to the Company for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014 when the Company is making the payments of Workers Welfare Fund to the Federal Government. Stay was obtained on the ground that the Company is a trans-provincial establishment operating industrial and commercial activities across Pakistan and is liable to pay Workers Welfare Fund under Federal Workers Welfare Fund Ordinance, 1971.

## **22. CONTRACT LIABILITIES**

**22.1** During the year, the Company recognised revenue amounting to Rs. 160.8 million (2020: Rs. 212.7 million) out of the contract liabilities balance outstanding at beginning of the year.



23.	SHORT-TERM BORROWINGS - secured	Note	2021	2020
			----- (Rupees in '000) -----	
	CONVENTIONAL			
	Running finance under mark-up arrangement from banks	23.1	267,156	2,019,425
	Short-term borrowing under Money Market Scheme			
	Maturing after three months		-	800,000
	Maturing within three months		6,469,489	3,900,000
		23.1	6,469,489	4,700,000
	Short term borrowing under Export Refinance Scheme	23.2	955,000	1,315,000
	ISLAMIC			
	Short-term borrowing under Money Market Scheme	23.3	1,422,000	-
	Short-term borrowing under running Musharakah	23.4	567,846	860,032
	Short-term borrowing under Export Refinance Scheme	23.5	500,000	500,000
			10,181,491	9,394,457

**23.1** These facilities for short term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from 7.40% to 8.28% (2020: 7.60% to 11.76%) per annum.

**23.2** The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities is 3.00% (2020: 3.00%) per annum. These facilities mature within six months and are renewable.

**23.3** This represents short term finance obtained under Money Market Scheme from Islamic banks. The rates of profit on these finances range from 7.51% to 7.57% (2020: Nil). These facilities will mature within three months.

**23.4** The Company has obtained facilities for short term finance under Running Musharakah. The rate of profit is 7.42% to 7.99% (2020: 8.90% to 9.33%) per annum.

**23.5** The Company has availed short term running finance facility under Islamic Export Refinance Scheme of the State Bank of Pakistan from an Islamic bank. The rate of mark-up on this facility is 3.00% (2020: 3.00%) per annum. This facility matures within six months and is renewable.

**23.6** As at June 30, 2021, the un-availed facilities from the above borrowings amounted to Rs. 6,028 million (2020: Rs. 5,771 million).

**23.7** The above facilities are secured by way of joint pari passu charge and ranking charge over all current and future moveable assets of the Company.

24. TAXATION - NET	Note	2021	2020
		----- (Rupees in '000) -----	
Balance at beginning of the year		269,317	322,545
Tax payments / adjustments made during the year		(323,382)	(358,754)
Adjustment of minimum tax	7	(173,187)	-
		(227,252)	(36,209)
Less: Provision for income tax		674,628	305,526
Balance at end of the year		447,376	269,317

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

	Description of the factual basis of the proceeding and relief sought	Name of the court	Principal parties	Date Instituted
25.1.1	The Collector of Customs has charged the Company for a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Company has filed an appeal before the Sindh High Court (SHC), which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the SHC. The management anticipates that the chances of admission of such appeal are remote.	Sindh High Court	Collector of Customs / Federation of Pakistan	August 30, 2007
25.1.2	<p>The Company filed the suit before SHC challenging the chargeability of tax on inter corporate dividend in respect of dividend declared by its subsidiary, International Steels Limited. On October 21, 2016 Court granted stay against which 500,000 shares of subsidiary company were pledged as a security with Nazir of the Court. In one of the litigation to which Company is not a party, Supreme Court of Pakistan (SCP) issued an order on February 21, 2018 whereby continuity of suits was made subject to depositing minimum 50% of the tax calculated by the tax authorities. A review petition has been filed against such order of the SCP in which Company is not a party and the decision is awaited. In view of such developments, the suit has been withdrawn and a petition has been filed before the SHC, which is pending hearing. Application for release of pledged shares is in process.</p> <p>On a separate application challenging the chargeability of tax on inter corporate dividend, stay is granted by the SHC in respect of dividends declared by the subsidiary company on June 2, 2017, September 26, 2017 and January 23, 2018 against bank guarantees amounting to Rs. 76.6 million, Rs. 36.8 million and Rs. 55.1 million respectively submitted to the Nazir of the Court.</p>	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of Pakistan	November 1, 2016
25.1.3	<p>As per section 95 of the Custom Act read with Customs Rules, 2001, the Company sold zinc wastages generated from imports under manufacturing bond at 0% duty for export during 2012-13, 2013-14 and 2014-15. All these sales were subject to sales tax payments in term of Custom Rules.</p> <p>However, on August 31, 2020, the Collector of Customs (Adjudication - II) has passed ONO no. 473, 474 and 475 against the Company and ordered for recovery of customs duty amounting to Rs. 402.72 million on zinc wastages.</p> <p>The Company filed appeals against these orders in the Customs Tribunal. However, due to non-functioning of Tribunal and considering the importance, Company preferred to file an appeal with the SHC. SHC granted stay order against the order of the Collector of Customs and issued notices for the hearing.</p>	Sindh High Court	Collector of Customs	October 10, 2020

## 25.2 Commitments

- 25.2.1** Capital expenditure commitments outstanding as at June 30, 2021 amounted to Rs. 177.6 million (2020: Rs. 8.8 million).
- 25.2.2** Commitments under Letters of Credit for raw materials and stores and spares as at June 30, 2021 amounted to Rs. 3,047.5 million (2020: Rs. 873.8 million).
- 25.2.3** Commitments under purchase contracts as at June 30, 2021 amounted to Rs. 99.1 million (2020: Rs. 875.4 million).
- 25.2.4** The facilities for opening letters of credit and guarantees from banks as at June 30, 2021 amounted to Rs. 11,700 million (2020: Rs. 8,700 million) and Rs. 2,550 million (2020: Rs. 2,250 million) respectively of which unutilised balance at year end amounted to Rs. 8,987 million (2020: Rs. 7,817 million) and Rs. 810 million (2020: Rs. 832 million) respectively.
- 25.2.5** Post-dated cheques issued in favour of Collector of Customs for imported items cleared under manufacturing bond as at June 30, 2021 amounted to Rs. 2,129.1 million (2020: Rs. 2,423.1 million).
- 25.2.6** Post-dated cheques issued in favour of Collector of Customs for differential of sales tax on imports of machinery as at June 30, 2021 amounted to Rs. 2.6 million (2020: Rs. 3.6 million).

## 26. REVENUE FROM CONTRACTS WITH CUSTOMERS

Note	2021	2020
	----- (Rupees in '000) -----	
Sale of goods less returns		
Local	28,749,702	20,013,451
Sales tax	(4,184,939)	(2,944,749)
Trade discounts	(1,481,072)	(981,845)
	<b>23,083,691</b>	<b>16,086,857</b>
Export	5,912,316	2,916,864
Export commission & discounts	(55,911)	(39,506)
	<b>5,856,405</b>	<b>2,877,358</b>
	<b>28,940,096</b>	<b>18,964,215</b>

## 26.1 DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

Note	2021	2020
	----- (Rupees in '000) -----	
<b>Primary geographical markets:</b>		
Local	23,083,691	16,086,857
Asia	1,652,187	1,084,015
Europe	721,115	610,914
Australia	2,429,182	1,005,744
Africa	10,284	3,435
Americas	1,043,637	173,250
	<b>28,940,096</b>	<b>18,964,215</b>
<b>Major Product Lines:</b>		
Steel products	25,576,542	16,478,968
Polymer products	3,363,554	2,485,247
	<b>28,940,096</b>	<b>18,964,215</b>

## 27. COST OF SALES

Note **2021** **2020**  
----- (Rupees in '000) -----

### Raw material consumed

Opening stock of raw material

Purchases

Closing stock of raw material

### Manufacturing overheads

Salaries, wages and benefits

Rent, rates and taxes

Electricity, gas and water

Insurance

Security and janitorial

Depreciation and amortisation

Operational supplies and consumables

Repairs and maintenance

Postage, telephone and stationery

Vehicle, travel and conveyance

Internal material handling

Environment controlling expense

Sundries

Partial manufacturing

### Work-in-process

Opening stock

Closing stock

### Cost of goods manufactured

### Finished goods, by-products and scrap:

Opening stock

Closing stock

		4,433,572	5,186,733
		24,666,892	14,688,567
		29,100,464	19,875,300
	9	(4,893,900)	(4,433,572)
		24,206,564	15,441,728
	27.1	1,025,313	867,150
		3,560	370
		421,058	394,169
		10,573	10,413
		36,457	32,805
	4.1.1 & 5.1.2	485,131	493,787
		123,633	79,790
		135,111	106,478
		10,862	9,142
		18,690	17,471
		38,528	31,785
		326	334
		6,456	4,474
		-	5,472
		2,315,698	2,053,640
		26,522,262	17,495,368
		1,648,287	1,516,682
	9	(1,444,729)	(1,648,287)
		203,558	(131,605)
		26,725,820	17,363,763
		2,203,621	2,432,766
	9	(3,962,794)	(2,203,621)
		(1,759,173)	229,145
		24,966,647	17,592,908

**27.1** These include Rs. 13.47 million (2020: Rs. 11.89 million) in respect of contribution to the Provident Fund, Rs. 28.11 million (2020: Rs. 36.76 million) in respect of the Gratuity Fund and Rs. 9.52 million (2020: Rs. 4.15 million) in respect of compensated absences.

28.	SELLING AND DISTRIBUTION EXPENSES	Note	2021	2020
			----- (Rupees in '000) -----	
	Freight and forwarding		1,215,820	542,113
	Salaries, wages and benefits	28.1	181,586	166,209
	Rent, rates and taxes		1,916	1,841
	Electricity, gas and water		1,595	7,183
	Insurance		567	1,027
	Depreciation and amortisation	4.1.1 & 5.1.2	13,864	14,483
	Repairs and maintenance		789	534
	Advertising and sales promotion		52,031	43,709
	Postage, telephone and stationery		4,720	5,523
	Office supplies		42	39
	Vehicle, travel and conveyance		14,120	20,350
	Certification and registration charges		4,089	2,374
	Others		3,101	7,658
			1,494,240	813,043

28.1 These include Rs. 4.87 million (2020: Rs. 4.81 million) in respect of contribution to the Provident Fund, Rs. 4.31 million (2020: Rs. 5.49 million) in respect of the Gratuity Fund and Rs. 0.37 million (2020: Rs. 1.57 million) in respect of compensated absences.

29.	ADMINISTRATIVE EXPENSES	Note	2021	2020
			----- (Rupees in '000) -----	
	Salaries, wages and benefits	29.1	302,937	192,008
	Rent, rates and taxes		86	116
	Electricity, gas and water		2,807	2,255
	Insurance		1,289	1,467
	Depreciation and amortisation	4.1.1 & 5.1.2	12,377	15,802
	Repairs and maintenance		2,371	2,118
	Postage, telephone and stationery		8,127	9,925
	Office supplies		565	537
	Vehicle, travel and conveyance		7,534	11,623
	Legal and professional charges		23,339	33,789
	Certification and registration charges		9,243	10,752
	Others		12,441	18,315
			383,116	298,707

29.1 These include Rs. 6.35 million (2020: Rs. 6.43 million) in respect of contribution to the Provident Fund, Rs. 5.84 million (2020: Rs. 7.20 million) in respect of the Gratuity Fund and Rs. 9.79 million (2020: Rs. 2.24 million) in respect of compensated absences.

30.	FINANCE COST	Note	2021	2020
			----- (Rupees in '000) -----	
	<b>Conventional:</b>			
	- Interest on long-term financing		140,626	131,356
	- Interest on short-term borrowings		390,929	741,331
			531,555	872,687
	<b>Islamic:</b>			
	- Mark-up on long-term financing		32,683	157,302
	- Mark-up on short-term borrowings		172,576	14,240
			205,259	171,542
	Exchange (gain) / loss on borrowings		(7,957)	179,428
	Interest on Workers' Profit Participation Fund	21.4	45	600
	Unwinding of Gas Infrastructure Development Cess		11,684	-
	Bank charges		15,129	14,068
			755,715	1,238,325



<b>31. OTHER OPERATING CHARGES</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Auditors' remuneration	31.1	3,310	3,256
Donations	31.2	53,350	2,350
Workers' Profit Participation Fund		82,376	7,166
Workers' Welfare Fund		41,442	2,302
Business development expense		8,072	15,628
		<b>188,550</b>	<b>30,702</b>
<b>31.1 Auditors' remuneration</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
<b>Audit services</b>			
Audit fee		1,625	1,625
Half-yearly review		466	466
Out-of-pocket expenses		162	162
		<b>2,253</b>	<b>2,253</b>
<b>Non-audit services</b>			
Certifications for regulatory purposes		1,057	1,003
		<b>3,310</b>	<b>3,256</b>
<b>31.2 Donations</b>			
<b>31.2.1</b> Donation to the following organizations exceed 10% of total amount of donations made or Rs. 1 million, whichever is higher:			
	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
SINA Health, Education and Welfare Trust (IIL Clinic)		13,800	-
The Citizen Foundation (IIL Campus)	31.2.2	24,800	-
Amir Sultan Chinoy Foundation		11,000	-
Tasha Trust		1,000	-
Citizens-Police Liaison Committee		1,200	-
Al-Rehmat Benevolent Trust Hospital		1,000	-
Indus Earth Trust		-	1,000
		<b>52,800</b>	<b>1,000</b>
<b>31.2.2</b> Mr. Riyaz T. Chinoy's interest in The Citizen Foundation is limited to the extent of his involvement as a Trustee.			
<b>32. OTHER INCOME</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
<b>Income from financial assets</b>			
Income on bank deposits - conventional		792	1,344
Exchange gain		63,468	86,257
Government grant		30,558	705
<b>Income from non-financial assets</b>			
Loss from power generation	32.1	(4,118)	(4,172)
Rental income from subsidiary company		114,184	47,265
Dividend income from associated company		-	6,092
Dividend income from subsidiary company	32.2	735,166	370,259
Gain on disposal of property, plant and equipment		39,087	72,270
Gain on remeasurement of Gas Infrastructure Development Cess		52,535	-
Insurance claims		8,423	-
Others		14,336	306
		<b>1,054,431</b>	<b>580,326</b>

32.1	Loss from power generation	Note	2021	2020
			----- (Rupees in '000) -----	
	Revenue		121,752	122,785
	Cost of electricity produced:			
	Salaries, wages and benefits	32.1.1	(6,452)	(6,301)
	Electricity, gas and water		(102,122)	(104,450)
	Insurance		(65)	(59)
	Depreciation	4.1.1	(12,705)	(11,814)
	Operational supplies and consumables		(2,275)	(1,908)
	Repairs and maintenance		(2,251)	(2,425)
			(125,870)	(126,957)
	Loss from power generation		(4,118)	(4,172)

**32.1.1** These include Rs. 0.30 million (2020: Rs. 0.28 million) in respect of contribution to provident fund, Rs. 0.12 million (2020: Rs. 0.15 million) in respect of gratuity fund and Rs. 0.12 million (2020: Nil) in respect of compensated absences.

**32.1.2** The Company has 4MW electricity power generation facility at its premises generating electricity in excess of its requirements which is supplied to K-Electric Limited under an agreement.

**32.2** This represents dividend income from International Steels Limited.

33.	INCOME TAX CREDIT / (EXPENSE)	Note	2021	2020
			----- (Rupees in '000) -----	
	Current			
	- for the year		(674,628)	(329,526)
	- for prior years		-	24,000
			(674,628)	(305,526)
	Deferred			
			730,364	41,129
			55,736	(264,397)

33.1	Relationship between income tax expense and accounting profit	2021 (Effective tax rate %)	2020 (Effective tax rate %)	2021 (Rupees in '000)	2020 (Rupees in '000)
	Profit / (loss) before taxation			2,258,826	(429,808)
	Tax at the enacted tax rate	(29%)	29%	(655,060)	124,644
	Tax effect of:				
	Income subject to final tax regime	(4.09%)	(5.06%)	(92,482)	(21,748)
	Income taxed as separate block of income	4.56%	12.35%	102,923	53,091
	Minimum tax and tax loss - note 33.1.1	30.56%	(95.92%)	690,188	(412,281)
	Permanent differences	0.37%	(4.84%)	8,292	(20,791)
	Change in Normal Tax Regime ratio	0.08%	(2.63%)	1,875	(11,312)
	Prior year	0.00%	5.58%	-	24,000
		2.48%	(61.52%)	55,736	(264,397)

**33.1.1** This represents deferred tax asset recognized on minimum tax and tax loss pertaining to prior years. The deferred tax asset is expected to be recovered against future taxable income.

34.	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	Note	<b>2021</b>	<b>2020</b>
			----- (Rupees in '000) -----	
	Profit / (loss) for the year attributable to ordinary shareholders		<b>2,314,562</b>	<b>(694,205)</b>
			(Number)	
	Weighted average number of ordinary shares outstanding during the year	14	<b>131,881,881</b>	<b>131,881,881</b>
			(Rupees)	
	Earnings / (loss) per share - basic and diluted		<b>17.55</b>	<b>(5.26)</b>
34.1	There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2021 and 2020.			
35.	<b>CASH (USED IN) / GENERATED FROM OPERATIONS</b>	Note	<b>2021</b>	<b>2020</b>
			----- (Rupees in '000) -----	
	Profit / (loss) before income tax		<b>2,258,826</b>	<b>(429,808)</b>
	Adjustments for non-cash charges and other items			
	Depreciation of property, plant and equipment	4.1.1	<b>523,675</b>	<b>533,578</b>
	Amortisation of intangible assets	5.1.2	<b>402</b>	<b>2,308</b>
	(Reversal) / charge of loss allowance on trade debts	10.3	<b>(52,567)</b>	<b>664</b>
	Provision for staff retirement benefits	20.2.8	<b>38,385</b>	<b>49,608</b>
	Provision for compensated absences		<b>19,805</b>	<b>(1,799)</b>
	Income on bank deposits	32	<b>(792)</b>	<b>(1,344)</b>
	Gain on disposal of property, plant and equipment	32	<b>(39,087)</b>	<b>(72,270)</b>
	Gain on re-measurement of Gas Infrastructure Development Cess		<b>(52,535)</b>	<b>-</b>
	Unwinding of Gas Infrastructure Development Cess		<b>11,684</b>	<b>-</b>
	Dividend income		<b>(735,166)</b>	<b>(376,351)</b>
	Government grant income		<b>(30,558)</b>	<b>(705)</b>
	Finance cost	30	<b>744,031</b>	<b>1,238,325</b>
			<b>2,686,103</b>	<b>942,206</b>
	Changes in working capital	35.1	<b>(3,623,204)</b>	<b>1,010,991</b>
			<b>(937,101)</b>	<b>1,953,197</b>
35.1	<b>CHANGES IN WORKING CAPITAL</b>	Note	<b>2021</b>	<b>2020</b>
			----- (Rupees in '000) -----	
	(Increase) / decrease in current assets:			
	Stores and spares		<b>(8,574)</b>	<b>2,157</b>
	Stock-in-trade		<b>(3,517,717)</b>	<b>2,451,923</b>
	Trade debts		<b>(1,526,885)</b>	<b>(571,300)</b>
	Advances, trade deposits and prepayments		<b>(55,951)</b>	<b>22,858</b>
	Other receivables		<b>7,032</b>	<b>5,641</b>
	Sales tax receivables		<b>28,944</b>	<b>61,706</b>
			<b>(5,073,151)</b>	<b>1,972,985</b>
	Increase / (decrease) in current liabilities:			
	Trade and other payables		<b>1,463,664</b>	<b>(911,285)</b>
	Contract liabilities		<b>(13,717)</b>	<b>(50,709)</b>
			<b>(3,623,204)</b>	<b>1,010,991</b>

36.	CASH AND CASH EQUIVALENTS	Note	2021	2020
			----- (Rupees in '000) -----	
	Cash and bank balances	13	73,489	299,469
	Running finance under mark-up arrangement from banks	23	(267,156)	(2,019,425)
	Short-term borrowing under Money Market scheme maturing within three months	23	(7,891,489)	(3,900,000)
	Short-term borrowing under running Musharakah maturing within three months	23	(567,846)	(860,032)
			(8,653,002)	(6,479,988)

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

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	-----Rupees in '000)-----					
Managerial remuneration	44,151	36,332	-	-	181,387	155,432
Bonus	14,717	12,111	-	-	60,462	54,469
Variable performance pay	19,605	-	-	-	87,549	-
Retirement benefits	2,482	3,026	-	-	13,736	10,227
Rent, utilities allowance etc.	31,483	18,907	-	-	95,654	83,804
Ex Gratia	49,560	-	-	-	-	-
Directors' fees	-	-	7,500	7,050	-	-
	161,998	70,376	7,500	7,050	438,788	303,932
Number of persons	1	1	9	8	64	51

37.1 The Chief Executive, directors and certain executives are provided with free use of company-maintained vehicles and Chief Executive is provided with security in accordance with the Company's policy.

37.2 Fees paid to 9 (2020: 8) non-executive directors were Rs. 7.5 million (2020: Rs. 7.05 million) on account of meetings attended by them.

37.3 Reimbursement of Chairman's expenses was Rs. 5.3 million (2020: Rs. 5.9 million).

### 38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### Financial risk management

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit Committee oversees how management monitors compliance 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.

### 38.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations without considering the fair value of the collateral available there against.

#### 38.1.1 Exposure to credit risk

The carrying amount of respective financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2021	2020
		----- (Rupees in '000) -----	
Long term deposits		1,653	3,519
Trade debts - net of provision	10	5,138,171	3,558,719
Trade deposits	11	20,583	7,906
Other receivables	12	26,974	34,006
Bank balances	13	73,489	299,469
		5,260,870	3,903,619

The Company does not take into consideration the value of collateral while testing financial assets for impairment. The Company considers the credit worthiness of counterparties as part of its risk management.

#### Long-term deposits

These represent long term deposits with various parties for the purpose of securing supplies of raw materials and services. The Company does not foresee any credit exposure there against as the amounts are paid to counterparties as per agreements and are refundable on termination of the agreements with respective counterparties.

#### Trade debts

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The majority of the customers have been transacting with the Company for several years. The Company establishes an allowance for impairment that represents its estimate of incurred losses.

#### Trade deposits

These represent deposits placed with various suppliers as per the terms of securing availability of services. The management does not expect to incur credit loss there against.



### Other receivables

This mainly includes amount receivable from K-Electric Limited (KE) amounting to Rs. 26.95 million (2020: Rs. 19.01 million) on account of electricity provided to it under an agreement from the 4 MW power plant located at the factory site. The Company does not expect to incur credit loss against these receivables.

Analysis of gross amounts receivable from local and foreign trade debtors and from KE are as follows:

	Note	2021	2020
		----- (Rupees in '000) -----	
Domestic		2,331,162	2,586,325
Export		2,927,827	1,137,831
		<b>5,258,989</b>	<b>3,724,156</b>

The majority of export debtors of the Company are situated in Australia, Americas and Asia.

### 38.1.2 Impairment losses

The ageing of trade debtors and receivable from KE as per above at the reporting date was as follows:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	----- (Rupees in '000) -----			
0 - 30 days	4,871,382	3,688	2,833,286	5,950
31 - 60 days	167,661	393	113,100	582
61 - 90 days	76,842	317	300,541	2,770
91 - 120 days	41,660	460	176,349	2,989
121 - 150 days	7,088	174	134,538	3,648
151 - 180 days	764	90	10,758	590
181 - 210 days	764	241	4,624	464
211 - 240 days	138	84	10,854	1,320
241 - 270 days	-	-	6,576	1,492
271 - 300 days	10,591	6,473	3,664	1,614
301 - 330 days	664	509	3,400	1,991
331 - 360 days	-	-	35,412	31,967
Over 1 year	81,435	81,435	91,054	91,054
	<b>5,258,989</b>	<b>93,864</b>	<b>3,724,156</b>	<b>146,431</b>

Management believes that the unimpaired balances that are past dues are still collectible in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debtors are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

### Bank balances

Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks within which balances are held or credit lines available:

Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Faysal Bank Limited	PACRA	A-1+	AA
Faysal Bank Limited	VIS	A-1+	AA
Bank Al Habib Limited	PACRA	A-1+	AAA
MCB Bank Limited	PACRA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AA+
Allied Bank Limited	PACRA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+
Samba Bank Limited	VIS	A-1	AA
Soneri Bank Limited	PACRA	A-1+	AA-
Industrial & Commercial Bank of China	S&P	-	A
Industrial & Commercial Bank of China	Moody's	P-1*	A-1
BankIslami Pakistan Limited	PACRA	A+	A1
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+

### 38.1.3 Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date.

### 38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash to meet expected working capital requirements by having credit lines available. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

2021						
Contractual cash flows						
Carrying amount	Six months or less	Six to twelve months	Two to five years	More than five years	Total	
----- (Rupees in '000) -----						
Non-derivative financial liabilities						
Long-term financing	2,961,330	(405,228)	(650,864)	(2,159,811)	(164,811)	(3,380,714)
Trade and other payables	2,267,123	(2,267,123)	-	-	-	(2,267,123)
Accrued mark-up	53,506	(53,506)	-	-	-	(53,506)
Short-term borrowings	10,181,491	(10,181,491)	-	-	-	(10,181,491)
Unclaimed dividend	35,889	(35,889)	-	-	-	(35,889)
	15,499,339	(12,943,237)	(650,864)	(2,159,811)	(164,811)	(15,918,723)

2020						
Contractual cash flows						
Carrying amount	Six months or less	Six to twelve months	Two to five years	More than five years	Total	
----- (Rupees in '000) -----						
Non-derivative financial liabilities						
Long-term financing	1,969,530	(245,983)	(282,625)	(1,706,015)	(165,104)	(2,399,727)
Trade and payables	1,181,169	(1,181,169)	-	-	-	(1,181,169)
Accrued mark-up	75,830	(75,830)	-	-	-	(75,830)
Short-term borrowings	9,394,457	(9,394,457)	-	-	-	(9,394,457)
Unpaid dividend	2,438	(2,438)	-	-	-	(2,438)
Unclaimed dividend	39,044	(39,044)	-	-	-	(39,044)
	12,662,468	(10,938,921)	(282,625)	(1,706,015)	(165,104)	(13,092,665)

**38.2.1** The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June. The rates of mark-up have been disclosed in respective notes to these unconsolidated financial statements.

**38.2.2** Long term financing from various banks contains certain loan covenants. A breach of covenant, in future, may require the Company to repay the respective loans earlier than as directed in the above table.

### 38.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is exposed to currency risk and interest rate risk only.

#### 38.3.1 Currency risk

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.

#### Exposure to currency risk

The Company is exposed to currency risk on trade debts, borrowings, accrued mark-up and trade creditors that are denominated in a currency other than the respective functional currency of the Company, primarily U.S. Dollar. The Company's exposure to foreign currency risk is as follows:

	2021					2020		
	Rupees	US Dollars	Australian Dollars	Euro	Canadian Dollars	Rupees	US Dollars	Australian Dollars
	----- (In '000) -----					----- (In '000) -----		
<b>Financial assets</b>								
Bank Balance	69,728	441	-	-	-	295,389	1,758	-
Trade debts	2,927,827	3,540	14,600	-	5,208	1,137,831	1,508	7,674
<b>Financial liabilities</b>								
Trade and other payables	(826,378)	(5,139)	-	(85)	-	(1,278)	(8)	-
<b>Net exposure</b>	<b>2,171,177</b>	<b>(1,158)</b>	<b>14,600</b>	<b>(85)</b>	<b>5,208</b>	<b>1,431,942</b>	<b>3,258</b>	<b>7,674</b>

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	2021	2020
	Buying/Selling	Buying/Selling
US Dollars (USD) to Pakistan Rupee	157.12 / 157.49	167.98 / 168.35
Australian Dollars (AUD) to Pakistan Rupee	118.19 / 118.45	115.26 / 115.50
Euro to Pakistan Rupee	187.04 / 187.45	188.43 / 188.84
Canadian Dollars (CAD) to Pakistan Rupee	126.84 / 127.12	122.82 / 123.06

### Sensitivity analysis

A 10 percent strengthening / weakening of the Pak Rupee against the US Dollar, Australian Dollar, Euro and Canadian Dollar at June 30 would have decreased / increased the equity / profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for both the years. However, current year amount is net of corporate tax while there is no impact of corporate tax on prior year as income of the Company was subject to minimum tax.

	Effect on statement of profit or loss account	
	2021	2020
	----- (Rupees in '000) -----	
<b>As at 30 June</b>		
Effect in USD	12,139	50,897
Effect in AUD	113,940	82,259
Effect in Euro	1,052	-
Effect in CAD	43,618	-

### 38.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from short and long term borrowings from banks.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instrument is:

	Note	Carrying amount	
		2021	2020
		----- (Rupees in '000) -----	
<b>Fixed rate instruments</b>			
Financial liabilities	17 & 23	2,516,330	2,102,712
<b>Variable rate instruments</b>			
Financial liabilities	17 & 23	10,626,491	9,261,275

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased equity and the profit after tax by Rs. 68.01 million (2020: loss after tax by Rs. 113.82 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for both the years. However, current year amount is net of corporate tax while there is no impact of corporate tax on prior year as income of the Company was subject to minimum tax.

### Fair value sensitivity analysis for fixed rate instruments

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

## 38.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2021			
	Short term borrowings	Long-term financing	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at July 1, 2020	9,462,326	1,977,491	2,554,370	13,994,187
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(434,087)	-	(434,087)
Proceeds from long-term loan	-	1,458,844	-	1,458,844
Dividend paid	-	-	(467,180)	(467,180)
<b>Total changes from financing activities</b>	-	1,024,757	(467,180)	557,577
<i>Other changes</i>				
Interest expense	563,505	173,309	-	736,814
Interest paid	(585,084)	(143,496)	-	(728,580)
Deferred government grant recognised	-	(63,515)	-	(63,515)
Changes in short-term borrowings	787,034	-	-	787,034
<b>Total loan related other changes</b>	765,455	(33,702)	-	731,753
<b>Equity related other changes</b>	-	-	2,331,979	2,331,979
<b>Balance as at June 30, 2021</b>	<b>10,227,781</b>	<b>2,968,546</b>	<b>4,419,169</b>	<b>17,615,496</b>

	2020			
	Short term borrowings	Long-term financing	Unappropriated profit	Total
	(Rupees in '000)			
Balance as at July 1, 2019	9,562,506	1,999,177	3,599,089	15,160,772
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(136,364)	-	(136,364)
Proceeds from long-term loan	-	131,415	-	131,415
Dividend paid	-	-	(359,049)	(359,049)
<b>Total changes from financing activities</b>	-	(4,949)	(359,049)	(363,998)
<i>Other changes</i>				
Interest expense	1,033,356	204,969	-	1,238,325
Interest paid	(1,102,863)	(202,393)	-	(1,305,256)
Deferred government grant recognised	-	(19,313)	-	(19,313)
Changes in short-term borrowings	(30,673)	-	-	(30,673)
<b>Total loan related other changes</b>	(100,180)	(16,737)	-	(116,917)
<b>Equity related other changes</b>	-	-	(685,670)	(685,670)
<b>Balance as at June 30, 2020</b>	<b>9,462,326</b>	<b>1,977,491</b>	<b>2,554,370</b>	<b>13,994,187</b>

## 38.5 Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has no exposure to price risk as its investments are measured at cost.



### 38.6 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the statement of financial position approximate their fair values.

### 38.7 Financial instruments by categories

Note **2021** **2020**  
----- (Rupees in '000) -----

#### Financial assets

Held at amortised cost

- Long-term deposits		1,653	3,519
- Trade debts - net of provision	10	5,138,171	3,558,719
- Trade deposits	11	20,583	7,906
- Other receivables	12	26,974	34,006
- Cash and bank balances	13	73,489	299,469
		<b>5,260,870</b>	<b>3,903,619</b>

#### Financial liabilities

Held at amortised cost

- Long-term financing	17	2,961,330	1,969,530
- Trade and other payables	21	2,267,123	1,181,169
- Accrued mark-up		53,506	75,830
- Short-term borrowings	23	10,181,491	9,394,457
- Unpaid dividend		-	2,438
- Unclaimed dividend		35,889	39,044
		<b>15,499,339</b>	<b>12,662,468</b>

## 39. CAPITAL MANAGEMENT

The objective of the Company when managing capital is to safeguard its 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 intends to manage its capital structure by monitoring return on capital, as well as the level of dividends to ordinary shareholders.

## 40. MEASUREMENT OF FAIR VALUES

The management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2021, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Company measures the Land and Buildings at fair value and all of the resulting fair value estimates in relation to Land and Buildings of the Company are included in Level 3.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the unconsolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The following table provides the valuation approach, inputs used and inter-relationship between significant unobservable inputs and fair value measurement of the Company's Land and Buildings measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment			
- Land and building	June 30, 2019	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	Fair values are subject to change owing to changes in input. However, management does not expect material sensitivity to the fair values arising from the non-observable inputs.

The management assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade receivables, short term borrowings, trade and other payables, accrued mark-up, and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit and long term financing, management consider that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates. Fair values of investment in quoted subsidiary and associate are disclosed in note 6 to these unconsolidated financial statements.

#### 41. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the subsidiary companies, associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract/ arrangement/agreement. The contribution to defined contribution plan (Provident Fund) are made as per the terms of employment and contribution to the defined benefit plan (Gratuity Fund) are made on the basis of latest actuarial advice. Remuneration of key management personnel are in accordance with their terms of engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

#### 41.1 Transactions with related parties

**2021**      **2020**  
----- (Rupees in '000) -----

##### Subsidiaries

Sales	3,431,516	1,295,844
Sales of fixed assets	56,742	-
Purchases	1,032	1,572,505
Investments in subsidiary company	77,273	17,966
Partial manufacturing - purchases (inclusive of sales tax)	-	6,431
Cost of shared resources	73,017	65,178
Rental income	114,184	47,265
Dividend received	735,167	370,259
Reimbursement of expenses incurred on behalf of the Company	13,168	35,106

##### Associated companies

Sales	172,149	56,476
Purchases	4,427	10,459
Purchase of vehicles	20,969	2,530
Insurance premium	36,575	2,979
Insurance claim	35,952	623
Bonus shares issued	-	576
Dividend paid	5,193	1,728
Dividend received	-	6,092
Registration and training	21	273
Subscription	2,213	2,177
Reimbursement of expenses	630	669
Donation	24,800	-

##### Key management personnel

Remuneration	364,303	276,273
--------------	---------	---------

##### Non-executive directors

Directors' fee	7,500	7,050
----------------	-------	-------

##### Reimbursement of Chairman's expenses

	5,286	5,903
--	-------	-------

##### Staff retirement funds

Contributions paid	132,580	66,620
--------------------	---------	--------

41.2 The following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year.

Name of the Related Party	Relationship and percentage of Shareholding
International Steels Limited	Subsidiary company - 56.33% (2020:56.33%) shareholding
IL Australia Pty Limited	Wholly owned subsidiary company
IL Americas Inc.	Wholly owned subsidiary company
IL Construction Solutions (Private) Limited	Wholly owned subsidiary company
Pakistan Cables Limited	Associated company - 17.12% (2020:17.12%) shareholding
Jubilee General Insurance Company Limited	Associated company by virtue of common directorship
Jubilee Life Insurance Company Limited	Associated company by virtue of common directorship
Pakistan Institute of Corporate Governance	Associated company by virtue of common directorship
The Citizen Foundation	Associated company by virtue of common directorship
ICI Pakistan Limited	Associated company by virtue of common directorship
The Pakistan Business Council	Associated company by virtue of common directorship
Management Association of Pakistan	Associated company by virtue of common directorship
Indus Motor Company Limited	Associated company by virtue of common directorship

41.3 Outstanding balances with related parties have been separately disclosed in trade debts, prepayments and trade and other payables. These are settled in ordinary course of business.

## 42. ANNUAL PRODUCTION CAPACITY

Name-plate production capacity at the year end was as follows:

	2021	2020
	----- Metric Tones -----	
Steel pipe	585,000	585,000
Galvanizing	120,000	120,000
Cold rolled steel strip	50,000	50,000
Polymer pipes and fittings	32,000	30,000
Stainless steel pipe	2,600	2,400

The actual production for the year was:

Steel pipe	169,545	116,660
Galvanizing	75,111	50,167
Polymer pipes and fittings	11,787	10,361
Stainless steel pipe	1,510	981

Actual production during the year was sufficient to meet market demand.

The name-plate capacities of the plants are determined based on a certain product mix. The actual production mix was different.

## 43. SEGMENT REPORTING

Performance is measured based on respective segment results. Information regarding the Company's reportable segments specified in note 3.15 is presented below.

### 43.1 Segment revenue and results

For the year ended June 30, 2021

	Steel segment	Polymer segment	Investments segment	Total
	----- (Rupees in '000) -----			
Revenue from contracts with customers				
Local	19,724,054	3,359,637	-	23,083,691
Exports	5,852,488	3,917	-	5,856,405
	25,576,542	3,363,554	-	28,940,096
Cost of sales	(22,135,307)	(2,831,340)	-	(24,966,647)
Gross profit	3,441,235	532,214	-	3,973,449
Selling and distribution expenses	(1,410,261)	(83,979)	-	(1,494,240)
Administrative expenses	(358,619)	(24,497)	-	(383,116)
Reversal / (charge) of loss allowance on trade debts	52,191	376	-	52,567
	(1,716,689)	(108,100)	-	(1,824,789)
Finance cost	(667,882)	(87,833)	-	(755,715)
Other operating charges	(165,485)	(23,065)	-	(188,550)
	(833,367)	(110,898)	-	(944,265)
Other income	319,265	-	735,166	1,054,431
<b>Profit before taxation</b>	<b>1,210,444</b>	<b>313,216</b>	<b>735,166</b>	<b>2,258,826</b>
Taxation				55,736
				<b>2,314,562</b>

	Steel segment	Polymer segment	Investments segment	Total
----- (Rupees in '000) -----				
<b>For the year ended June 30, 2020</b>				
Revenue from contracts with customers				
Local	13,609,611	2,477,246	-	16,086,857
Exports	2,869,357	8,001	-	2,877,358
	16,478,968	2,485,247	-	18,964,215
Cost of sales	(15,453,725)	(2,139,183)	-	(17,592,908)
Gross profit	1,025,243	346,064	-	1,371,307
Selling and distribution expenses	(740,030)	(73,013)	-	(813,043)
Administrative expenses	(278,752)	(19,955)	-	(298,707)
Reversal / (charge) of loss allowance on trade debts	(14,851)	14,187	-	(664)
	(1,033,633)	(78,781)	-	(1,112,414)
Finance cost	(1,114,537)	(123,788)	-	(1,238,325)
Other operating charges	(20,489)	(10,213)	-	(30,702)
	(1,135,026)	(134,001)	-	(1,269,027)
Other income	203,975	-	376,351	580,326
<b>(Loss) / profit before taxation</b>	<b>(939,441)</b>	<b>133,282</b>	<b>376,351</b>	<b>(429,808)</b>
Taxation				(264,397)
				(694,205)

#### 43.2 Segment assets and liabilities

	Steel segment	Polymer segment	Investment segment	Total
----- (Rupees in '000) -----				
<b>As at June 30, 2021</b>				
Segment assets	22,387,009	1,778,101	3,372,515	27,537,625
Segment liabilities	13,621,522	819,573	-	14,441,095
<b>As at June 30, 2020</b>				
Segment assets	16,753,164	1,904,264	3,295,242	21,952,670
Segment liabilities	10,396,496	1,114,031	-	11,510,527

Reconciliation of segment assets and liabilities with total assets and liabilities in the statement of financial position is as follows:

	2021	2020
----- (Rupees in '000) -----		
Total for reportable segments assets	27,537,625	21,952,670
Unallocated assets	1,253,835	1,186,846
Total assets as per statement of financial position	28,791,460	23,139,516
Total for reportable segments liabilities	14,441,095	11,510,527
Unallocated liabilities	2,851,842	2,683,460
Total liabilities as per statement of financial position	17,292,937	14,193,987



- 43.3** Segment revenues reported above are revenues generated from external customers. There were no inter-segment sales during the year.
- 43.4** Segment assets reported above comprise of property, plant and equipment, stock-in-trade and trade debts. Segment assets and liabilities are measured in the same way as in the unconsolidated financial statements. These assets are identified based on the operations of the segment and remaining assets and liabilities are presented as unallocated assets and liabilities.
- 43.5** Additions to non-current assets in relation to steel, polymer and investments segments amounts to Rs. 148.3 million (2020: 162.9 million), Rs. 50.3 million (2020: 55.24 million) and Rs. 77.3 million (2020: Rs. 17.9 million) respectively.

**43.6 Information about major customers**

Revenue from major customers individually accounting for more than 10% of the segment revenue for Polymer segment and Steel segment was Rs. 976 million (2020: Rs. 1,159 million) and Nil (2020: Nil) respectively.

**43.7 Geographical information**

The Company's net revenue from external customers by geographical location is disclosed in note 26.1.

Management considers that revenue from its ordinary activities is Shariah Compliant.

As at June 30, 2021, all non-current assets of the Company are located in Pakistan with an exception of its investments in IIL Australia Pty Limited which is domiciled in Victoria, Australia and IIL Americas Inc. which is domiciled in Ontario, Canada.

**44. NUMBER OF EMPLOYEES**

The detail of number of employees are as follows:

Total employees of the Company at the year-end  
Average employees of the Company during the year

	2021	2020
(Number)		
	959	992
	954	1,031

**45. NON-ADJUSTING EVENTS AFTER REPORTING DATE**

The Board of Directors of the Company in their meeting held on August 26, 2021 has proposed a final cash dividend of Rs. 6.50 (2020: Nil) per share amounting to Rs. 857.23 million (2020: Nil) for the year ended June 30, 2021. The approval of the members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on September 30, 2021. The unconsolidated financial statements for the year ended June 30, 2021 do not include the effect of the proposed final cash dividend which will be accounted for in the year ending June 30, 2022.

**46. CORRESPONDING FIGURES**

Comparative information has been reclassified or re-arranged in these unconsolidated financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current year, having insignificant impact.

**47. DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated financial statements were authorised for issue on August 26, 2021 by the Board of Directors of the Company.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

6	8	3	5	0	3	1	5	4
4	0	1	8	3	6	9	7	1
2	4	6	6	3	6	1	6	7
5	1	7	4	8	3	7	0	3
5	4	7	0	6	0	2	5	1
9	4	4	6	3	2	4	4	4
7	1	3	7	8	0	0	0	7
9	6	3	5	9	3	8	5	2
6	0	8	9	2	1	6	8	3
4	0	5	8	6	0	1	2	4
8	3	4	7	5	1	3	3	0
8	1	0	0	8	9	7	7	4
4	0	2	3	5	6	1	8	8
0	3	5	0	1	9	1	8	5





# CONSOLIDATED FINANCIAL HIGHLIGHTS



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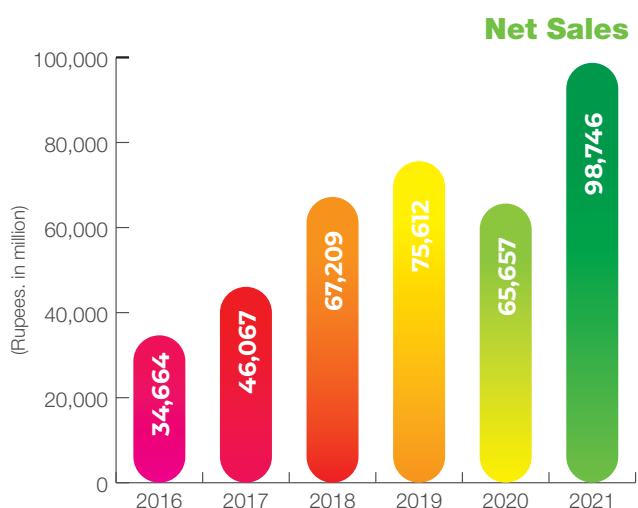
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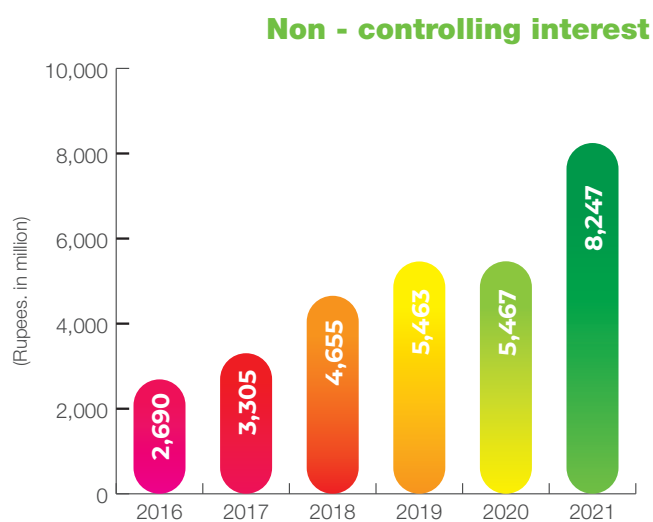
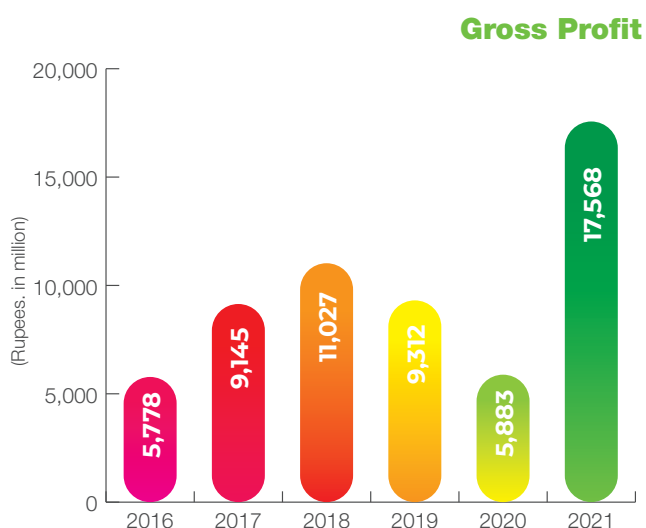
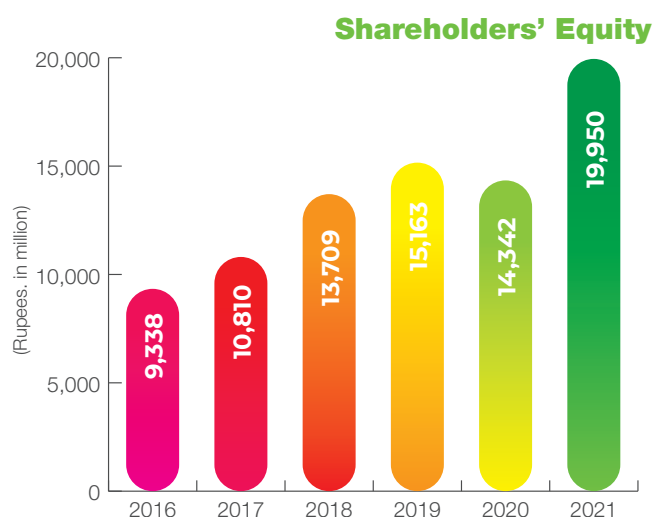
# CONSOLIDATED FINANCIAL HIGHLIGHTS

	2021	2020	%
	-----Rs. in million -----		
Net Sales	98,746	65,657	50.4%
Gross Profit	17,568	5,883	198.6%
Property, Plant & Equipment	26,706	27,720	(3.7%)
Shareholders' Equity	19,950	14,342	39.1%
Non - controlling interest	8,247	5,467	50.9%

## BUSINESS GROWTH



## SHAREHOLDER VALUE ACCRETION



# ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statement of Financial Position

	2021	2020	2019	2018	2017	2016
	Rs. in million					
Property, plant and equipment	26,706	27,720	27,224	24,032	18,814	17,565
Investments	1,132	1,095	1,015	1,004	300	270
Other non-current assets	14	21	10	74	71	60
Current assets	40,179	35,138	34,440	30,391	23,368	14,677
Total assets	68,032	63,973	62,688	55,501	42,553	32,571
Shareholders' equity	19,950	14,342	15,163	13,709	10,810	9,338
Non-controlling interest	8,247	5,467	5,463	4,655	3,305	2,690
Non-current liabilities	8,614	8,520	10,779	10,833	6,608	6,221
Current portion of long-term financing	2,351	1,898	1,201	1,383	1,307	857
Short-term borrowings	16,978	20,915	19,616	16,772	10,939	6,767
Other current liabilities	11,891	12,831	10,466	8,149	9,583	6,697
Total equity and liabilities	68,032	63,973	62,688	55,501	42,553	32,571

### Vertical Analysis

	Percentage					
Property, plant and equipment	39.3	43.3	43.4	43.3	44.2	53.9
Investments	1.7	1.7	1.6	1.8	0.7	0.8
Other non-current assets	0.0	0.0	0.0	0.1	0.2	0.2
Current assets	59.1	54.9	54.9	54.8	54.9	45.1
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
Shareholders' equity	29.3	22.4	24.2	24.7	25.4	28.7
Non-controlling interest	12.1	8.5	8.7	8.4	7.8	8.3
Non-current liabilities	12.7	13.3	17.2	19.5	15.5	19.1
Current portion of long-term financing	3.5	3.0	1.9	2.5	3.1	2.6
Short-term borrowings	25.0	32.7	31.3	30.2	25.7	20.8
Other current liabilities	17.5	20.1	16.7	14.7	22.5	20.6
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0

### Horizontal Analysis

	Percentage					
Property, plant and equipment	(3.7)	1.8	13.3	27.7	7.1	9.4
Investments	3.4	7.9	1.1	235.3	10.9	3.9
Other non-current assets	(32.2)	113.3	(86.9)	4.0	19.7	176.9
Current assets	14.3	2.0	13.3	30.1	59.2	8.4
Total assets	6.3	2.0	13.0	30.4	30.6	9.0
Shareholders' equity	39.1	(5.4)	10.6	26.8	15.8	28.0
Non-controlling interest	50.9	0.1	17.3	40.8	22.9	24.0
Non-current liabilities	1.1	(21.0)	(0.5)	63.9	6.2	(5.7)
Current portion of long-term financing	23.8	58.1	(13.1)	5.8	52.4	(14.3)
Short-term borrowings	(18.8)	6.6	17.0	53.3	61.6	(22.9)
Other current liabilities	(7.3)	22.6	28.4	(15.0)	43.1	66.0
Total equity and liabilities	6.3	2.0	13.0	30.4	30.6	9.0



# ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statement of Profit or Loss

	2021	2020	2019	2018	2017	2016
	----- Rs. in million -----					
Net sales	98,746	65,657	75,612	67,209	46,067	34,664
Cost of sales	(81,178)	(59,773)	(66,300)	(56,183)	(36,922)	(28,886)
Gross profit	17,568	5,883	9,312	11,027	9,145	5,778
Administrative, selling and distribution expenses	(3,273)	(2,281)	(2,464)	(2,394)	(1,997)	(1,801)
Other operating charges	(1,466)	(366)	(632)	(834)	(605)	(381)
Share of profit in equity accounted investee	34	(7)	50	35	36	18
Other operating income	493	208	618	338	176	204
Operating profit before financing cost	13,355	3,439	6,884	8,172	6,755	3,818
Financing cost	(1,567)	(3,547)	(2,214)	(981)	(680)	(1,069)
Profit/(loss) before taxation	11,788	(109)	4,670	7,191	6,076	2,750
Taxation	(3,071)	(211)	(1,381)	(1,922)	(2,011)	(795)
Profit/(loss) after taxation	8,717	(320)	3,289	5,268	4,065	1,955

### Vertical Analysis

	Percentage					
Net sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(82.2)	(91.0)	(87.7)	(83.6)	(80.1)	(83.3)
Gross profit	17.8	9.0	12.3	16.4	19.9	16.7
Administrative, selling and distribution expenses	(3.3)	(3.5)	(3.3)	(3.6)	(4.3)	(5.2)
Other operating charges	(1.5)	(0.6)	(0.8)	(1.2)	(1.3)	(1.1)
Share of profit in equity accounted investee	0.0	(0.0)	0.1	0.1	0.1	0.1
Other operating income	0.5	0.3	0.8	0.5	0.4	0.6
Operating profit before financing cost	13.5	5.2	9.1	12.2	14.7	11.0
Financing cost	(1.6)	(5.4)	(2.9)	(1.5)	(1.5)	(3.1)
Profit/(loss) before taxation	11.9	(0.2)	6.2	10.7	13.2	7.9
Taxation	(3.1)	(0.3)	(1.8)	(2.9)	(4.4)	(2.3)
Profit/(loss) after taxation	8.8	(0.5)	4.3	7.8	8.8	5.6

### Horizontal Analysis

	Percentage					
Net sales	50.4	(13.2)	12.5	45.9	32.9	(3.6)
Cost of sales	35.8	(9.8)	18.0	52.2	27.8	(9.7)
Gross profit	198.6	(36.8)	(15.5)	20.6	58.3	46.1
Administrative, selling and distribution expenses	43.5	(7.4)	2.9	19.9	10.9	7.2
Other operating charges	300.8	(42.1)	(24.2)	37.9	58.8	278.1
Share of profit in equity accounted investee	624.2	(113.0)	41.7	(1.5)	100.8	(10.5)
Other operating income	136.4	(66.3)	82.8	91.7	(13.5)	(17.0)
Operating profit before financing cost	288.4	(50.0)	(15.8)	21.0	76.9	56.4
Financing cost	(55.8)	60.3	125.7	44.3	(36.4)	(29.5)
Profit/(loss) before taxation	10,924.7	(102.3)	(35.1)	18.4	121.0	197.2
Taxation	1,352.1	(84.7)	(28.2)	(4.4)	152.9	232.4
Profit/(loss) after taxation	2,821.0	(109.7)	(37.6)	29.6	108.0	184.9

# ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statement of Cash Flows

Net cash generated from/(used in) operating activities  
Net cash inflows/(outflows) from investing activities  
Net cash inflows/(outflows) from financing activities  
Net increase/(decrease) in cash and cash equivalents

2021	2020	2019	2018	2017	2016
Rs. in million					
5,966	2,331	3,712	(1,032)	(496)	4,819
(681)	(2,358)	(3,486)	(6,991)	(2,356)	(1,339)
(1,130)	(3,479)	(475)	(179)	3,436	(6,734)
4,155	(3,506)	(250)	(8,202)	584	(3,255)

### Vertical Analysis

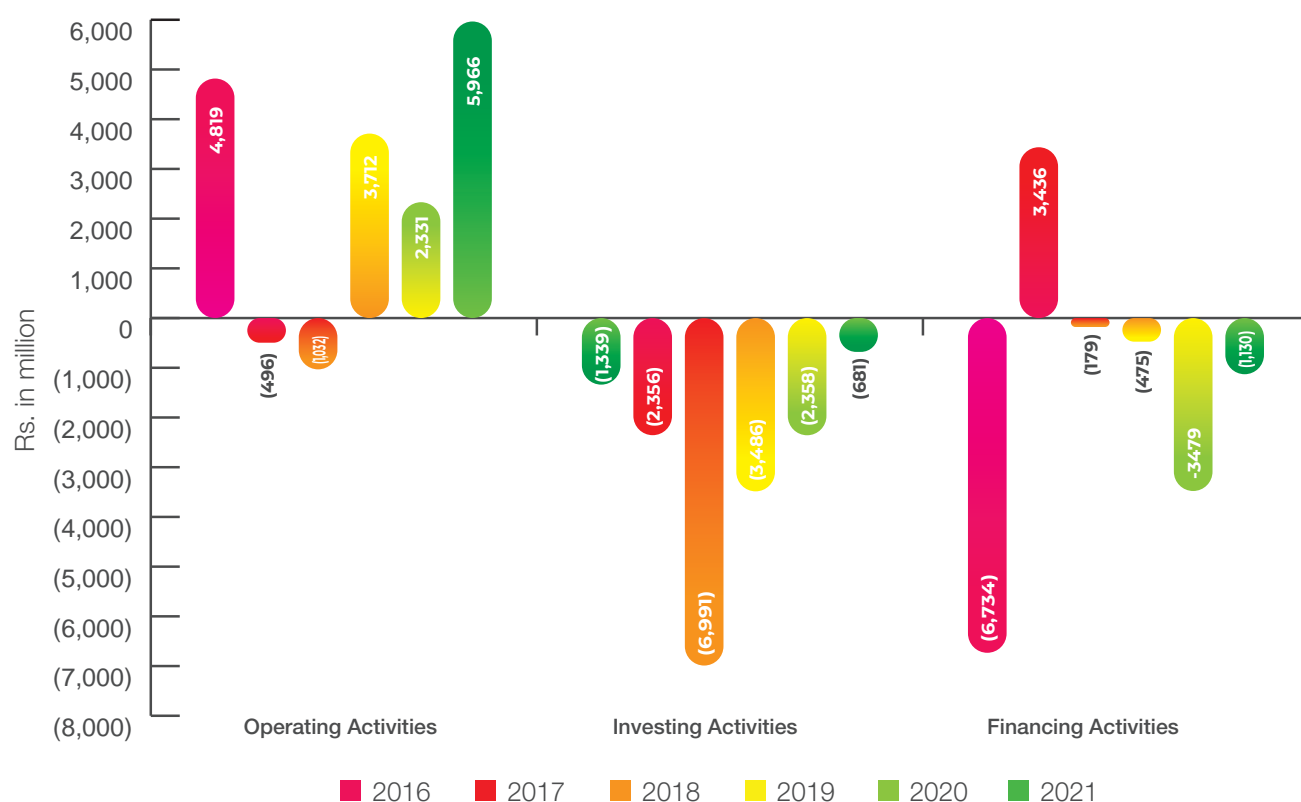
Net cash generated from/(used in) operating activities  
Net cash inflows/(outflows) from investing activities  
Net cash inflows/(outflows) from financing activities  
Net increase/(decrease) in cash and cash equivalents

Percentage					
(143.6)	66.5	1,486.6	(12.6)	(84.9)	148.0
16.4	(67.2)	(1,396.4)	(85.2)	(403.3)	(41.1)
27.2	(99.2)	(190.2)	(2.2)	588.2	(206.9)
(100)	(100)	(100)	(100)	100.0	(100.0)

### Horizontal Analysis

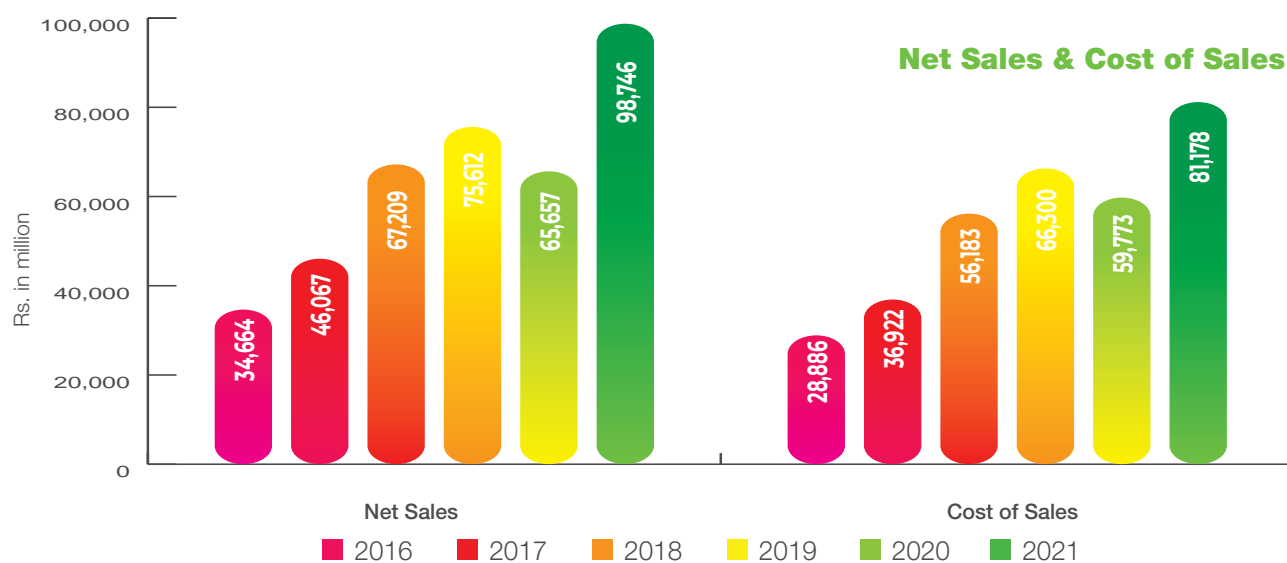
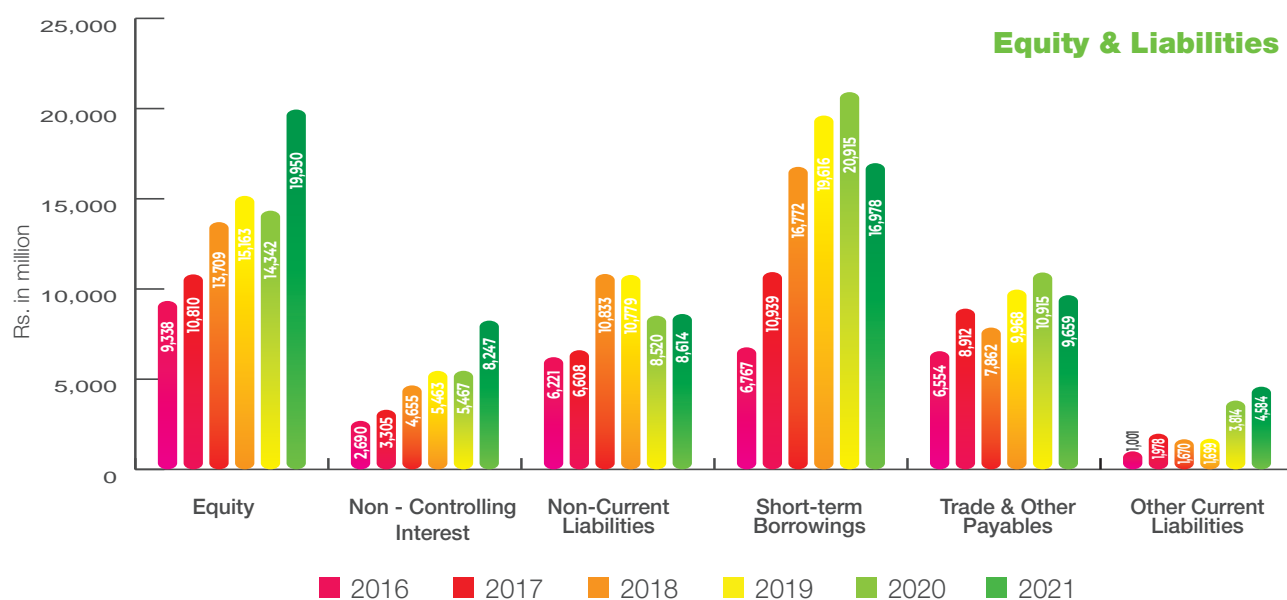
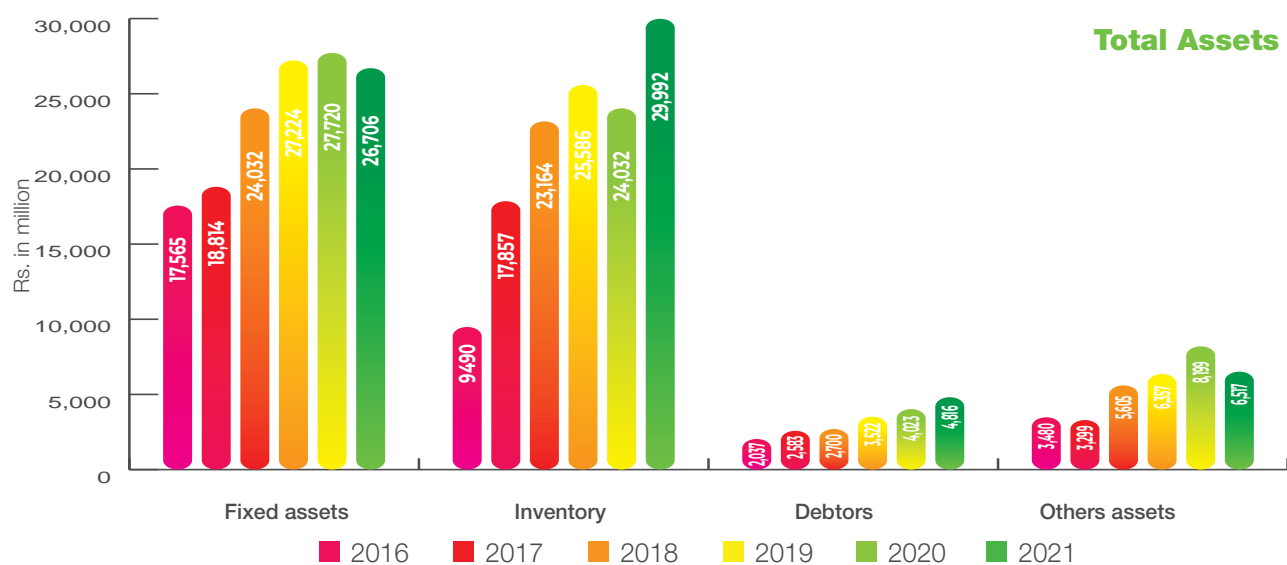
Net cash generated from/(used in) operating activities  
Net cash inflows/(outflows) from investing activities  
Net cash inflows/(outflows) from financing activities  
Net increase/(decrease) in cash and cash equivalents

Percentage					
156.0	(37.2)	(459.6)	108.2	(110.3)	32.0
(71.1)	(32.4)	(50.1)	196.7	75.9	(61.8)
(67.5)	632.6	165.0	(105.2)	(151.0)	(630.8)
(218.5)	1,304.4	(97.0)	(1,503.8)	(118.0)	(330.2)



# GRAPHICAL PRESENTATION OF

Consolidated Statement of Financial Position and Profit or Loss Account



# CONSOLIDATED KEY FINANCIAL INDICATORS

## Profitability Ratios

Gross profit ratio
Net profit to sales
EBITDA margin to sales
Cost to income ratio
Operating leverage
Return on equity with surplus on revaluation of fixed assets
Return on equity without surplus on revaluation of fixed assets
Return on capital employed
Return on total assets
Shareholders' funds ratio

	2021	2020	2019	2018	2017	2016
%	17.8	9.0	12.3	16.4	19.9	16.7
%	8.8	(0.5)	4.3	7.8	8.8	5.6
%	15.6	8.2	11.1	14.0	17.2	13.9
Times	0.7	2.3	1.2	0.8	0.9	1.4
%	3.7	2.8	(0.8)	0.4	2.0	(13.6)
%	30.9	(1.6)	15.9	28.7	28.8	16.2
%	36.4	(2.0)	19.3	35.1	38.0	22.9
%	25.6	(1.2)	11.5	19.4	21.5	11.4
%	12.8	(0.5)	5.2	9.5	9.6	6.0
%	41.4	31.0	32.9	33.1	33.2	36.9

## Liquidity Ratios

Current ratio
Quick / acid test ratio
Cash to current liabilities
Cash flow from operations to sales

Times	1.29	0.99	1.10	1.16	1.07	1.02
Times	0.30	0.29	0.26	0.25	0.22	0.32
Times	(0.34)	(0.42)	(0.36)	(0.42)	(0.13)	(0.24)
Times	0.06	0.04	0.05	(0.02)	(0.01)	0.14

## Activity / Turnover Ratios

Inventory turnover ratio
Inventory turnover in days
Debtor turnover ratio
Debtor turnover in days
Creditor turnover ratio
Creditor turnover in days
Total assets turnover ratio
Fixed assets turnover ratio
Operating cycle in days
Capital employed turnover ratio

Times	3.0	2.4	2.7	2.7	2.7	3.3
Days	121	151	134	133	135	112
Times	26.1	20.4	28.7	29.8	22.5	16.7
Days	14	18	13	12	16	22
Times	17.8	12.7	20.7	14.8	8.3	8.0
Days	21	29	18	25	44	46
Times	1.5	1.0	1.2	1.2	1.1	1.1
Times	3.7	2.4	2.8	2.8	2.4	2.0
Days	115	141	129	121	108	88
Times	2.9	2.5	2.6	2.5	2.4	2.0

## Investment / Market Ratios

Earnings per share - basic and diluted
Price earning ratio
Dividend yield ratio
Dividend payout ratio
Dividend per share - cash
Bonus shares
Dividend cover
Market value per share at the end of the year
Market value per share high during the year
Market value per share low during the year
Break-up value per share with revaluation of fixed assets
Break-up value per share without revaluation of fixed assets
Price to book ratio

Rs.	41.38	(4.60)	18.26	28.75	22.91	11.99
Times	5.10	(19.93)	4.22	8.07	16.09	5.88
%	4.74	-	8.43	3.66	2.44	6.38
%	24.17	-	30.12	29.56	39.29	37.53
Rs.	10.00	0.00	5.50	8.50	9.00	4.50
Rs.	-	-	1	-	-	-
(x)	4.14	-	3.32	3.38	2.55	2.66
Rs.	211.02	92	77.07	231.98	368.57	70.55
Rs.	242.50	121	247.97	377.00	405.99	93.90
Rs.	92.10	64	71.25	203.00	85.80	60.00
Rs.	119	81	96	86	62	49
Rs.	151	109	126	114	90	78
Times	0.41	0.19	0.15	0.50	1.04	0.26

## Capital Structure Ratios

Financial leverage ratio
Net assets per share
Total debt : equity ratio
Interest cover

(x)	1.4	2.2	2.0	2.0	2.0	1.7
Rs.	214	150	172	153	118	100
(x)	59 : 41	69 : 31	67 : 33	67 : 33	67 : 33	63 : 37
(x)	9.1	1.0	3.1	8.8	10.5	3.7

## Value Addition

Employees as remuneration
Government as taxes
Shareholders as dividends
Retained within the business
Financial charges to providers of finance

Rs. M	2,605	2,109	2,192	2,163	1,759	1,622
Rs. M	21,205	14,824	18,497	16,789	10,574	7,518
Rs. M	1,319	0	659	1,019	1,079	540
Rs. M	7,399	(320)	2,510	4,249	2,986	1,415
Rs. M	1,567	3,547	2,214	981	680	1,069

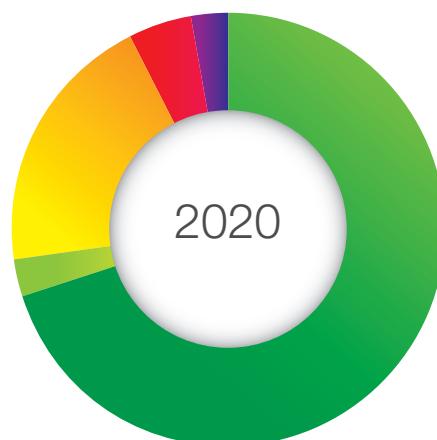
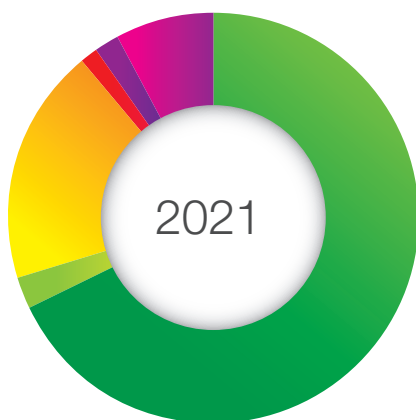
## Employee Productivity / others

Production per employee
Revenue per employee
Spares inventory as % of assets cost
Maintenance cost as % of operating expenses

Tons	601	466	625	613	619	528
Rs M	60	38	42	38	29	22
%	1.3%	1.4%	1.3%	1.1%	1.4%	1.8%
%	2.9%	2.5%	3.1%	3.4%	3.4%	3.7%

# CONSOLIDATED STATEMENT OF VALUE ADDITION

	2021		2020	
	Rupees in '000	%	Rupees in '000	%
<b>Wealth Generated</b>				
Sales including sales tax	113,011,610	99.6%	75,003,319	99.7%
Other operating income	492,806	0.4%	208,429	0.3%
	<b>113,504,416</b>	<b>100%</b>	<b>75,211,748</b>	<b>100%</b>
<b>Wealth Distributed</b>				
Cost of material & services	77,197,957	68.0%	52,775,025	70.2%
<b>To Employees</b>				
Salaries & other related cost	2,605,401	2%	2,108,648	3%
<b>To Government</b>				
Taxes & Duties	20,300,143	17.9%	14,815,084	19.7%
Workers' Profit Participation Fund	636,149	0.6%	29,230	0.0%
Workers' Welfare Fund	268,523	0.2%	(20,645)	0.0%
	<b>21,204,815</b>	<b>18.7%</b>	<b>14,823,669</b>	<b>19.7%</b>
<b>To Providers of Capital</b>				
Dividend to shareholders	-	0.0%	-	0.0%
Finance cost	1,566,622	1.4%	3,547,458	4.7%
	<b>1,566,622</b>	<b>1.4%</b>	<b>3,547,458</b>	<b>4.7%</b>
<b>To Society</b>				
Donations	158,510	0.1%	21,550	0.0%
<b>Retained in Business</b>				
For replacement of fixed assets	2,053,705	1.8%	1,935,398	2.6%
Depreciation & amortisation	8,717,406	7.7%	-	0.0%
To provide for growth: retained profit	10,771,111	9.5%	1,935,398	2.6%
	<b>113,504,416</b>	<b>100%</b>	<b>75,211,748</b>	<b>100%</b>



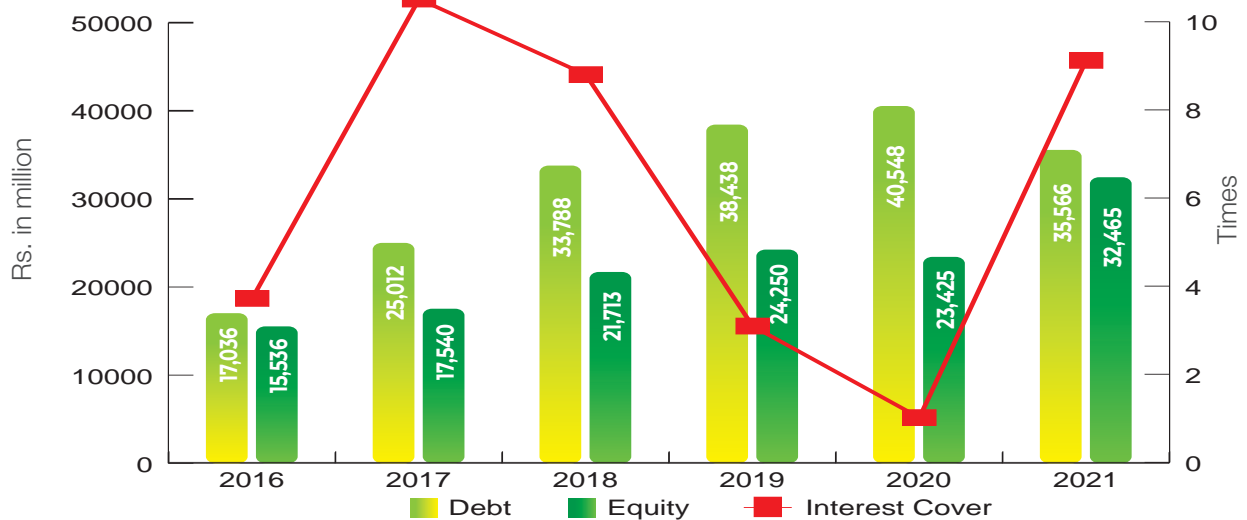
- Cost of material & services
- To employees
- To government
- To providers of capital
- To society
- Depreciation & amortisation
- Retained profit

2021	2020
68.0%	70.2%
2.0%	3.0%
18.7%	19.7%
1.4%	4.7%
0.1%	0.0%
1.8%	2.6%
9.5%	2.6%

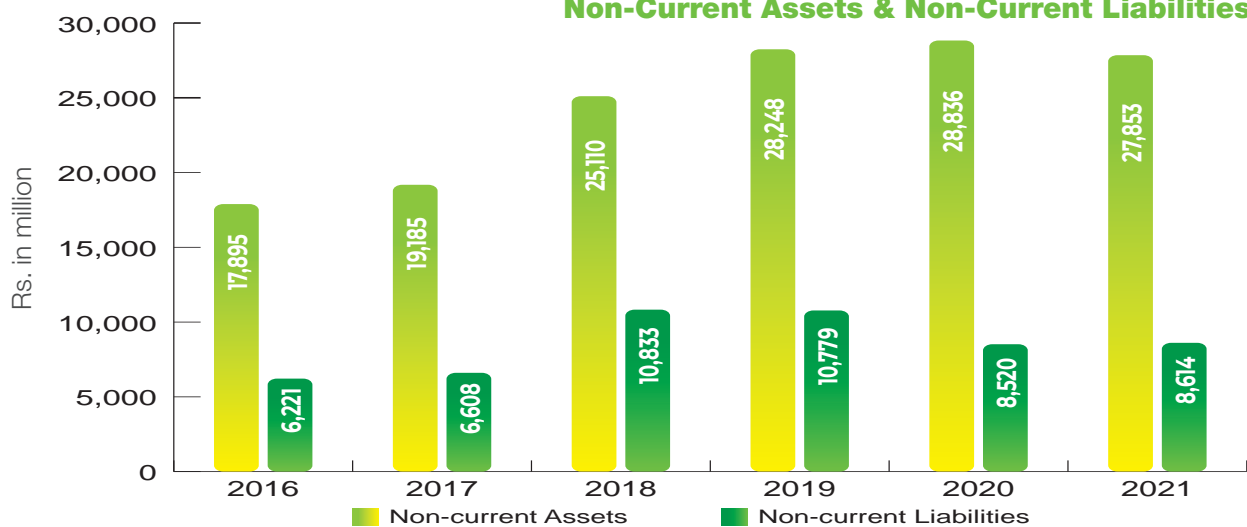


# CONSOLIDATED PERFORMANCE AT A GLANCE

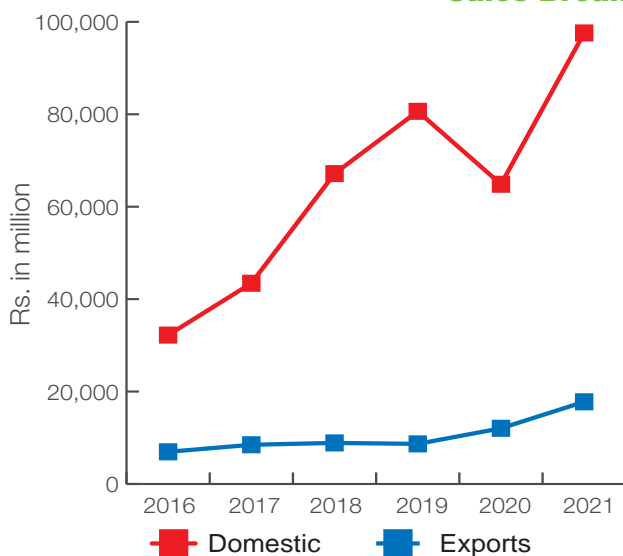
## Debt Management & Interest Cover Ratio



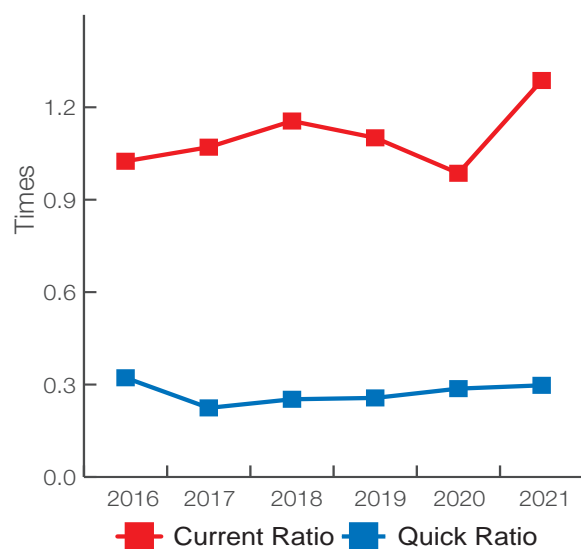
## Non-Current Assets & Non-Current Liabilities

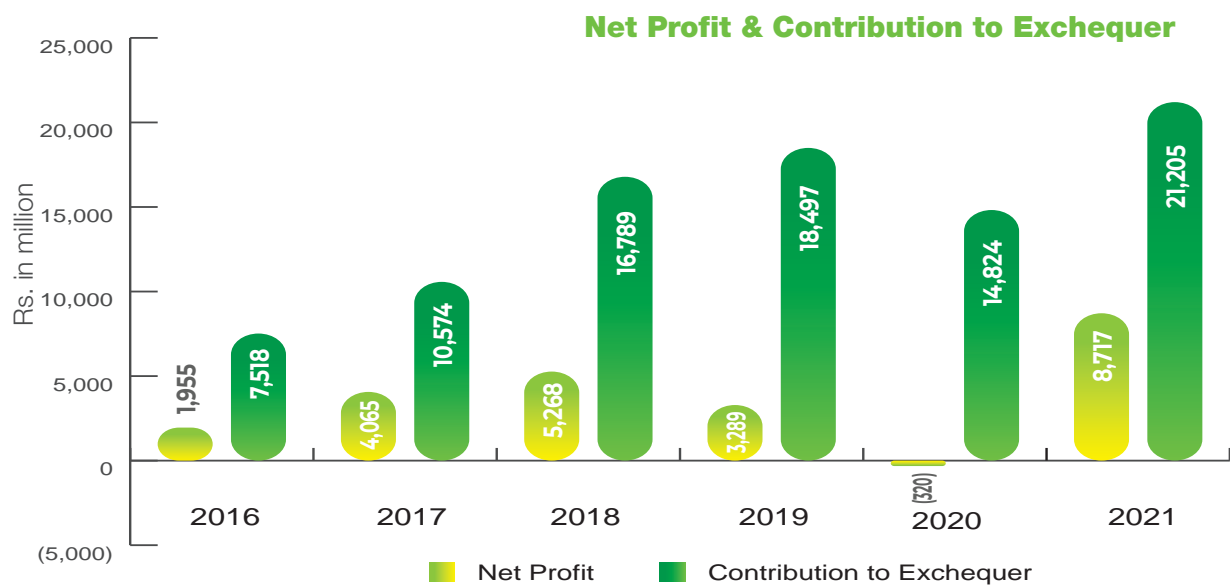
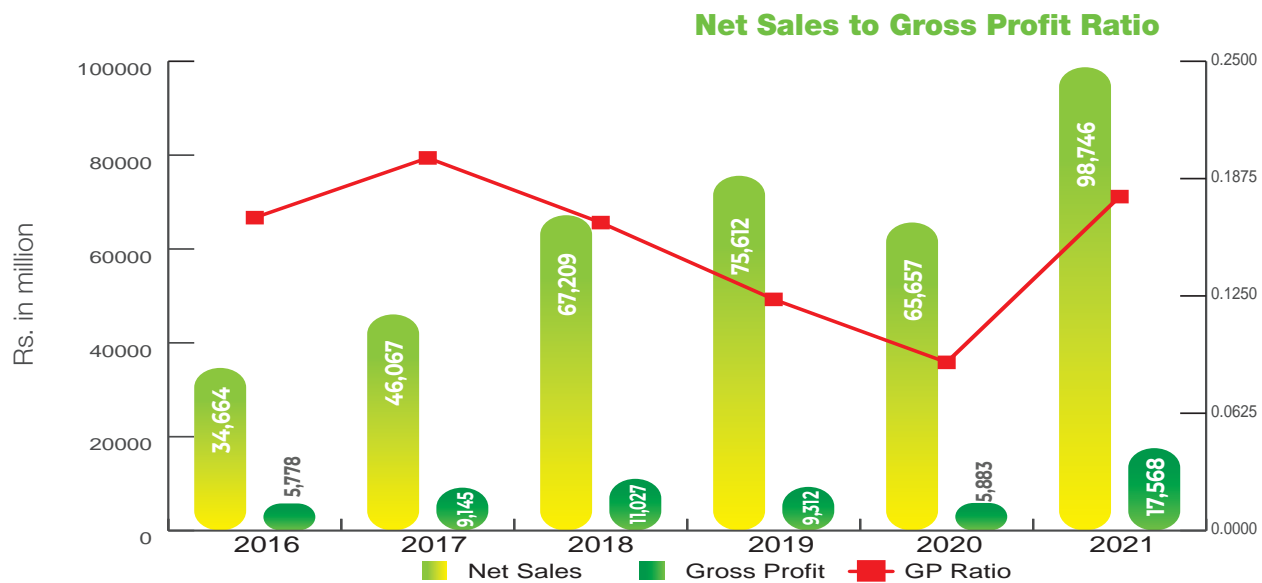


## Sales Break-up



## Liquidity Ratios











## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL INDUSTRIES LIMITED

### Opinion

We have audited the annexed consolidated financial statements of International Industries Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, the consolidated statement of profit or loss, the consolidated statement of 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 June 30, 2021, 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 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 is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	<p><b>Revenue from contracts with customers</b></p> <p>(Refer note 3.11 and 27 to the consolidated financial statements)</p> <p>The Group recognises revenue from the domestic and export customers when the performance obligation is satisfied by transferring control of a promised good to the customer. During the year, net sales to the domestic and export customers have increased significantly by 51.03% and 47.58% respectively.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>evaluated management controls over revenue and checked their validation;</li> <li>performed verification of sales with underlying documentation including gate pass, delivery order and invoice;</li> <li>performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period;</li> <li>verified that sales prices are negotiated and approved by appropriate authority;</li> <li>recalculated the commission as per Group's policy and verified related distribution expenses;</li> <li>obtained confirmations from debtors on sample basis; and</li> <li>ensured that presentation and disclosures related to revenue are being addressed appropriately.</li> </ul>

### 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 consolidated and unconsolidated financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and 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.

## **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.

### **Other Matter**

The consolidated financial statements for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on September 06, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.



**A. F. Ferguson & Co.**

**Chartered Accountants**

**Karachi**

Date: September 8, 2021



# CONSOLIDATED FINANCIAL STATEMENTS





# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

## ASSETS

### NON-CURRENT ASSETS

Property, plant and equipment  
Right-of-use assets  
Intangible assets  
Investment in equity accounted investee  
Long-term deposits

### CURRENT ASSETS

Stores and spares  
Stock-in-trade  
Trade debts  
Advances, trade deposits and prepayments  
Other receivables  
Sales tax receivable  
Taxation - net  
Cash and bank balances

## TOTAL ASSETS

## EQUITY AND LIABILITIES

### SHARE CAPITAL AND RESERVES

#### Share capital

Issued, subscribed and paid-up capital

#### Revenue reserves

General reserve  
Un-appropriated profit  
Exchange translation reserve

#### Capital reserve

Revaluation surplus on property, plant and equipment

### TOTAL SHAREHOLDERS' EQUITY

### Non - controlling interest

## LIABILITIES

### NON-CURRENT LIABILITIES

Long-term financing - secured  
Deferred income - government grant  
Gas Infrastructure Development Cess  
Staff retirement benefits  
Deferred taxation - net  
Lease liabilities

### CURRENT LIABILITIES

Trade and other payables  
Contract liabilities  
Short-term borrowings - secured  
Unpaid dividend  
Unclaimed dividend  
Unclaimed dividend attributable to non-controlling interest  
Current portion of long-term financing - secured  
Current portion of lease liabilities  
Taxation - net  
Accrued mark-up

## TOTAL LIABILITIES

## CONTINGENCIES AND COMMITMENTS

## TOTAL EQUITY AND LIABILITIES

Note	2021	2020
	----- (Rupees in '000) -----	
4	26,706,486	27,719,526
5.1	9,714	14,093
6	2,493	2,907
7	1,132,235	1,095,290
	1,835	3,699
	27,852,763	28,835,515
8	898,627	882,331
9	29,992,300	24,032,414
10	4,816,190	4,022,613
11	2,020,014	164,669
12	62,376	81,670
	1,753,757	4,248,386
25	-	1,073,966
13	635,590	631,532
	40,178,854	35,137,581
	68,031,617	63,973,096
14	1,318,819	1,318,819
15	2,991,258	2,991,258
	11,365,899	6,411,432
	5,863	4,565
16	4,267,987	3,616,039
	19,949,826	14,342,113
	8,247,364	5,466,668
	28,197,190	19,808,781
17	5,803,471	6,582,479
18	28,203	14,168
19	911,776	-
20	115,338	82,314
21	1,753,469	1,829,413
5.2	1,929	11,949
	8,614,186	8,520,323
22	9,658,752	10,915,358
23	1,457,763	1,561,899
24	16,977,836	20,914,861
	-	3,246
	35,889	39,044
	8,798	7,625
17	2,351,155	1,898,497
5.2	11,068	3,854
25	586,746	-
	132,234	299,608
	31,220,241	35,643,992
	39,834,427	44,164,315
26		
	68,031,617	63,973,096

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
Revenue from contracts with customers	27	98,745,775	65,656,669
Cost of sales	28	(81,178,237)	(59,773,426)
<b>Gross profit</b>		<b>17,567,538</b>	<b>5,883,243</b>
Selling and distribution expenses	29	(2,524,761)	(1,711,034)
Administrative expenses	30	(791,370)	(583,565)
Reversal of loss allowance on trade debts	10.3	42,768	13,785
		(3,273,363)	(2,280,814)
<b>Operating profit</b>		<b>14,294,175</b>	<b>3,602,429</b>
Finance cost	31	(1,566,622)	(3,547,458)
Other operating charges	32	(1,466,241)	(365,799)
		(3,032,863)	(3,913,257)
Other income	33	492,806	208,429
Share of profit of equity accounted investee	7	34,084	(6,502)
<b>Profit / (loss) before income tax</b>		<b>11,788,202</b>	<b>(108,901)</b>
Income tax expense	34	(3,070,796)	(211,477)
<b>Profit / (loss) for the year</b>		<b>8,717,406</b>	<b>(320,378)</b>
<b>Profit / (loss) attributable to:</b>			
- Owners of the Holding Company		5,457,176	(607,044)
- Non-controlling interest		3,260,230	286,666
		<b>8,717,406</b>	<b>(320,378)</b>
		(Rupees)	
<b>Earnings / (loss) per share - basic and diluted</b>	35	<b>41.38</b>	<b>(4.60)</b>

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021	2020
		----- (Rupees in '000) -----	
<b>Profit / (loss) for the year</b>		<b>8,717,406</b>	<b>(320,378)</b>
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to consolidated statement of profit or loss			
Remeasurements of staff retirement benefits		(64,505)	67,981
Adjustment related to opening deferred tax balance		(1,318)	595
Related deferred tax for the year		14,896	(9,229)
		13,578	(8,634)
		(50,927)	59,347
Surplus on revaluation of land and buildings			
Freehold land	4.1.3	100,000	-
Leasehold land	4.1.3	639,805	-
		739,805	-
Adjustment related to opening deferred tax balance on buildings		11,635	(3,685)
		751,440	(3,685)
Items that will be subsequently reclassified to statement of profit or loss			
Foreign operations - foreign currency translation difference		1,298	(93)
Proportionate share of other comprehensive income of equity accounted investee		2,918	3,183
		704,729	58,752
<b>Total comprehensive income / (loss) for the year</b>		<b>9,422,135</b>	<b>(261,626)</b>
<b>Total comprehensive income attributable to:</b>			
- Owners of the Holding Company		6,161,689	(550,560)
- Non-controlling interest		3,260,446	288,934
		9,422,135	(261,626)

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2021

	Attributable to owners of the Holding Company						Non-Controlling interest	Total Equity	
	Issued, subscribed and paid-up capital	Capital reserve Revaluation surplus on property, plant & equipment	Revenue reserves		Exchange translation reserves	Total reserves			Total
			General reserves	Un-appropriated profit					
(Rupees in '000)									
Balance as at July 1, 2019	1,198,926	3,624,344	2,991,258	7,343,772	4,658	10,339,688	15,162,958	5,462,651	20,625,609
- Loss for the year	-	-	-	(607,044)	-	(607,044)	(607,044)	286,666	(320,378)
- Other comprehensive income for the year	-	(3,685)	-	60,262	(93)	60,169	56,484	2,268	58,752
Total comprehensive loss for the year	-	(3,685)	-	(546,782)	(93)	(546,875)	(550,560)	288,934	(261,626)
Transactions with owners recorded directly in equity:									
Distributions to owners of the Holding Company									
- Final dividend @ 30% (Rs. 3.00 per share) for the year ended June 30, 2019	-	-	-	(359,678)	-	(359,678)	(359,678)	-	(359,678)
- Bonus share @ 10% (1 share for every 10 held) for the year ended June 30, 2019	119,893	-	-	(119,893)	-	(119,893)	-	-	-
Total transactions with owners of the Holding Company	119,893	-	-	(479,571)	-	(479,571)	(359,678)	-	(359,678)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(284,917)	(284,917)
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	(8,772)	-	8,772	-	8,772	-	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	(100,053)	-	85,241	-	85,241	(14,812)	14,812	-
Proportionate share / reclassification of surplus on revaluation property, plant and equipments - NCI	-	14,812	-	-	-	-	14,812	(14,812)	-
Proportionate share of surplus on revaluation property, plant and equipment - PCL	-	89,393	-	-	-	-	89,393	-	89,393
Balance as at June 30, 2020	1,318,819	3,616,039	2,991,258	6,411,432	4,565	9,407,255	14,342,113	5,466,668	19,808,781
- Profit for the year	-	-	-	5,457,176	-	5,457,176	5,457,176	3,260,230	8,717,406
- Other comprehensive loss for the year	-	751,440	-	(48,225)	1,298	(46,927)	704,513	216	704,729
Total comprehensive income for the year		751,440		5,408,951	1,298	5,410,249	6,161,689	3,260,446	9,422,135
	1,318,819	4,367,479	2,991,258	11,820,383	5,863	14,817,504	20,503,802	8,727,114	29,230,916
Transactions with owners recorded directly in equity									
Distributions to owners of the Holding Company									
- Interim dividend at 35% (i.e. Rs. 3.50 per share) for the year ended June 30, 2021	-	-	-	(461,567)	-	(461,567)	(461,567)	-	(461,567)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(569,834)	(569,834)
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	(406)	-	406	-	406	-	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	(96,761)	-	81,949	-	81,949	(14,812)	14,812	-
Proportionate share of surplus on revaluation property, plant and equipment - PCL	-	(2,325)	-	-	-	-	(2,325)	-	(2,325)
Adjustment of non-controlling interest	-	-	-	(75,272)	-	(75,272)	(75,272)	75,272	-
Balance as at June 30, 2021	1,318,819	4,267,987	2,991,258	11,365,899	5,863	14,363,020	19,949,826	8,247,364	28,197,191

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

Note **2021** **2020**  
----- (Rupees in '000) -----

## CASH FLOWS FROM OPERATING ACTIVITIES

### Cash generated from operations

Translation reserve	36	9,136,254	7,242,636
Finance cost paid		1,298	(4,979)
Income on bank deposits received		(1,627,554)	(3,694,608)
Staff retirement benefits paid	20	42,352	7,877
Payment on account of compensated absences		(102,958)	(41,418)
Income tax paid - net	25	(24,231)	(13,828)
Decrease / (increase) in long-term deposits		(1,460,815)	(1,164,848)
		1,864	(80)
<b>Net cash generated from operating activities</b>		<b>5,966,210</b>	<b>2,330,752</b>

## CASH FLOWS FROM INVESTING ACTIVITIES

Payment for acquisition of property, plant and equipment	4	(760,758)	(2,476,404)
Payment for acquisition of intangible assets	6	(300)	-
Dividend received		-	6,092
Proceeds from disposal of property, plant and equipment		80,235	112,439
<b>Net cash used in investing activities</b>		<b>(680,823)</b>	<b>(2,357,873)</b>

## CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term financing		1,646,582	131,415
Repayment of long-term financing		(1,944,896)	(883,632)
Proceeds from / (repayment of) short-term borrowing - net		214,373	(2,079,781)
Lease liabilities		(9,361)	(2,824)
Dividends paid to non-controlling interest		(569,449)	(285,312)
Dividends paid to shareholders of the Holding Company		(467,180)	(359,049)
<b>Net cash used in financing activities</b>		<b>(1,129,931)</b>	<b>(3,479,183)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>4,155,456</b>	<b>(3,506,304)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(14,822,845)</b>	<b>(11,316,541)</b>
<b>Cash and cash equivalents at end of the year</b>	37	<b>(10,667,389)</b>	<b>(14,822,845)</b>

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
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Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2021

## 1. THE GROUP AND ITS OPERATIONS

**1.1** The Group consists of International Industries Limited, (the Holding Company), its 56.33% owned subsidiary International Steels Limited (ISL), its wholly-owned subsidiary IIL Construction Solutions (Private) Limited (IILCSL) and its wholly-owned foreign subsidiaries IIL Australia Pty. Limited (IIL Australia) and IIL Americas Inc. (IIL Americas) [together referred to as “the Group” and individually as “Group entities”] and the Holding Company’s 17.124% interest in equity-accounted investee namely Pakistan Cables Limited (PCL).

**1.2** International Industries Limited (“the Holding Company”) was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. The Holding Company is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes and polymer pipes and fittings. The registered office of the Holding Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Holding Company are situated as follows:

- i) LX 15-16, Landhi Industrial Area, Karachi
- ii) Survey No. 402,405-406, Dehshirabi Landhi Town, Karachi
- iii) 22 KM, Sheikhpura Road, Lahore

The sales offices of the Holding Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore
- ii) Office No. 303-A, 3rd Floor, Evacuee Trust Complex, Sir Agha Khan Road, Sector F-5/1, Islamabad
- iii) 1592, 2nd Floor, Quaid-e-Azam Shopping Centre No.1, Multan Cantt
- iv) Office No. 1/1, Wahab Centre, Electrocitiy Plaza, Susan Road, Faisalabad
- v) Office No. 1 & 2, First Floor, Hurmaz Plaza, Main University Road, Peshawar

**1.3** International Steels Limited (ISL) was incorporated on September 03, 2007 as a public unlisted company limited by shares under the repealed Companies Ordinance, 1984 and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to general public under Initial Public Offer, the Subsidiary Company was listed on the Pakistan Stock Exchange on June 1, 2011. The primary activities of the Subsidiary Company are business of manufacturing of cold rolled steel coils and galvanized sheets. The Subsidiary Company commenced commercial operations on January 1, 2011. The registered office of the Subsidiary Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530. The Holding Company has 56.33% ownership in International Steels Limited.

The manufacturing facilities of ISL are situated as follows:

- i) 399-405, Rehri Road, Landhi Industrial Area, Karachi
- ii) Plot No. LE 73-79, 102-103, 112-118, 125-129, Survey No. NC 98, near Arabian Country Club, National Industrial Parks (NIP), Bin Qasim Industrial Park, Karachi

The sales offices of ISL are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore;
- ii) Office No. 303-A, Third Floor, Evacuee Trust Complex, Sir Agha Khan Road, Sector F-5/1, Islamabad
- iii) Office No. 708-A, United Mall, Abdali Road, Multan

**1.4** IIL CSL was incorporated on August 19, 2020 under the Companies Act, 2017. It is engaged in the business of providing scaffolding solutions. The registered office is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi 75530.

**1.5** IIL Australia was incorporated in Australia on May 2, 2014. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. The registered office and sales office of the foreign Subsidiary Company is situated at 101-103, Abbot Road, Hallam, Victoria 3803, Australia.



**1.6** IIL Americas Inc., was incorporated in Canada on October 8, 2019. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. The registered office and sales office of the foreign Subsidiary Company is situated at 36 Gerigs St. Scarborough, Ontario, Canada MIL 0B9.

**1.7** Details of the associated company are stated in note 7 to these consolidated financial statements.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

- International Financial Reporting (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act 2017.

Where the provisions of and directives issued under the Companies Act 2017 differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act 2017 have been followed.

### **2.2 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except for the Group entities' liabilities under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets, land & buildings that are stated at fair values determined by an independent valuer and derivative financial instruments which are stated at fair value.

### **2.3 Functional and presentation currency**

These consolidated financial statements are presented in Pakistan Rupees which is the Holding Company's functional currency. All amounts have been rounded off to the nearest thousand, unless otherwise indicated.

### **2.4 Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these consolidated financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in the next year are described in the following notes:

- Property, plant and equipment (note 3.2)
- Trade debts, advances and other receivables (note 3.5.2)
- Stores and spares (note 3.6)

- Stock-in-trade (note 3.7)
- Taxation (note 3.8)
- Staff retirement benefits (note 3.9)
- Impairment (note 3.13)
- Provisions (note 3.14)
- Contingent liabilities (note 3.15)

## 2.5 Changes in accounting standards, interpretations and pronouncements

### a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for annual accounting period which began on July 1, 2020. However, these do not have any significant impact on these consolidated financial statements.

### b) Standard and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the annual accounting periods beginning on or after July 1, 2021. However, these are considered either not to be relevant or to have any significant impact on the consolidated financial statements and, therefore, have not been disclosed in these consolidated financial statements.

## 2.6 Basis of consolidation

### i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affects its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated financial statements include International Industries Limited (the Holding Company) and all companies which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The consolidated financial statements of the subsidiaries have been consolidated on a line by line basis. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

The Group treats transactions with NCI that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

### ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies and methods of computations adopted in the preparation of these consolidated financial statements are same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended June 30, 2020.

#### 3.1 Lease liability and Right-of-use assets

The Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments.

At inception of a contract, the Group assesses whether a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group mainly leases properties for its operations. The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The Group has various lease agreements for sales offices which were previously classified by the Group based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all the leases - i.e. these leases are on consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the entity's incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Dismantling costs and Restoration costs.

The Group has not elected to recognise right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## **3.2 Property, plant and equipment**

### **3.2.1 Operating assets and depreciation**

#### ***Initial Recognition***

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the group entities and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

#### ***Measurement***

Property, plant and equipment (except freehold and leasehold land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land are stated at revalued amounts and buildings on freehold land are stated at revalued amounts less accumulated depreciation. The value assigned to leasehold lands is not amortized as the respective leases are expected to be renewed for further periods on payment of relevant rentals. The costs of Property, plant and equipment include:

- (a) its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates;
- (b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- (c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### ***Subsequent expenditure***

Expenditure incurred to replace a significant component of an item of plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the group entities and the cost of the items can be measured reliably. All other expenditure (including repairs and normal maintenance) is recognised in the consolidated statement of profit or loss account as an expense when it is incurred.

#### ***Depreciation***

Depreciation on all items except for land is charged on straight line method at the rates specified in note 4.1 to the consolidated financial statements and is generally recognised in the consolidated statement of profit or loss.

Depreciation on addition is charged from the month the asset is available for use up to the month prior to disposal.

Depreciation methods, useful lives and residual values of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

### ***Revaluation surplus***

Revaluation of land and building is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase in the carrying amount of land and building is recognized, net of tax, in the consolidated statement of comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment" except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognised in the consolidated statement of comprehensive income, in which case the increase is first recognized in the consolidated statement of profit or loss to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to the consolidated statement of profit or loss. The revaluation reserve is not available for distribution to the Group's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to consolidated statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus to retained earnings.

### ***Gains and losses on disposal***

Gains and losses on disposal of assets are taken to the consolidated statement of profit or loss, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to unappropriated profit.

### **3.2.2 Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

Advances paid to suppliers for acquisition of property, plant and equipment including land and building is also classified under capital work-in-progress.

### **3.3 Intangible assets**

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the group entities and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding one year are recognised as an intangible asset.

#### **Infinite Intangible**

These are stated at cost less impairment, if any.

#### **Definite Intangible**

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s) (refer note 6).
- c) Amortisation on additions during the year is charged from the month in which the asset is intended to be used, whereas no amortisation is charged from the month the asset is disposed-off.

### **3.4 Investments in associates**

Investments in associates are initially recognised at cost and subsequently accounted for using equity method of accounting in the consolidated financial statements. The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount.



Impairment losses are recognised in consolidated statement of profit or loss. An impairment loss is reversed if there has been a change in estimate used to determine the recoverable amount but limited to the extent of the initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

### 3.5 Financial Instruments

#### Initial measurement of financial asset

The Group classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

#### Subsequent measurement

<b>Debt Investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the consolidated statement of profit or loss.
<b>Equity Investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in consolidated statement of comprehensive income and are never reclassified to the consolidated statement of profit or loss.
<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the consolidated statement of profit or loss.
<b>Financial assets measured at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income, foreign exchange gains and losses and impairment, if any, are recognized in the consolidated statement of profit or loss.

#### 3.5.1 Non-derivative Financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which group entities become party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, deposits, advances, other receivables and cash and cash equivalent. Group entities derecognise the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

### **3.5.2 Trade debts, advances and other receivables**

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

### **3.5.3 Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, balances with banks, short term borrowings and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value and short term borrowings availed by group entities, which are repayable on demand and form an integral part of the group entities' cash management.

### **3.5.4 Financial Liabilities**

Financial liabilities are initially recognised on trade date i.e. date on which group entities become party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings, unclaimed / unpaid dividend, accrued mark-up and trade and other payables. Group entities derecognise the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

### **3.5.5 Mark-up bearing borrowings and borrowing costs**

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.

### **3.5.6 Trade and other payables**

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

### **3.5.7 Contract Liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group entities have received consideration. If a customer pays consideration before the Group entities transfer goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group entities perform under the contract.

### **3.5.8 Derivative financial instruments - other than hedging**

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to the consolidated statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

### **3.5.9 Derivative financial instruments - cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in the consolidated statement of comprehensive income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the consolidated statement of profit or loss. The amount accumulated in equity is removed therefrom and included in the initial carrying amount of non-financial asset upon recognition of non-financial asset.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

### **3.5.10 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when group entities has currently legally enforceable right to set-off the recognised amounts and the group entities intend either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the group entities' or the counter parties.

### **3.6 Stores and spares**

Stores and spares are stated at lower of weighted average cost and net realizable value, less provision for impairment, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Provision is made for obsolete and slow moving spares and is recognized in the consolidated statement of profit or loss.

### **3.7 Stock-in-trade**

Stock-in-trade is valued at lower of cost and net realizable value. Cost is determined under the weighted average basis. Cost comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Raw material in transit comprise of invoice value and other charges thereon. Net realizable value signifies the estimated selling price in the ordinary course of the business less estimated cost of completion and selling expenses. Scrap and by-product is valued at estimated realizable value.

### **3.8 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 equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by group entities, the current income tax law and the decisions of appellate authorities on certain issues in the past.

#### ***Current tax***

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the group entities, other than the wholly owned foreign subsidiary under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability or alternate corporate tax as applicable, after taking into account tax credits and tax rebates available, if any.

### *Deferred tax*

Deferred tax is recognized using the balance sheet liability method, providing for temporary difference 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 realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The group entities recognise a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets 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.

## **3.9 Staff retirement benefits**

### **3.9.1 Defined benefit plan**

The Holding Company and ISL provide gratuity benefit to all their respective permanent employees who have completed their minimum qualifying period of service i.e. three years (except in case of workers where minimum qualifying period of service is six months). For executives and officers having total service of over twenty years, the benefit is available at one month's basic salary (eligible salary) for each completed year of service. For executives and officers having total service of less than twenty years, the benefit is available at half month's basic salary (eligible salary) for each completed year of service. For workers, the benefit is available at one month's gross salary less conditional allowances (eligible salary) for each completed year of service.

Obligations of Holding Company and ISL are determined through actuarial valuations carried out under the "Projected Unit Credit Method". Remeasurements which comprise actuarial gains or losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income in the consolidated financial statements.

The Holding Company and ISL determine their respective net interest expenses (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in the consolidated statement of profit or loss. The latest actuarial valuations were conducted at the reporting date by qualified professional firms of actuaries.

The actual return on plan assets represent the difference between the fair value of plan assets at the beginning and end of the year and adjusted for contributions and benefits paid.

### **3.9.2 Defined contribution plan**

The Holding Company and ISL provide provident fund to all its officers. Equal contributions are made, both by the Companies and their employees, at the rate of 8.33% of basic salary and cost of living allowance and the same is charged to the consolidated statement of profit or loss.

### **3.9.3 Compensated absences**

The liability for accumulated compensated absences of employees is recognized in the period in which employees render service that increases their entitlement to future compensated absences.

## **3.10 Foreign currency transactions and translation**

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange ruling on the reporting date. Exchange differences are included in the consolidated statement of profit or loss currently.

### 3.11 Revenue recognition

- Domestic sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides with delivery, as this is the point in time that the consideration becomes unconditional, because only the passage of time is required before the payment is due.
- Export sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representative, based on terms of arrangement.
- Revenue from power generation plant on account of sales of surplus electricity is recognised on transmission of electricity to K-Electric Limited.
- Toll manufacturing / Partial manufacturing income is recognised when related services are rendered.
- Dividend income is recognised when the right to receive payment is established.
- Gains / losses arising on sale of investments are included in the consolidated statement of profit or loss in the period in which they arise.
- Service income is recognized when services are rendered.
- Rental income is recognized on straight line basis over the term of the respective lease agreement.

No element of financing is deemed present as the sales are made with the credit term of upto 180 days, which is consistent with the market practice.

### 3.12 Income on bank deposits and finance cost

The Group's finance income and finance cost includes interest income and interest expense. Interest income or expense is recognized using the effective interest method.

### 3.13 Impairment

#### 3.13.1 Financial assets

Loss allowances for Expected Credit Loss (ECL) are recognised in respect of financial assets measured at amortised cost.

Loss allowances are measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

The expected loss rates are based on payment profiles of sales over a period of 36 - 60 months before June 30, 2021 or July 1, 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group entities have identified the Gross Domestic Product (GDP) and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.



When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, Group entities consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Group entities historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument. 12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECL is the maximum contractual period over which group entities are exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when group entities have no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. Group entities individually make an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. Group entities expect no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with Group entities procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

### **3.13.2 Non-Financial assets**

The carrying amounts of non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. 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 assessments of the time value of money and the risks specific to the asset. 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

### **3.14 Provisions**

A provision is recognised in the consolidated statement of financial position when Group entities have 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. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

### **3.15 Contingent liabilities**

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

### 3.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. The operating results are monitored separately for each product category (i.e. Steel Coils and Sheets, Steel Pipes and Plastic Pipes) for the purposes of making decisions regarding resource allocation and performance assessment.

The Group entities do not consider sale of electricity to K-Electric Limited as separate reportable segment as the power plants of the entities are installed primarily to supply power to their production facilities and currently any excess electricity, if any, is sold to KE.

### 3.17 Dividend and appropriation to / from reserves

Dividend distribution to the Group entities shareholders and appropriations to / from reserves are recognised as a liability in the period in which these are approved.

### 3.18 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the Group entities' operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Group entities' recognises government grants when there is reasonable assurance that grants will be received and the Group entities will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Group entities' for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below- market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

## 4. PROPERTY, PLANT AND EQUIPMENT

Note	2021	2020
	----- (Rupees in '000) -----	
Operating assets	25,870,650	26,922,180
Capital work-in-progress (CWIP)	177,131	111,499
Store and spares held for capital expenditure - at cost	658,705	685,847
	26,706,486	27,719,526

## 4.1 Operating assets

	Land - revalued - note 4.1.2 & 4.1.3		Buildings - revalued - note 4.1.2 & 4.1.3		Plant and machinery	Furniture, fixtures office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
(Rupees in '000)								
<b>Balance as at July 1, 2020</b>								
Cost / revalued amount	2,842,867	2,041,669	3,758,469	1,460,783	25,605,988	258,336	316,127	36,284,239
Accumulated depreciation	-	-	(191,359)	(135,955)	(8,696,470)	(172,139)	(166,136)	(9,362,059)
Net Book value (NBV)	2,842,867	2,041,669	3,567,110	1,324,828	16,909,518	86,197	149,991	26,922,180
Additions / transfer from CWIP	-	-	18,565	39,547	492,314	33,616	85,416	669,458
Surplus on revaluation - note 4.1.3	100,000	639,805	-	-	-	-	-	739,805
Translation reserve	-	-	-	-	-	76	-	76
Impairment - note 4.1.4	-	-	-	-	(383,369)	-	-	(383,369)
Disposals - note 4.1.5								
- Cost	-	-	(7,064)	(2,144)	(81,956)	(6,494)	(54,238)	(151,896)
- Accumulated depreciation	-	-	91	1,635	69,432	6,330	41,728	119,216
	-	-	(6,973)	(509)	(12,524)	(164)	(12,510)	(32,680)
Depreciation charge - note 4.1.1	-	-	(234,544)	(133,851)	(1,592,847)	(28,503)	(55,075)	(2,044,820)
<b>Balance as at June 30, 2021 (NBV)</b>	<b>2,942,867</b>	<b>2,681,474</b>	<b>3,344,158</b>	<b>1,230,015</b>	<b>15,413,092</b>	<b>91,222</b>	<b>167,822</b>	<b>25,870,650</b>
<b>Gross carrying value as at June 30, 2021</b>								
Cost / revalued amount	2,942,867	2,681,474	3,769,970	1,498,186	26,016,346	285,534	347,305	37,541,682
Accumulated depreciation	-	-	(425,812)	(268,171)	(10,219,885)	(194,312)	(179,483)	(11,287,663)
Accumulated impairment	-	-	-	-	(383,369)	-	-	(383,369)
Net book value	2,942,867	2,681,474	3,344,158	1,230,015	15,413,092	91,222	167,822	25,870,650
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	
<b>Balance as at July 1, 2019</b>								
Cost / revalued amount	2,223,926	2,028,395	2,813,841	1,414,772	25,056,208	237,624	299,243	34,074,009
Accumulated depreciation	-	-	-	-	(7,284,775)	(146,429)	(132,739)	(7,563,943)
Net Book value (NBV)	2,223,926	2,028,395	2,813,841	1,414,772	17,771,433	91,195	166,504	26,510,066
Additions / transfer from CWIP	618,941	13,274	949,201	61,922	687,572	22,377	58,371	2,411,658
Surplus on revaluation	-	-	-	-	-	-	-	-
Translation reserve	-	-	-	-	-	(94)	-	(94)
Disposals - note 4.1.5								
- Cost	-	-	(4,573)	(15,911)	(137,792)	(1,571)	(41,487)	(201,334)
- Accumulated depreciation	-	-	3,074	2,376	102,647	1,475	23,863	133,435
	-	-	(1,499)	(13,535)	(35,145)	(96)	(17,624)	(67,899)
Depreciation charge - note 4.1.1	-	-	(194,433)	(138,331)	(1,514,342)	(27,185)	(57,260)	(1,931,551)
<b>Balance as at June 30, 2020 (NBV)</b>	<b>2,842,867</b>	<b>2,041,669</b>	<b>3,567,110</b>	<b>1,324,828</b>	<b>16,909,518</b>	<b>86,197</b>	<b>149,991</b>	<b>26,922,180</b>
<b>Gross carrying value as at June 30, 2020</b>								
Cost / revalued amount	2,842,867	2,041,669	3,758,469	1,460,783	25,605,988	258,336	316,127	36,284,239
Accumulated depreciation	-	-	(191,359)	(135,955)	(8,696,470)	(172,139)	(166,136)	(9,362,059)
Net book value	2,842,867	2,041,669	3,567,110	1,324,828	16,909,518	86,197	149,991	26,922,180
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	

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

	Note	2021	2020
		----- (Rupees in '000) -----	
Cost of sales	28	1,874,715	1,755,910
Selling and distribution expenses	29	24,302	26,220
Administrative expenses	30	21,631	27,495
Income from power generation	33.1	124,172	121,926
		<b>2,044,820</b>	<b>1,931,551</b>

**4.1.2** Particulars of immovable property (i.e. land and building) in the name of the Group and related forced sales values are as follows:

Particulars	Location	Area of Land (acres)	Covered Area (Sq Ft)	Forced sales value (Rs in '000)
Leasehold land and building (manufacturing plant)	Plot no.LX15-16, HX-7/4 Landhi Industrial Estate Karachi	25.59	791,614	1,706,091
Leasehold land and building (Manufacturing plant)	22 KM Sheikhpura Road, Mouza Khanpur Nabipur, Tehsil Ferozpur, District Sheikhpura	31.45	370,664	849,012
Freehold land and building (Manufacturing plant)	Survey no. 399 - 406, Deh Sharabi, Landhi Town, Karachi	42.45	377,538	3,923,662
Leasehold building (Office premises)	Office no. 101 - 105, 1st Floor, Beaumont Plaza, 10 Beaumont Road, Karachi	Not applicable	13,676	164,107
Office premises	Office no. 203, 2nd Floor, Beaumont Plaza, 10 Beaumont Road, Karachi	Not applicable	1,794	21,532
Leasehold building (Sales office premises)	Chinoy House, 2nd and 3rd Floor, Off Thornton Road, Hadbast Mouza Khas, Lahore	Not applicable	4,906	37,531
Freehold land and building (Sales godown)	Plot no. NEIR - 61, Khasra no. 3303 - 3308, Hadbast Mouza Naulakha, GT Road, Lahore	0.17	6,295	45,530
Freehold land and building (Sales godown)	Plot no. 47, Khasra no. 298/1, 2978/1, Ghoray Shah Road, Hadbast Mouza Khoi Meran, Lahore	0.18	6,215	39,488
Service center	Plot no. LE-73-79, 102 - 103, 112 - 118, 125 - 129 Survey no. NC. 98, near Arabian Country Club, NIP, Bin Qasim Industrial Park, Karachi	Not applicable	653,400	1,526,579
Multan warehouse	Khewat no. (B)38, 114, 302, Khatooni no. 127, 475, 1114, Mouza Laar Bahawalpur Road, Multan	Not applicable	365,904	111,187
				<b>8,424,719</b>

**4.1.3** The revaluation of the freehold land, leasehold land and buildings thereon of the Holding Company and ISL was carried out as of June 30, 2019 by MYK Associates (Private) Limited (an independent valuer who is located in Karachi) which resulted in a surplus amounting to Rs. 1,078 million which was incorporated in the books of the Holding Company and ISL as at June 30, 2019. A Desktop Evaluation of freehold land, leasehold land and buildings was carried out by the same valuer as of June 30, 2021 resulting in a surplus amounting Rs. 739.81 million on freehold land and leasehold land of the Holding Company. Further, no surplus was noted on the buildings since there was no significant change in the fair value of the buildings as compared to the valuation in 2019.

The Holding Company commissioned independent valuation of freehold land, leasehold land and buildings thereon during the years / periods ended June 30, 1988, June 30, 1997, June 30, 2000, June 30, 2004, December 31, 2007, June 30, 2013, June 30, 2016 and June 30, 2019. ISL commissioned independent valuation of freehold land and buildings thereon during the years / periods ended June 30, 2013, June 30, 2016 and June 30, 2019.

The carrying amount of the aforementioned assets as at June 30, 2021, if the said assets had been carried at historical cost, would have been as follows:

	Cost	Accumulated depreciation	Net book value
	(Rupees in '000)		
Freehold land	1,242,835	-	1,242,835
Leasehold land	724,456	-	724,456
Buildings	4,529,410	(1,268,874)	3,260,536
<b>As at June 30, 2021</b>	<b>6,496,701</b>	<b>(1,268,874)</b>	<b>5,227,827</b>
As at June 30, 2020	6,448,074	(1,032,562)	5,415,512

**4.1.4** The management of ISL has recorded impairment amounting to Rs. 388 million on the following units of plant and machinery which have been replaced by ISL and are inoperative for the past few months:

- Push and pull pickling line having cost and net book value of Rs. 541.20 million and Rs. 296.53 million respectively, which has been replaced with a new Continuous pickling line.
- Hydrogen plant having cost and net book value of Rs. 140.06 million and Rs. 86.84 million respectively which has been replaced with a new Hydrogen and Nitrogen plant.
- Other capital stores and spares which are related to above units and are no longer useable for the subsidiary.

The recoverable amount of the above units were determined by reference to the fair value less cost to sell model based on indirectly derived prices as prescribed under level 3 of IFRS-13 'Fair Value Measurement'.

The management of ISL estimates that the residual value of the above units of plant and machinery shall be the same as the cost to dismantle the plant resulting in an insignificant fair value less cost to sell. Hence, the management has written off the entire carrying amount of the above mentioned units of plant and machinery.

The impairment loss is included in other operating charges in the consolidated statement of profit or loss as disclosed in note 32.

**4.1.5** Details of property, plant and equipment disposed off / scrapped having book value of five hundred thousand rupees or more each are as follows:

Description	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
(Rupees in '000)								
<b>Plant and Machinery</b>								
Screw / barrel	8,600	2,529	6,071	270	(5,801)	Negotiation	Local market - Sheikhupura	Third Party
Pickling line	43,583	39,899	3,684	19,854	16,170	Negotiation	Arshad Brothers / Rahim Shah / Shakhi / Al-Khair Traders / Aisha Traders	Third Party
Furnace	8,231	6,889	1,342	363	(979)	Negotiation	Mass Engineering Services	Third Party
Crane runners	3,750	2,627	1,123	1,146	23	Negotiation	Mass Engineering Services / Aisha Traders	Third Party
Bus bars	2,121	106	2,015	1,307	(708)	Insurance claim	Jubilee General Insurance	Third Party
	66,285	52,050	14,235	22,940	8,705			
<b>Vehicles</b>								
Toyota Corolla	3,546	827	2,719	2,800	81	Insurance Claim	Jubilee General Insurance	Third Party
Honda City	2,009	603	1,406	1,744	338	As per Policy	Syed Irshad Rizvi	Employee
Suzuki Alto	1,398	70	1,328	1,305	(23)	Negotiation	Yaseen Motors	Third Party
Honda City	1,869	561	1,308	2,000	692	Insurance Claim	Jubilee General Insurance	Third Party
Suzuki Cultus	1,745	553	1,192	1,675	483	Negotiation	M. Ahmed Ali Khan	Third Party
Honda Civic	2,513	1,759	754	2,325	1,571	As per Policy	Wasif Mahmood	Employee
Suzuki Alto	1,101	349	752	1,300	548	Negotiation	Syed Riaz Ahmed	Third Party
Suzuki Mehran	860	344	516	810	294	Negotiation	Farhat Khan	Third Party
	15,041	5,066	9,975	13,959	3,984			
	81,326	57,116	24,210	36,899	12,689			



## 4.2 Capital work-in-progress (CWIP)

	Cost				Cost			
	As at July 1, 2020	Additions / adjustments	Transfers / adjustments	As at June 30, 2021	As at July 1, 2019	Additions / adjustments	Transfers / adjustments	As at June 30, 2020
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Freehold land	-	-	-	-	463,830	155,111	(618,941)	-
Leasehold land	-	-	-	-	-	13,274	(13,274)	-
Buildings on freehold land	-	29,070	(18,565)	10,505	51,446	965,620	(1,017,066)	-
Buildings on leasehold land	603	40,617	(39,547)	1,673	4,884	53,106	(57,387)	603
Plant and machinery	78,713	548,726	(492,314)	135,125	138,726	1,209,397	(1,269,410)	78,713
Furniture, fixtures and office equipment	26,577	25,527	(28,811)	23,293	23,892	24,904	(22,219)	26,577
Vehicles	5,606	86,345	(85,416)	6,535	-	63,977	(58,371)	5,606
	111,499	730,285	(664,653)	177,131	682,778	2,485,389	(3,056,668)	111,499

Note

2021

2020

----- (Rupees in '000) -----

## 4.3 Stores and spares held for capital expenditures - at cost

NBV at beginning of the year	685,847	479,454
Additions during the year	132,087	214,955
Transfers / adjustments made during the year	(106,419)	492
Provision for obsolescence against capital spares	(48,181)	(9,054)
Impairment loss during the year	(4,629)	-
NBV at end of the year	658,705	685,847

4.1.4

## 5. LEASES

### 5.1 Right-of-use assets

Balance at beginning of the year	14,093	18,628
Termination / re-assessment / adjustment of leases	3,792	-
Depreciation charge during the year	(8,171)	(4,535)
Balance at end of the year	9,714	14,093

Note

2021

2020

----- (Rupees in '000) -----

5.1.1

#### 5.1.1 The depreciation charge on right-of-use assets for the year has been allocated as follows:

		2021	2020
		----- (Rupees in '000) -----	
Selling and distribution expenses	29	6,257	2,428
Administrative expenses	30	1,914	2,107
		8,171	4,535

### 5.2 Lease liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of the Group and lessor. Wherever practicable, the Group seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

**5.2.1** Set out below the carrying amount of lease liabilities and the movements during the year:

	Note	2021	2020
		----- (Rupees in '000) -----	
Balance at beginning of the year		15,803	18,628
Re-assessment / termination / adjustment of leases		5,183	-
Interest expense	31	1,372	2,259
Payments		(9,361)	(5,084)
Balance at end of the year		12,997	15,803
Current portion		11,068	3,854
Non-current portion		1,929	11,949
		12,997	15,803

**5.2.2** Lease liabilities are payable as follows:

	Minimum lease payments	2021 Interest	Present value of minimum lease payment	2020 Present value of minimum lease payments
	----- (Rupees in '000) -----			(Rupees in '000)
Less than one year	11,714	(646)	11,068	3,854
Between one and five years	1,972	(43)	1,929	11,949
	13,686	(689)	12,997	15,803

**6. INTANGIBLE ASSETS**

	Note	2021	2020
		----- (Rupees in '000) -----	
Operating intangible assets	6.1	2,193	1,827
Capital work-in-progress (CWIP)	6.2	300	1,080
		2,493	2,907
Net book value at beginning of the year		1,827	5,007
Additions		1,080	667
Amortisation	6.1.2	(714)	(3,847)
Net book value at end of the year		2,193	1,827
<b>Gross carrying value as at June 30</b>			
Cost		99,954	98,874
Accumulated amortisation		(97,761)	(97,047)
Net book value		2,193	1,827

(Percent)

**Amortisation rate (per annum)**

20 - 33.33	20 - 33.33
------------	------------

**6.1.1** Intangible assets comprise of computer software and licenses.

**6.1.2** The amortisation expense for the year has been allocated as follows:

	Note	2021	2020
		----- (Rupees in '000) -----	
Cost of sales	28	492	2,675
Selling and distribution expenses	29	222	718
Administrative expenses	30	-	454
		714	3,847

**6.2** This represents advance provided to ERP consultant on account of upgradation of ERP system.

## 7. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

2021 (Number of shares)	2020		Note	2021 ----- (Rupees in '000) -----	2020
6,092,470	6,092,470	Pakistan Cables Limited (PCL) - associated company	7.1	1,132,235	1,095,290

**7.1** The Holding Company holds 17.124% (2020: 17.124%) ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Fahd K. Chinoy. The Company considers it has significant influence over PCL as, in addition to its holding, the Chairman of the Board of the Company is also the Chairman of the Board of PCL. The price per share of PCL as at reporting date was Rs. 149.50 (2020: Rs. 106.89) resulting in a market value of total investment amounting to Rs. 910.82 million (2020: Rs. 651.22 million). The share of profit after acquisition is recognised based on unaudited condensed interim financial information as at March 31, 2021 as the latest financial statements as at June 30, 2021 were not presently available.

**7.1.1** Market value of the investment disclosed in note 7.1 is categorised as level 1 fair value measurement in accordance with IFRS 13 'Fair Value Measurement'.

**7.1.2** The summarized financial information of the associate and reconciliation with the carrying amount of the investment in these consolidated financial statements are set out below:

	Note	2021 ----- (Rupees in '000) -----	2020
<b>7.1.2.1 Movement during the year</b>			
Investment at the beginning of the year		1,095,290	1,014,685
Share of profit from associate - before tax		62,576	(6,502)
Related tax		(28,492)	623
Share of profit from associate - net of tax		34,084	(5,879)
Share of other comprehensive income		2,918	3,183
Proportionate share of surplus on revaluation of building		-	89,393
Proportionate share of transfer from surplus on revaluation of building		(57)	-
Dividends received		-	(6,092)
Investment at end of the year		1,132,235	1,095,290

<b>7.1.2.2 Cost of investment</b>		817,553	817,553
-----------------------------------	--	---------	---------

<b>7.1.2.3 Summarized statement of financial position of Associate</b>	Note	2021 ----- (Rupees in '000) -----	2020
Current assets		5,365,571	4,250,829
Non-current assets		4,680,805	4,123,047
<b>Total assets</b>		10,046,376	8,373,876
Current liabilities		(4,003,186)	(2,666,013)
Non-current liabilities		(961,832)	(842,256)
<b>Total liabilities</b>		(4,965,018)	(3,508,269)
<b>Net assets</b>		5,081,358	4,865,607

#### 7.1.2.4 Summarized statement of profit or loss of Associate

	Note	For the period from April 1, 2020 to March 31, 2021	For the period from April 1, 2019 to March 31, 2020
----- (Rupees in '000) -----			
Net sales		10,632,299	9,838,709
Cost of sales		(9,488,376)	(8,841,683)
Gross profit		1,143,923	997,026
General and administration expenses		(941,679)	(1,072,834)
Other income		163,184	37,839
<b>Profit before tax for the period</b>		365,428	(37,969)
Taxation		(166,386)	3,638
<b>Profit after tax for the period</b>		199,042	(34,331)
Other comprehensive income for the period		17,042	547,073
Direct adjustment in equity		(333)	(6,447)
<b>Total comprehensive income for the period</b>		215,751	506,295

7.1.2.5 Reconciliation of the above summarized financial information to the carrying amount of the interest in the Associate recognized in these consolidated financial statements is as follows:

	For the period from April 1, 2020 to March 31, 2021	For the period from April 1, 2019 to March 31, 2020
----- Rupees -----		
Net assets at beginning of the year	4,865,607	4,394,890
Total comprehensive income for the period	215,751	506,295
Dividend distributed during the period	-	(35,578)
<b>Net assets of the Associate</b>	5,081,358	4,865,607
Proportion of Holding Company's interest in associate	17.124%	17.124%
<b>Share of net assets of Associate</b>	870,132	833,187
Goodwill and others	262,103	262,103
<b>Carrying amount of the Company's interest in Associate</b>	1,132,235	1,095,290

#### 8. STORES AND SPARES

	Note	2021	2020
----- (Rupees in '000) -----			
Stores		298,593	398,031
Spares		764,274	572,114
Loose tools		14,267	13,099
		1,077,134	983,244
Less: Provision for obsolescence against stores and spares		(178,507)	(100,913)
		898,627	882,331

<b>9. STOCK-IN-TRADE</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Raw material - in hand	9.1	7,935,726	11,089,377
- in transit		6,909,277	552,374
		<b>14,845,003</b>	<b>11,641,751</b>
Work-in-process		3,298,071	4,180,318
Finished goods - in hand		11,395,485	7,908,494
- in transit		313,044	-
By-products		28,356	42,961
Scrap material		112,341	258,890
		<b>29,992,300</b>	<b>24,032,414</b>
<b>9.1</b>	Raw material of Holding Company amounting to Rs. 5.2 million as at June 30, 2021 (2020: Rs. 2.3 million) is held at a vendor's premises for the production of pipe caps.		
<b>10. TRADE DEBTS</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Considered good - secured	10.1	995,877	564,528
- unsecured		3,820,313	3,458,085
		<b>4,816,190</b>	<b>4,022,613</b>
Considered doubtful		101,714	144,482
		<b>4,917,904</b>	<b>4,167,095</b>
Loss allowance on trade debts	10.3	(101,714)	(144,482)
		<b>4,816,190</b>	<b>4,022,613</b>
<b>10.1</b>	This represents trade debts arising on account of export sales of Rs. 900.11 million (2020: Rs. 498.51 million) which are secured by way of Export Letters of Credit and Rs. 95.79 million (2020: Rs. 69.98 million) on account of domestic sales which are secured by way of Inland Letters of Credit.		
<b>10.2</b>	Related parties from whom trade debts are due as at June 30, 2021 are as under:		
	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Sumitomo Corporation		199,850	94,670
Pakistan Cables Limited		1,665	702
		<b>201,515</b>	<b>95,372</b>
<b>10.2.1</b>	The maximum aggregate amount due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 217 million (2020: Rs. 410 million)		
<b>10.2.2</b>	The ageing of the trade debts receivable from related parties as at the reporting date are as under:		
	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Not yet due		199,851	-
Past due 1 - 60 days		1,664	702
Past due 61 - 180 days		-	94,670
Total		<b>201,515</b>	<b>95,372</b>
<b>10.3 Loss allowance on trade debts</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Balance at beginning of the year		144,482	158,267
(Reversal) / charge for the year		(42,768)	32,337
Recoveries during the year		-	(46,122)
Reversal of loss allowance on trade debts		(42,768)	(13,785)
Balance at end of the year		<b>101,714</b>	<b>144,482</b>



<b>11. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Advances - Considered good - unsecured			
- Suppliers	11.1 & 11.2	1,888,080	93,624
- Employees for business-related expenses	11.1 & 11.3	9,220	703
Trade deposits	11.1	97,356	22,942
Margin against shipping guarantee		-	6,807
Prepayments	11.4	25,358	40,593
		<b>2,020,014</b>	<b>164,669</b>
<b>11.1</b>	These advances and trade deposits are non interest bearing.		
<b>11.2</b>	These include advance to supplier amounting to USD 8.98 million (Rs. 1,385 million) [2020: USD Nil (Rs. Nil)] to Sumitomo Corporation, a related party of ISL, for the purpose of import of Hot Rolled Coils (HRC).		
<b>11.3</b>	These include Eid advance to workers of the Holding Company which is deductible from the salary of respective employees.		
<b>11.4</b>	These include prepayment of insurance premium to Jubilee General Insurance Company Limited, a related party, amounting to Rs. 11.1 million (2020: Rs.13.9 million).		
<b>12. OTHER RECEIVABLES</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Considered good			
Insurance claim		-	15,000
Receivable from K-Electric Limited (KE) - unsecured		53,874	58,399
Others		8,502	8,271
		<b>62,376</b>	<b>81,670</b>
Considered doubtful			
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods		25,940	25,940
		<b>88,316</b>	<b>107,610</b>
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Welfare Fund in prior periods		(25,940)	(25,940)
		<b>62,376</b>	<b>81,670</b>
<b>13. CASH AND BANK BALANCES</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Cash at bank			
<b>Conventional</b>			
Current accounts - local currency		97,794	94,447
- foreign currency		537,386	535,542
Call deposit receipt	13.1	33	93
		<b>635,213</b>	<b>630,082</b>
<b>Islamic</b>			
Current accounts - local currency		267	1,181
Cash in hand		110	269
		<b>635,590</b>	<b>631,532</b>
<b>13.1</b>	Mark-up rate on call deposit receipt ranges from 5.50% to 7.99% (2020: 6.50% to 11.25%) per annum.		

## 14. SHARE CAPITAL

### Authorised share capital

2021	2020	Note	2021	2020
(Number of shares)			----- (Rupees in '000) -----	
200,000,000	200,000,000	Ordinary shares of Rs. 10 each	2,000,000	2,000,000

### Issued, subscribed and paid-up capital

2021	2020	Note	2021	2020
(Number of shares)			----- (Rupees in '000) -----	
6,769,725	6,769,725	Fully paid ordinary shares of Rs. 10 each issued for cash	67,697	67,697
125,112,155	125,112,155	Fully paid ordinary shares of Rs.10 each issued as bonus shares	1,251,122	1,251,122
131,881,880	131,881,880		1,318,819	1,318,819

- 14.1 Pakistan Cables Limited, an associated company due to common directors, held 633,600 (2020: 633,600) ordinary shares of the Holding Company of Rs. 10 each at the year end.

## 15. GENERAL RESERVES

General reserve is maintained for fulfilling various business needs including meeting contingencies, off-setting future losses, enhancing the working capital and paying dividends.

## 16. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Note	2021	2020
	----- (Rupees in '000) -----	

### Freehold land

Balance at beginning of the year	1,600,033	1,600,033
Surplus on revaluation of freehold land	100,000	-
Balance at end of the year	1,700,033	1,600,033

### Leasehold land

Balance at beginning of the year	1,317,213	1,317,213
Surplus on revaluation of leasehold land	639,805	-
Balance at end of the year	1,957,018	1,317,213

### Buildings

Balance at beginning of the year	902,188	1,034,532
Disposal of buildings	(509)	(11,638)
Transferred to retained earnings (un-appropriated profit) in respect of incremental depreciation charged during the year	(129,572)	(120,706)
	772,107	902,188

### Related deferred tax liability

Balance at end of the year - net of deferred tax	(341,359)	(385,908)
	430,748	516,280
	4,087,799	3,433,526
Proportionate share of surplus on revaluation of building of equity accounted investee	180,188	182,513
	4,267,987	3,616,039

- 16.1 The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the company in accordance with section 241 of the Companies Act, 2017.

## 16.2 Movement in related deferred tax liability

Note	2021	2020
	----- (Rupees in '000) -----	
Balance at beginning of the year	385,908	420,554
Effect of change in Normal Tax Regime ratio	(11,635)	3,685
Tax effect on disposal	(103)	(2,866)
Tax effect on incremental depreciation transferred to retained earnings	(32,811)	(35,465)
Balance at end of the year	341,359	385,908

## 17. LONG-TERM FINANCING - secured

Note	2021	2020
	----- (Rupees in '000) -----	

### CONVENTIONAL

Long-Term Finance Facility (LTFF)	17.2	1,389,002	1,726,297
Long-term finance		1,581,818	727,272
Payroll Refinance Scheme	17.3	454,985	167,097
Temporary Economic Refinance Facility (TERF)	17.4	12,189	-
		3,437,994	2,620,666

### ISLAMIC

Diminishing Musharakah		318,182	454,546
Islamic Long-Term Finance Facility (ILTFF)	17.5	626,925	664,774
Islamic Temporary Economic Refinance Facility (ITERF)	17.6	105,959	-
Long-term finance		3,430,000	4,610,000
Payroll Refinance Scheme	17.7	300,580	167,968
		4,781,646	5,897,288

Deferred income - government grant		(65,014)	(36,978)
		8,154,626	8,480,976

Current portion of long term financing

### CONVENTIONAL

Long-Term Finance Facility (LTFF)		(337,292)	(304,629)
Long-term finance		(395,454)	(145,455)
Payroll Refinance Scheme		(259,991)	(74,439)
		(992,737)	(524,523)

### ISLAMIC

Diminishing Musharakah		(136,364)	(136,364)
Long-term finance		(980,000)	(1,189,921)
Islamic Long-Term Finance Facility (ILTFF)		(70,294)	(36,614)
Payroll Refinance Scheme		(171,760)	(11,075)
		(1,358,418)	(1,373,974)
		(2,351,155)	(1,898,497)
		5,803,471	6,582,479

## 17.1 Long-term finances utilised under mark-up arrangements

	Sale price (Rupees in '000)	Purchase price (Rupees in '000)	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount	
						2021	2020
						----- (Rupees in '000) -----	
CONVENTIONAL							
i) LTFF							
MCB Bank Limited	550,000	906,963	34 quarterly	March 28, 2025 to	3.7% / 5.2%	281,045	346,690
Assistance for plant and machinery			October 29, 2016	November 20, 2027	(fixed rate)		
MCB Bank Limited	100,000	149,976	34 quarterly	August 31, 2027	3.5%	75,762	86,492
Assistance for plant and machinery			August 31, 2019		(fixed rate)		
MCB Bank Limited	100,000	147,862	34 quarterly	June 30, 2028	3.5%	76,278	87,175
Assistance for plant and machinery			March 30, 2020		(fixed rate)		
Bank Al Habib	1,000,000	2,501,562	16 half yearly	May 30, 2026	4.0% - 7.0%	490,436	615,440
Assistance for plant and machinery			December 12, 2016		(fixed rate)		
United Bank Limited	1,000,000	4,675,000	32 quarterly	July 15, 2026	4.0% - 7.0%	465,481	590,500
Assistance for plant and machinery			October 16, 2016		(fixed rate)		
						1,389,002	1,726,297
ii) Payroll Refinance Scheme							
Habib Metropolitan Bank Limited	550,000	660,000	8 quarterly	March 31, 2023	0.75%	454,985	167,097
Payroll finance facility			March 31, 2021		(fixed rate)		
iii) Long-term finance							
MCB Bank Limited	800,000	1,164,316	11 half yearly	December 28, 2024	0.1 % over	581,818	727,272
Refinancing of capital expenditure / balancing, modernization and replacement (BMR)			June 30, 2020		6 months KIBOR		
Allied Bank of Pakistan Limited	1,000,000	1,494,500	4 half yearly	December 29, 2023	0.1 % over	1,000,000	-
Refinancing of capital expenditure			June 29, 2022		6 months KIBOR		
						1,581,818	727,272
iv) TERF							
National Bank of Pakistan	500,000	13,904	16 half yearly	October 6, 2031	2.25%	12,189	-
Assistance for plant and machinery			April 6, 2021		(fixed rate) Refinance rate		
						3,437,994	2,620,666

	Sale price (Rupees in '000)	Purchase price	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount	
						2021	2020
						----- (Rupees in '000) -----	
ISLAMIC							
i) Diminishing Musharakah							
Meezan Bank Limited	500,000	950,361	5 half yearly	June 30, 2023	0.1 % over	181,820	272,728
Acquisition of Musharakah assets			& 12 quarterly June 30, 2018		3 months KIBOR		
Meezan Bank Limited	250,000	279,978	3 half yearly	June 30, 2024	0.1 % over	136,362	181,818
Acquisition of Musharakah assets			& 16 quarterly June 30, 2019		3 months KIBOR		
						318,182	454,546
ii) ILTFF							
Habib Bank Limited	150,000	187,500	16 half yearly	May 31, 2030	2.5%	118,866	118,866
Acquisition of Musharakah assets			February 22, 2022		(fixed rate)		
Meezan Bank Limited	700,000	792,312	32 quarterly	March 31, 2030	6.0%	508,059	545,908
Assistance for plant and machinery			October 17, 2020		(fixed rate)		
						626,925	664,774
iii) ITERF							
Habib Bank Limited	131,000	163,750	32 quarterly	April 9, 2031	2%	93,125	-
Assistance for plant and machinery			June 28, 2023	to June 18, 2031	(fixed rate)		
BankIslami	125,000	156,250	32 quarterly	May 6, 2031	2%	12,834	-
Assistance for plant and machinery			July 25, 2023	June 17, 2031	(fixed rate)		
						105,959	-
iv) Long-term finance							
Habib Bank Limited	5,000,000	5,625,000	10 half yearly	December 5, 2024	0.10% over	3,430,000	4,410,000
Assistance for plant and machinery			June 5, 2020		6 months KIBOR		
Bank Al Habib Limited	500,000	575,512	30 equal monthly	June 28, 2021	0.15% over	-	200,000
Assistance for plant and machinery			December 28, 2018		3 months KIBOR		
						3,430,000	4,610,000
v) Payroll Refinance Scheme							
Faysal Bank Limited	343,521	348,263	8 quarterly	December 31, 2022	0.75% / 1.00%	300,580	167,968
Payroll finance facility			installments April 1, 2021		(fixed rate)		
						4,781,646	5,897,288
						8,219,640	8,517,954



- 17.1.1** The above loans are secured by way of charge on stocks and all present and future land, buildings and plant and machinery located at plot number LX - 15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi of the Holding Company and by way of joint pari passu charge and ranking charge over fixed assets of ISL (such as land, building, plant and machinery etc.).
- 17.1.2** In relation to above borrowings the Holding Company and ISL needs to observe certain financial and non financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.
- 17.2** This represents finance facility loan obtained by the Holding Company and ISL from different banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects from different banks.
- 17.3** This represents long term loans obtained by the Holding Company for financing its salaries and wages under SBP's Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.
- 17.4** This represents finance facility loan obtained from different banks by ISL under the SBP's Temporary Economic Refinance Facility available to the Company at below-market interest rate for setting up of new industrial units.
- 17.5** This represents finance facility loan obtained by the Holding Company and ISL from Islamic banks under the SBP Islamic Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects.
- 17.6** This represents long term loan obtained by the Holding Company under the SBP's Islamic Temporary Economic Refinance Facility available to the Company from various Islamic banks at below market interest rates.
- 17.7** This represents salaries and wages under SBP's Refinance Scheme for Payment of Wages and Salaries obtained by ISL at concessionary rates from an Islamic bank, earmarked from running finance limit. The loan is obtained in six tranches starting from May 2020.
- 17.8** During the year, mark-up paid on conventional and Islamic long term finance amounts to Rs. 175.02 million (2020: Rs. 229.43 million) and Rs. 415.19 million (2020: Rs. 900.37 million) respectively.

**18. DEFERRED INCOME - GOVERNMENT GRANT**

	Note	2021	2020
		----- (Rupees in '000) -----	
Balance at beginning of the year		36,978	-
Deferred grant recorded:			
- under Islamic Temporary Economic Refinance Facility	18.1	34,228	-
- under Payroll Refinance Scheme	18.1	44,907	38,401
		79,135	38,401
Government grant recognised in income	33	(51,099)	(1,423)
Balance at end of the year		65,014	36,978
Less: current portion of deferred income			
- Government grant		(36,811)	(22,810)
		28,203	14,168

- 18.1** This represents deferred grant recognised by the Holding Company and ISL in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in respect of SBP's Refinance Scheme for Payment of Wages and Salaries and the Islamic Temporary Economic Refinance Facility obtained at concessionary rates. The Holding Company and ISL have fulfilled the criteria of the said loans and have accordingly recognised the grant income in the consolidated statement of profit or loss.

## **19. GAS INFRASTRUCTURE DEVELOPMENT CESS**

During the year, Supreme Court of Pakistan (SCP) has decided the Appeal against consumers upholding the vires of The Gas Infrastructure Development Cess Act, 2015 (GIDC Act) through its judgement dated August 13, 2020. The Supreme Court on November 2, 2020 ordered that their decision of August 13, 2020 has validated the GIDC Act in complete sense and the benefits allowed under section 8 (2) of the GIDC Act to the industrial sector is also available. Further, payment of Gas Infrastructure Development Cess (the Cess) due was allowed in 48 instalments instead of 24 instalments.

The Holding Company and ISL have also filed a civil suit before the Honourable High Court of Sindh (SHC) on the ground that the Company has not passed on the burden of the Cess. Stay order was granted in the aforesaid suit, which has been operative till the next date of hearing.

The Holding Company and ISL have recorded the present value of the Cess by discounting the future cash flows using three year PKRV rate and has booked income of Rs. 236.14 million (2020: Nil), which has been recorded as other income. The unwinding of the GIDC during the year amounts to Rs. 52.54 million (2020: Nil).

Despite the speaking order dated August 13, 2020 by the SCP, the Federal Government did not initiate the gas project within six months, therefore, during the year, the Holding Company and ISL have filed a petition in the SHC challenging the decision of SCP.

## **20. STAFF RETIREMENT BENEFITS**

### **20.1 Defined contribution plan**

#### **20.1.1 Staff Provident Fund**

All investments in collective investment scheme, listed equity and listed debt securities out of provident funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

### **20.2 Defined benefit scheme**

#### **Staff Gratuity Fund**

**20.2.1** As stated in note 3.9, the Holding Company and ISL operate approved funded defined benefit gratuity plans for all permanent employees meeting the specified criteria and defined contribution plan for all active employees subject to minimum service of prescribed period as per the respective trust deeds. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2021.

**20.2.2** Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the respective trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The Holding Company and ISL appoints the trustees from among its employees.

#### **20.2.3 Risks on account of defined benefit plan**

The Group faces the following risks on account of defined benefit plan:

**Final salary risk** - The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Asset volatility** - Most assets are invested in risk free investments of 6 months, 3, 5 or 10 year Regular Income Certificates, Defence Savings Certificates, Treasury Bills and Government Bonds. However, investments in equity instruments are subject to adverse fluctuations as a result of a change in the market price.

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

**Investment risks** - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

**Risk of insufficiency of assets** - This is managed by making regular contribution to the Fund as advised by the actuary.

#### 20.2.4 Funding

The gratuity plans are fully funded by the Group. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions used in determining defined benefit liability. Employees are not required to contribute to the plan.

**20.2.5** The actuarial valuation of gratuity was carried out at June 30, 2021 under projected unit credit method using the following significant assumptions:

using the following significant assumptions:

	Note	2021	2020
		----- % per annum -----	
<b>Financial assumptions</b>			
<b>Holding Company</b>			
Discount Rate		10.00%	8.50%
Salary increase rate			
First year                 - Unionized staff		10.00%	16%
First year                 - Management		10.00%	0%
Long term		10.00%	6.50%
<b>ISL</b>			
Discount Rate		10.25%	9.25%
Expected rate of salary increase		9.25%	8.25%
<b>Demographic assumptions</b>			
<b>Holding Company</b>			
Mortality rate		SLIC 2001-05-1	SLIC 2001-05-1
Rates of employee turnover		Heavy	Heavy
Retirement assumption		Age 60 years	Age 60 years
<b>ISL</b>			
Mortality rate		SLIC 2001-05	SLIC 2001-05
Rates of employee turnover		Moderate	Moderate
Retirement assumption		Age 60 years	Age 60 years

**20.2.6** The amounts recognised in statement of financial position are as follows:

	Note	2021	2020
		----- (Rupees in '000) -----	
Present value of defined benefit obligation	20.2.9	816,275	744,907
Fair value of plan assets	20.2.10	(700,937)	(662,593)
Deficit as at June 30		115,338	82,314

## 20.2.7 Movements in net defined liability

	Note	2021	2020
		----- (Rupees in '000) -----	
Balance at beginning of the year		82,314	118,409
Expense chargeable to statement of profit or loss	20.2.8	71,477	73,304
Contribution paid during the year		(102,958)	(41,418)
Re-measurements recognized in other comprehensive income during the year	20.2.8	64,505	(67,981)
Balance at end of the year		115,338	82,314

## 20.2.8 Amount recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to statement of profit or loss and other comprehensive income:

	Note	2021	2020
		----- (Rupees in '000) -----	
Component of defined benefit costs recognized in statement of profit or loss			
Service cost			
Current service cost		57,819	59,025
Past service cost		7,823	-
Interest cost on defined benefits obligation		63,727	98,694
Return on plan assets		(57,892)	(84,415)
		5,835	14,279
		71,477	73,304
Component of defined benefit costs (re-measurement) recognised in other comprehensive income			
Actuarial loss / (gain) on obligation		100,811	(87,022)
Actuarial (loss) / gain on plan assets		(36,306)	19,041
Total re-measurements recognised in other comprehensive income		64,505	(67,981)
Total defined benefit cost / (income) recognised in profit or loss and other comprehensive income		135,982	5,323

### 20.2.8.1 Analysis of remeasurements recognised in other comprehensive income

	Note	2021	2020
		----- (Rupees in '000) -----	
Re-measurements: Actuarial loss / (gain) on obligation			
Loss / (gain) due to change in financial assumptions		77,326	(12,948)
Loss / (gain) due to change in experience adjustments		23,485	(74,074)
Total actuarial loss / (gain) on obligation		100,811	(87,022)
Re-measurements: Actuarial (gain) / loss on plan assets			
Actual return on plan assets		(56,547)	(49,483)
Interest income on plan assets		39,369	60,144
Opening difference		(19,128)	8,380
Total actuarial (gain) / loss on plan assets		(36,306)	19,041
		64,505	(67,981)

### 20.2.9 Movement in the present value of defined benefit obligation

Note	2021	2020
	----- (Rupees in '000) -----	
Present value of defined benefit obligation at beginning of the year	744,907	705,547
Current service cost	57,819	59,025
Past service cost	7,823	-
Interest cost	63,727	98,694
Benefits paid	(158,812)	(85,762)
Re-measurement : Actuarial loss / (gain) on obligation	100,811	(32,597)
Present value of defined benefit obligation at end of the year	816,275	744,907

### 20.2.10 Movement in the fair value of plan assets

Note	2021	2020
	----- (Rupees in '000) -----	
Fair value of plan assets at beginning of the year	662,593	587,138
Interest income on plan assets	57,892	84,415
Contribution to the Fund	102,958	41,418
Benefits paid	(158,812)	(31,337)
Re-measurement : Actuarial gain / (loss) on plan assets	36,306	(19,041)
Fair value of plan assets at the end of the year	700,937	662,593

### 20.2.11 Analysis of Present value of defined benefit obligation

Note	2021	2020
	----- (Rupees in '000) -----	
<b>Vested / non-vested</b>		
Vested Benefits	812,888	742,454
Non-Vested Benefits	3,387	2,453
	816,275	744,907

### 20.2.12 Disaggregation of fair value of plan assets

Note	2021	2020
	----- (Rupees in '000) -----	
Cash and cash equivalents (after adjusting current liabilities)	23,366	3,436
Equity instruments	152,716	103,812
Debt instruments		
Pakistan Investment Bonds	182,977	225,901
Defence Saving Certificates	235,969	215,636
Market Treasury Bills	11,117	18,214
Regular Income Certificates	94,792	95,594
	700,937	662,593

**20.2.13** The Holding Company and ISL ensure asset / liability matching by investing in government securities, bank deposits and equity securities and does not use derivatives to manage its risk.

### 20.2.14 Maturity profile of the defined benefit obligation

Note	2021	2020
	----- Years -----	
Weighted average duration of the defined benefit obligation		
Holding Company	7.05	6.03
ISL	11	12



Distribution of timing of benefit payments

	2021			2020		
	Holding Company	ISL	Total	Holding Company	ISL	Total
One year	56,326	13,094	69,420	51,809	11,239	63,048
Two years	91,286	14,690	105,976	69,018	11,874	80,892
Three years	73,489	16,594	90,083	89,663	13,247	102,910
Four years	77,673	22,139	99,812	66,587	14,871	81,458
Five years	72,154	14,944	87,098	178,526	19,857	198,383
Six years to ten years	444,526	4,016,909	4,461,435	330,390	2,906,922	3,237,312

**20.2.15** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2021			2020		
	Holding Company	ISL	Total	Holding Company	ISL	Total
Discount rate + 1%	540,153	213,184	753,337	527,440	165,510	692,950
Discount rate - 1%	622,123	267,161	889,284	595,100	209,618	804,718
Long-Term Salary increase + 1%	622,901	267,577	890,478	614,565	209,973	824,538
Long-Term Salary increase - 1%	538,858	212,399	751,257	543,402	164,854	708,256

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation with the project unit credit method at the end of the reporting period) has been applied.

**20.2.16** The expense in relation to gratuity benefit for the year ending June 30, 2022 is expected to be Rs. 78.1 million which is also the expected contribution of the Holding Company and ISL.

## 21. DEFERRED TAXATION - NET

	Accelerated tax depreciation	Share of profit from equity accounted investee	Surplus on revaluation of buildings	Provision for infrastructure cess and government levies	Loss allowance on trade debts	Provision for obsolescence against stores and spares	Provision for compensated absences	Provision for lease liability	Staff retirement benefits	Gas Infrastructure Development Cess	Unrealised exchange losses	Minimum Tax - note 21.3	Net effect of consolidation adjustments - note 21.4	Alternate Corporate Taxation	Tax loss - note 21.3	Total
Balance at July 1, 2020	2,382,466	25,120	385,907	(377,366)	(42,465)	(17,329)	(2,711)	12,947	(22,055)	-	(17,070)	(472,137)	-	-	-	1,829,413
(Credit) / charge to profit or loss for the year	182,199	5,113	(32,914)	(122,885)	20,730	(21,716)	(1,668)	7,087	8,925	(27,462)	7,741	(543,053)	(31,016)	-	(147,136)	(696,055)
(Credit) / charge to other comprehensive income for the year	-	-	(11,635)	-	-	-	-	-	(13,578)	-	-	-	-	-	-	(25,213)
Adjustment of minimum tax - note 25	-	-	-	-	-	-	-	-	-	-	-	645,324	-	-	-	645,324
Balance at June 30, 2021	2,564,665	30,233	341,358	(500,251)	(21,735)	(39,045)	(4,379)	(5,860)	(26,708)	(27,462)	(9,329)	(369,866)	(31,016)	-	(147,136)	1,753,469
Balance at July 1, 2019	2,565,303	25,120	420,554	(323,204)	(40,551)	(4,112)	(4,885)	-	-	-	(17,517)	-	-	(28,567)	-	2,592,141
(Credit) / charge to profit or loss for the year	(182,837)	-	(38,332)	(54,162)	(1,914)	(13,217)	2,174	(12,947)	(30,689)	-	447	472,137	-	28,567	-	(775,047)
(Credit) / charge to other comprehensive income for the year	-	-	3,685	-	-	-	-	-	8,634	-	-	-	-	-	-	12,319
Balance at June 30, 2020	2,382,466	25,120	385,907	(377,366)	(42,465)	(17,329)	(2,711)	(12,947)	(22,055)	-	(17,070)	(472,137)	-	-	-	1,829,413

- 21.1** The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position.
- 21.2** Under the Finance Act, 2020, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%. Deferred tax assets and liabilities are restricted to 79.85% (2020: 84.93%) by the Holding Company and 89.16% (2020: 81.39%) by ISL of the total deferred tax assets and liabilities except minimum tax and tax loss recognised by the Holding Company. These are based on the assumptions that export sales will continue to fall under Final Tax Regime and the current trend of export and local sales ratio will continue to be the same in the foreseeable future.
- 21.3** This represents deferred tax assets recognised on minimum tax and tax loss based on the recoverability against future taxable income.
- 21.4** This represents tax impact arising on elimination of unrealised gain on inventory and property, plant and equipment on intra-group transactions.

## 22. TRADE AND OTHER PAYABLES

	Note	2021	2020
		----- (Rupees in '000) -----	
Trade creditors	22.1 & 22.2	2,043,207	5,454,158
Bills payable		826,378	1,278
Accrued expenses	22.3	3,291,440	3,237,184
Provision for Infrastructure Cess	22.4	2,289,074	1,860,728
Provision for government levies	22.5	2,531	2,047
Short-term compensated absences		17,642	11,485
Workers' Profit Participation Fund	22.6	560,830	2,145
Workers' Welfare Fund	22.7	489,917	272,735
Current portion of deferred income - government grant	18	36,811	22,810
Payable to provident fund		4,898	-
Others		96,024	50,788
		<b>9,658,752</b>	<b>10,915,358</b>

**22.1** These include payable to Jubilee General Insurance Limited and Jubilee Life Insurance Limited, related parties of the Holding Company, amounting to Rs. 2.3 million (2020: Nil) and Rs. 1.3 million (2020: Nil) respectively.

**22.2** These include payable to Sumitomo Corporation, related party of ISL, amounting to Rs. 1,197.4 million (2020: Rs. 2,614 million).

**22.3** These include current portion of Gas Infrastructure Development Cess amounting to Rs. 518.4 million and also includes provision against the revision of gas tariff by Oil and Gas Regulatory Authority amounting to 710.2 million (2020: Rs. 628.7 million).

### 22.4 Provision for Infrastructure Cess

This represents provision against fifty percent amount guaranteed to Excise and Taxation Officer.

	Note	2021	2020
		----- (Rupees in '000) -----	
Balance at beginning of the year		1,860,728	1,535,752
Charge for the year		428,346	324,976
Balance at end of the year		<b>2,289,074</b>	<b>1,860,728</b>

**22.4.1** The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court passed an interim order directing that every company subsequent to December 27, 2006 is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above mentioned interim order amount to Rs. 2,448 million (2020: Rs. 1,986 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Holding Company and ISL on prudent basis. Subsequently through Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh infrastructure cess. The Holding Company and ISL had obtained stay against these and the ultimate dispute had been linked with the previous infrastructure cess case.

The case was decided on June 4, 2021 by the Sindh High Court. The Sindh High Court declared first four versions of the law unconstitutional and the release of bank guarantees were ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order will remain suspended till September 3, 2021. The Holding Company and ISL are not satisfied with the above orders and has engaged legal consultant to file an appeal in the Supreme Court of Pakistan.

22.5	Provision for government levies - stamp duty	Note	2021	2020
			----- (Rupees in '000) -----	
	Balance at beginning of the year		2,047	329
	Provided during the year		2,773	6,951
	Payment during the year		(2,289)	(5,233)
	Balance at end of the year		2,531	2,047

## 22.6 Workers' Profit Participation Fund

Balance at beginning of the year		2,145	22,195
Interest on funds utilized in the Holding Company's business 45.85% (2020: 48.75%)	31	45	1,071
		2,190	23,266
Expense for the year	32	636,149	29,230
		638,339	52,496
Payments made during the year		(77,509)	(50,351)
Balance at end of the year		560,830	2,145

22.7 The Holding Company and ISL filed constitutional petitions in the Sindh High Court against notice to the Company for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014. Stay was obtained on the ground that the Holding Company and ISL are trans-provincial establishments operating industrial and commercial activities across Pakistan and is liable to pay Workers Welfare Fund under Federal Workers Welfare Fund Ordinance, 1971.

## 23. CONTRACT LIABILITIES

During the year, the Holding Company and ISL recognised revenue amounting to Rs. 1,538.2 million (2020: Rs. 1,471.7 million) out of the contract liabilities balance outstanding at beginning of the year.

24.	SHORT-TERM BORROWINGS - secured	Note	2021	2020
			----- (Rupees in '000) -----	
	<b>CONVENTIONAL</b>			
	Running finance under mark-up arrangement from banks	24.1	626,411	2,183,647
	Short-term borrowing under Money Market Scheme			
	- maturing after 3 months		-	1,550,000
	- maturing within 3 months		8,319,489	10,000,000
		24.1	8,319,489	11,550,000
	Short-term borrowing under Export Refinance Scheme	24.2	3,755,000	2,490,628
	<b>ISLAMIC</b>			
	Short-term borrowing under Money Market Scheme	24.3	1,422,000	-
	Short-term borrowing under running Musharakah	24.4	935,079	3,270,730
	Short-term borrowing under Export Refinance Scheme	24.5	1,919,857	1,419,856
			16,977,836	20,914,861

24.1 The facilities for short term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances obtained by the Holding Company ranges from 7.40 % to 8.28% (2020: 7.60% to 11.76%) per annum. The rates of mark-up on these finances obtained by ISL ranges from 7.37% to 8.28% (2020: 7.87% to 11.72%) per annum.

- 24.2** The Holding Company and ISL have obtained short-term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities obtained by Holding Company is 3.00% (2020: 3.00%) per annum. The rates of mark-up on these facilities obtained by ISL range from 2.75% to 3.00% (2020: 3.00%) per annum. These facilities mature within six months and are renewable.
- 24.3** The Holding Company has obtained short-term finance under Money Market Scheme from Islamic banks. The rates of profit on these finances range from 7.51% to 7.57% (2020: Nil). These facilities mature within three months.
- 24.4** The Holding Company and ISL have obtained facilities for short-term finance under running musharakah. The rate of profit on the finances obtained by the Holding Company ranges from 7.42% to 7.99% (2020: 8.90% to 9.33%) per annum. The rates of profit on the finances obtained by ISL ranges from 7.39% to 7.68% (2020: 8.46% to 11.84%) per annum.
- 24.5** The Holding Company and ISL have availed short-term running finance facility under Islamic Export Refinance Scheme of the State Bank of Pakistan from an Islamic bank. The rate of mark-up on this facility is 3.00% (2020: 3.00%) per annum. This facility matures within six months and is renewable.
- 24.6** As at June 30, 2021, the unavailed facilities from the above borrowings for the Holding Company amounted to Rs. 6,028 million (2020: Rs. 5,771 million) and for ISL amounted to Rs. 16,714 million (2020: Rs. 7,879.59 million).
- 24.7** The above facilities are secured by way of joint pari passu charge and ranking charge over all current and future movable assets of the Holding Company and ISL.

## 25. TAXATION - NET

	Note	2021	2020
		----- (Rupees in '000) -----	
Balance at beginning of the year		(1,073,966)	(895,642)
Adjustment of minimum tax	21	(645,324)	-
Tax payments / adjustment made during the year		(1,460,815)	(1,164,848)
		(3,180,105)	(2,060,490)
Less: Provision for income tax	34	3,766,851	986,524
Balance at end of the year		586,746	(1,073,966)

## 26. CONTINGENCIES AND COMMITMENTS

### 26.1 Contingencies

Description of the factual basis of the proceeding and relief sought	Name of the court	Principal parties	Date Instituted
--	-------------------	-------------------	-----------------

#### Holding Company

<b>26.1.1</b> The Collector of Customs has charged the Holding Company for a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Holding Company has filed an appeal before the Sindh High Court (SHC), which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the SHC. The management anticipates that the chances of admission of such appeal are remote.	Sindh High Court	Collector of Customs / Federation of Pakistan	August 30, 2007
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Description of the factual basis of the proceeding and relief sought	Name of the court	Principal parties	Date Instituted
<p><b>26.1.2</b> The Holding Company filed a suit before SHC challenging the chargeability of tax on inter-corporate dividend in respect of dividend declared by its subsidiary, International Steels Limited. On October 21, 2016 Court granted stay against which 500,000 shares of subsidiary company were pledged as a security with Nazir of the Court. In one of the litigation to which Holding Company is not a party, Supreme Court of Pakistan (SCP) issued an order on February 21, 2018 whereby continuity of suits was made subject to depositing minimum 50% of the tax calculated by the tax authorities. A review petition has been filed against such order of the SCP in which Holding Company is not a party and a decision is awaited. In view of such developments, the suit has been withdrawn and a petition has been filed before the SHC, which is pending hearing. Application for release of pledged shares is in process.</p> <p>On a separate application challenging the chargeability of tax on inter-corporate dividend, stay is granted by the SHC in respect of dividends declared by the Subsidiary Company on June 2, 2017, September 26, 2017 and January 23, 2018 against bank guarantees amounting to Rs. 76.6 million, Rs. 36.8 million and Rs. 55.1 million respectively submitted to the Nazir of the Court.</p>	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of Pakistan	November 1, 2016
<p><b>26.1.3</b> As per section 95 of the Custom Act read with Customs Rules, 2001, the Holding Company sold zinc wastages generated from imports under manufacturing bond at 0% duty for export during 2012-13, 2013-14 and 2014-15. All these sales were subject to sales tax payments in terms of Custom Rules.</p> <p>However, on August 31, 2020, the Collector of Customs (Adjudication - II) has passed ONO no. 473, 474 and 475 against the Holding Company and ordered for the recovery of customs duty amounting to Rs. 402.72 million on zinc wastages.</p> <p>The Holding Company filed appeals against these orders in the Customs Tribunal. However, due to non-functioning of Tribunal and considering the importance, the Holding Company preferred to file an appeal with the SHC. SHC granted stay order against the order of the Collector of Customs and issued notices for the hearing.</p>	Sindh High Court	Collector of Customs	October 10, 2020

Description of the factual basis of the proceeding and relief sought	Name of the court	Principal parties	Date Instituted
--	-------------------	-------------------	-----------------

#### ISL

- |   |                  |  |                  |
|---|------------------|--|------------------|
| <p><b>26.1.4</b> A petition was filed before the SHC by ISL seeking order for the issuance of quota for concessionary import under SRO 565; release of 85,000 tons of HRC arrived at the Port in November 2019 and for future shipments.</p> <p>SHC granted release of 85,000 tons of HRC against submission of bank guarantee for the differential amount of duty and taxes amounting to Rs. 1,651 million. In a separate order SHC instructed the authorities to allow provisional quota subject to submission of bank guarantee for the difference of duty &amp; taxes. As ordered, the Input-Output Co-efficient Organisation (IOCO) is issuing quota equivalent to ordered/shipped quantity of raw material on case to case basis.</p> | Sindh High Court | I.S.L. vs Federation of Pakistan / Director IOCO / The Chief Collector (South) | November 4, 2019 |
| <p><b>26.1.5</b> Share of contingent liabilities incurred jointly with other investors of PCL on account of tax related matters and bank guarantees given to various parties for contract performance amounted to Rs. 111.49 million (2020: Rs. 90.65 million).</p>   |                  |  |                  |

## 26.2 Commitments

### Holding Company and ISL

- 26.2.1** Capital expenditure commitments outstanding as at June 30, 2021 amounted to Rs. 873.8 million (2020: Rs. 87.3 million).
- 26.2.2** Commitments under letters of credit for raw materials and stores and spares as at June 30, 2021 amounted to Rs. 23,203.8 million (2020: Rs. 9,292.7 million).
- 26.2.3** The facilities for opening letters of credit and guarantees from banks as at June 30, 2021 amounted to Rs. 32,552 million (2020: Rs. 17,197 million) and Rs. 6,777.5 million (2020: Rs. 6,081.8 million) respectively of which unutilised balance at period end amounted to Rs. 17,418 million (2020: Rs. 24,870 million) and Rs. 1,115 million (2020: Rs. 1,061 million) respectively.

### Holding Company

- 26.2.4** Commitments under purchase contracts as at June 30, 2021 amounted to Rs. 99.1 million (2020: Rs. 875.4 million).
- 26.2.5** Post-dated cheques issued in favour of Collector of Customs for imported items cleared under manufacturing bond as at June 30, 2021 amounted to Rs. 2,129.1 million (2020: Rs. 2,423.1 million).
- 26.2.6** Post-dated cheques issued in favour of Collector of Customs for differential of sales tax on imports of machinery as at June 30, 2021 amounted to Rs. 2.6 million (2020: Rs. 3.6 million).

#### ISL

- 26.2.7** Post-dated cheques issued in favour of Collector of Customs for the concession availed on account of special rate of duties and taxes on import of Hot Rolled Coils under SRO 565 and manufacturing bond as at June 30, 2021 amounted to Rs. 4,591.72 million (2020: Rs. 1,951.01 million).

## 27. REVENUE FROM CONTRACTS WITH CUSTOMERS

Note **2021** **2020**  
----- (Rupees in '000) -----

Sale of goods less returns

Local

97,598,722 64,858,972

Sales tax

(14,265,835) (9,346,650)

Trade discounts

(2,312,381) (1,866,204)

81,020,506 53,646,118

Export

17,781,180 12,050,057

Export commission & discounts

(55,911) (39,506)

17,725,269 12,010,551

98,745,775 65,656,669

### 27.1 DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

Note **2021** **2020**  
----- (Rupees in '000) -----

#### Primary geographical markets:

Local

81,020,506 53,646,118

Asia

6,628,507 4,984,351

Europe

1,052,745 626,582

Australia

3,525,697 1,259,876

Africa

1,297,957 1,334,796

Americas

5,220,363 3,804,946

98,745,775 65,656,669

#### Major Product Lines:

Steel products

95,382,221 63,171,422

Polymer products

3,363,554 2,485,247

98,745,775 65,656,669

## 28. COST OF SALES

Note **2021** **2020**  
----- (Rupees in '000) -----

### Raw material consumed

Opening stock of raw material  
Purchases

11,089,377	6,948,424
73,875,988	57,914,039
84,965,365	64,862,463

Closing stock of raw material

9	(7,935,726)	(11,089,377)
	77,029,639	53,773,086

### Manufacturing overheads

Salaries, wages and benefits  
Rent, rates and taxes  
Electricity, gas and water  
Insurance  
Security and janitorial  
Depreciation and amortisation  
Operational supplies and consumables  
Repairs and maintenance  
Postage, telephone and stationery  
Vehicle, travel and conveyance  
Internal material handling  
Partial manufacturing  
Environment controlling expense  
Provision for obsolescence capital spares  
Sundries  
Provision for obsolescence against stores and spares

28.1	1,715,697	1,439,966
	3,560	370
	1,933,580	2,104,031
	42,003	38,918
	67,599	64,578
4.1.1 & 6.1.2	1,875,207	1,758,585
	275,786	219,466
	275,954	201,472
	37,133	27,551
	50,735	50,674
	47,017	44,365
	200	6,286
	4,008	2,943
	48,181	-
	43,699	33,724
	77,594	38,583
	6,497,953	6,031,512
	83,527,592	59,804,598

### Work-in-process

Opening stock  
Closing stock

9	4,180,318	3,458,783
	(3,298,071)	(4,180,318)

### Cost of goods manufactured

882,247	(721,535)
84,409,839	59,083,063

### Finished goods, by-products and scrap

Opening stock  
Purchases  
Closing stock

9	8,210,345	8,645,530
	94,235	255,178
	(11,536,182)	(8,210,345)
	(3,231,602)	690,363
	81,178,237	59,773,426

**28.1** These include Rs. 26.88 million (2020: Rs. 24.35 million) in respect of contribution to provident funds, Rs. 54.05 million (2020: Rs. 54.98 million) in respect of gratuity funds and Rs. 17.42 million (2020: Rs. 9.01 million) in respect of compensated absences.

<b>29. SELLING AND DISTRIBUTION EXPENSES</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Freight and forwarding		<b>1,893,357</b>	<b>1,176,586</b>
Salaries, wages and benefits	29.1	<b>331,208</b>	<b>284,491</b>
Rent, rates and taxes		<b>3,349</b>	<b>8,731</b>
Electricity, gas and water		<b>5,175</b>	<b>9,956</b>
Insurance		<b>12,700</b>	<b>5,944</b>
Depreciation and amortisation	4.1.1, 5.1.1 & 6.1.2	<b>30,781</b>	<b>26,938</b>
Repairs and maintenance		<b>789</b>	<b>534</b>
Advertising and sales promotion		<b>188,770</b>	<b>119,762</b>
Postage, telephone and stationery		<b>9,316</b>	<b>10,373</b>
Office supplies		<b>42</b>	<b>39</b>
Vehicle, travel and conveyance		<b>27,924</b>	<b>41,857</b>
Certification and registration charges		<b>4,089</b>	<b>2,374</b>
Others		<b>17,261</b>	<b>23,449</b>
		<b>2,524,761</b>	<b>1,711,034</b>
<b>29.1</b>	These include Rs. 8.42 million (2020: Rs. 8.07 million) in respect of contribution to provident funds, Rs. 6.02 million (2020: Rs. 7.66 million) in respect of gratuity fund and Rs. 0.52 million (2020: Rs. 1.83 million) in respect of compensated absences.		
<b>30. ADMINISTRATIVE EXPENSES</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Salaries, wages and benefits	30.1	<b>525,031</b>	<b>355,327</b>
Rent, rates and taxes		<b>3,166</b>	<b>1,448</b>
Electricity, gas and water		<b>4,819</b>	<b>4,732</b>
Insurance		<b>7,987</b>	<b>3,876</b>
Depreciation and amortisation	4.1.1, 5.1.1 & 6.1.2	<b>23,545</b>	<b>27,949</b>
Repairs and maintenance		<b>2,676</b>	<b>2,118</b>
Postage, telephone and stationery		<b>10,484</b>	<b>14,334</b>
Office supplies		<b>676</b>	<b>537</b>
Vehicle, travel and conveyance		<b>19,424</b>	<b>20,962</b>
Legal and professional charges		<b>130,204</b>	<b>94,538</b>
Certification and registration charges		<b>12,152</b>	<b>17,638</b>
Others		<b>51,206</b>	<b>40,106</b>
		<b>791,370</b>	<b>583,565</b>
<b>30.1</b>	These include Rs. 12.29 million (2020: Rs. 12.09 million) in respect of contribution to provident funds, Rs. 10.02 million (2020: Rs.9.47 million) in respect of gratuity funds and Rs. 9.79 million (2020: Rs. 2.4 million) in respect of compensated absences.		
<b>31. FINANCE COST</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
<b>Conventional:</b>			
- Interest on long-term financing		<b>204,271</b>	<b>224,007</b>
- Interest on short-term borrowings		<b>606,811</b>	<b>1,801,798</b>
<b>Islamic:</b>			
- Mark-up on long-term financing		<b>407,343</b>	<b>846,815</b>
- Mark-up on short-term borrowings		<b>224,329</b>	<b>321,754</b>
Exchange (gain) / loss on borrowings		<b>(7,957)</b>	<b>301,073</b>
Interest on Workers' Profit Participation Fund	22.6	<b>45</b>	<b>1,071</b>
Unwinding of Gas Infrastructure Development Cess		<b>52,525</b>	<b>-</b>
Bank charges		<b>77,883</b>	<b>48,681</b>
Interest on lease liabilities	5.2.1	<b>1,372</b>	<b>2,259</b>
		<b>1,566,622</b>	<b>3,547,458</b>



## 32. OTHER OPERATING CHARGES

Note

2021	2020
----- (Rupees in '000) -----	

Auditors' remuneration	32.1	6,989	6,643
Donations	32.2	158,510	21,550
Exchange loss - net		-	313,393
Workers' Profit Participation Fund	22.6	636,149	29,230
Workers' Welfare Fund		268,523	(20,645)
Impairment loss on property, plant and equipment	4.1.4	387,998	-
Business development expenses		8,072	15,628
		<b>1,466,241</b>	<b>365,799</b>

### 32.1 Auditors' remuneration

Note

2021	2020
----- (Rupees in '000) -----	

#### Audit services

Audit fee	4,286	4,094
Half-yearly review	909	909
Out-of-pocket expenses	403	403
	<b>5,598</b>	<b>5,406</b>

#### Non-audit services

Certifications for regulatory purposes	1,391	1,237
	<b>6,989</b>	<b>6,643</b>

### 32.2 Donations

**32.2.1** Donations to the following organization exceed 10% of total amount of donations made or Rs. 1 million whichever is higher.

Note

2021	2020
----- (Rupees in '000) -----	

SINA Health, Education and Welfare Trust	25,800	-
The Citizen Foundation	31,000	5,600
Amir Sultan Chinoy Foundation	58,100	-
Tasha Trust	1,000	-
Citizens Police Liaison Committee	1,200	-
Al-Rehmat Benevolent Trust Hospital	1,000	-
Sindh Institute of Urology and Transplantation	10,000	-
Habib University Foundation	10,000	-
Indus Earth Trust	-	1,000
Karachi Relief Trust (for COVID-19)	-	10,000
The Kidney Centre	5,000	-
NED University of Engineering and Technology	5,000	-
Habib Education Trust	2,500	-
Layton Rahmatullah Benevolent Trust	2,000	-
The Hunar Foundation	2,000	-
	<b>154,600</b>	<b>16,600</b>

**33.2.2** Mr. Riyaz T. Chinoy's interest in The Citizen Foundation is limited to the extent of his involvement as a Trustee.

<b>33. OTHER INCOME</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
<b>Income from financial assets</b>			
Income on bank deposits - conventional		42,377	7,877
Exchange gain		34,784	86,257
Government grant	18	51,099	1,423
<b>Income from non-financial assets</b>			
Income from power generation	33.1	7,847	16,343
Rental income		2,439	2,526
Gain on disposal of property, plant and equipment		47,555	59,541
Gain on remeasurement of Gas Infrastructure Development Cess		236,172	-
Gain on termination of lease		2,374	-
Insurance claim		8,423	-
Others		59,736	34,462
		<b>492,806</b>	<b>208,429</b>
<b>33.1 Income from power generation</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Revenue		644,799	723,856
Cost of electricity produced:			
Salaries, wages and benefits	33.1.1	(33,465)	(28,864)
Electricity, gas and water		(1,421,764)	(1,443,959)
Insurance		(65)	(59)
Depreciation	4.1.1	(124,172)	(121,926)
Operational supplies and consumables		(25,161)	(22,891)
Repairs and maintenance		(61,748)	(65,831)
Sundries		(1,553)	(1,393)
		<b>(1,667,928)</b>	<b>(1,684,923)</b>
Self consumption		1,030,976	977,410
Income from power generation		<b>7,847</b>	<b>16,343</b>
<b>33.1.1</b>	These include Rs. 0.81 million (2020: Rs. 0.76 million) in respect of contribution to provident fund, Rs. 1.410 million (2020: Rs.1.18 million) in respect of gratuity fund and Rs.0.12 million (2020: Rs. Nil) in respect of compensated absences.		
<b>33.1.2</b>	The Holding Company and ISL have power generation facilities at their premises. The Holding Company and ISL have generated electricity in excess of its requirements which is supplied to K-Electric Limited under separate agreements.		
<b>34. INCOME TAX EXPENSE</b>	Note	<b>2021</b>	<b>2020</b>
		----- (Rupees in '000) -----	
Current			
- for the year	25	3,456,169	1,010,524
- for prior years		310,682	(24,000)
		<b>3,766,851</b>	<b>986,524</b>
Deferred		(696,055)	(775,047)
		<b>3,070,796</b>	<b>211,477</b>

34.1 Relationship between income tax expense and accounting profit	2021	2020	2021	2020
	(Effective tax rate %)		----- (Rupees in '000) -----	
Profit / (loss) before income tax			11,788,202	(108,901)
Tax at the enacted tax rate	29.00	(29.00)	3,418,579	(31,581)
Tax effect of:				
Income subject to final tax regime	(1.12)	90.04	(131,706)	(98,056)
Income taxed as separate block of income	0.94	48.75	110,275	(53,091)
Minimum tax and tax loss - note 34.1.1	(7.04)	(378.58)	(830,386)	412,281
Tax credit	(0.06)	5.11	(7,167)	(5,568)
Prior year	2.64	22.04	310,682	(24,000)
Change in Normal Tax Regime ratio	2.04	-	240,134	-
Permanent differences	(0.07)	(19.09)	(8,292)	20,791
Others	(0.23)	(10.39)	(27,620)	11,312
Consolidation adjustments	(0.03)	18.93	(3,703)	(20,611)
	26.07	(252.19)	3,070,796	211,477

**34.1.1** This includes deferred tax asset recognised on minimum tax and tax loss by the Holding Company pertaining to prior years. These deferred tax assets are expected to be recovered against future taxable income.

35. EARNINGS PER SHARE - BASIC AND DILUTED	Note	2021	2020
		----- (Rupees in '000) -----	
Profit for the year attributable to owners of the Holding Company		5,457,176	(607,044)
		(Number)	
Weighted average number of ordinary shares outstanding during the year	14	131,881,881	131,881,881
		(Rupees)	
Earnings / (loss) per share - basic and diluted		41.38	(4.60)

**35.1** There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2021 and 2020.

36. CASH GENERATED FROM OPERATIONS	Note	2021	2020
		----- (Rupees in '000) -----	
Profit / (loss) before income tax		11,788,202	(108,901)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	4.1.1	2,044,820	1,931,551
Depreciation of right-of-use assets	5.1	8,171	-
Amortisation of intangible assets	6	714	3,847
Reversal of loss allowance on trade debts	10.3	(42,768)	(13,785)
Impairment of property, plant and equipment	4.1.4	387,998	-
Provision for obsolescence against stores and spares	28	77,594	38,583
Provision for obsolescence against capital spares	4.3	48,181	-
Provision for staff retirement benefits	20.2.8	71,477	73,304
Provision for compensated absences		30,388	6,476
Income on bank deposits	33	(42,377)	(7,877)
Gain on disposal of property, plant and equipment	33	(47,555)	(59,541)
Government grant income	33	(51,099)	(1,423)
Gain on re-measurement of Gas Infrastructure Development Cess	33	(236,172)	-
Unwinding of Gas Infrastructure Development Cess	31	52,525	-
Gain on termination of lease	33	(2,374)	-
Share of (profit) / loss from equity accounted investee	7	(34,084)	6,502
Finance cost		1,514,097	3,547,458
		15,567,738	5,416,194
Changes in working capital	36.1	(6,431,484)	1,826,442
		9,136,254	7,242,636
<b>36.1 CHANGES IN WORKING CAPITAL</b>			
Note		2021	2020
		----- (Rupees in '000) -----	
(Increase) / decrease in current assets:			
Stores and spares		(93,890)	(94,412)
Stock-in-trade		(5,959,886)	1,553,154
Trade debts		(750,809)	(487,202)
Advances, trade deposits and prepayments		(1,855,345)	3,484
Other receivables		19,294	5,222
Sales tax receivables		2,494,629	(1,652,288)
		(6,146,007)	(672,042)
Increase / (decrease) in current liabilities:			
Trade and other payables		(181,341)	2,430,931
Contract liabilities		(104,136)	67,553
		(6,431,484)	1,826,442

**37. CASH AND CASH EQUIVALENTS**

	Note	2021	2020
		----- (Rupees in '000) -----	
Cash and bank balances	13	635,590	631,532
Running finance under mark-up arrangement from banks	24	(626,411)	(2,183,647)
Short-term borrowing under Money Market scheme maturing within three months	24	(9,741,489)	(10,000,000)
Short-term borrowing under running Musharakah maturing within three months	24	(935,079)	(3,270,730)
		<u>(10,667,389)</u>	<u>(14,822,845)</u>

**38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	-----Rupees in '000)-----					
Managerial remuneration	44,151	36,332	-	-	359,869	328,630
Bonus	14,717	12,111	-	-	116,670	104,036
Variable performance pay	19,605	-	-	-	87,555	-
Retirement benefits	2,482	3,026	-	-	35,201	28,857
Rent, utilities allowance etc.	31,483	18,907	-	-	181,713	170,292
Ex Gratia	49,560	-	-	-	-	-
Directors' fee	-	-	7,500	7,050	-	-
	<u>161,998</u>	<u>70,376</u>	<u>7,500</u>	<u>7,050</u>	<u>781,008</u>	<u>631,815</u>
Number of persons	<u>1</u>	<u>1</u>	<u>9</u>	<u>8</u>	<u>126</u>	<u>96</u>

**38.1** The Chief Executives, directors and certain executives are provided with free use of company-maintained vehicles and the Chief Executive of Holding Company is provided with security in accordance with the Company's policy.

**38.2** Fee paid to 9 (2020: 8) non-executive directors were Rs. 7.50 million (2020: Rs. 7.05 million) on account of meetings attended by them.

**38.3** Reimbursement of Holding Company's Chairman's expenses was Rs. 5.3 million (2020: Rs. 5.9 million).

**39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES****a) Financial risk management**

The Board of Directors of respective group entities have overall responsibility for the establishment and oversight of the risk management framework for the respective group entity. Each group entity has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

**b) Risk management framework**

The Board of Directors of respective group entities meet frequently throughout the year for developing and monitoring the risk management of the respective group entity. The risk management policies are established for each group entity to identify and analyse the risks faced by the respective entity, to set appropriate risk limits and controls and to monitor risks including adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the respective group entity's activities. Each group entity, 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 how management monitors compliance with the respective group entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group entity.

### 39.1 Credit risk

Credit risk is the risk of financial loss to a group entity if a customer or counterparty to a financial instrument fails to meet its contractual obligation without considering fair value of collateral available there against.

#### 39.1.1 Exposure to credit risk

The carrying amount of respective financial assets represent the maximum credit exposure. The maximum exposure to credit risk at reporting date is as follows:

	Note	2021	2020
		----- (Rupees in '000) -----	
- Long term deposit		1,835	3,699
- Trade debts - net of provision	10	4,816,190	4,022,613
- Trade deposits	11	97,356	22,942
- Other receivables	12	62,376	81,670
- Bank balances	13	635,480	631,263
		<b>5,613,237</b>	<b>4,762,187</b>

The group entities do not take into consideration the value of collateral while testing financial assets for impairment. The group entities consider the credit worthiness of counter parties as part of their risk management.

#### Long-term deposits

These represent long term deposits with various parties for the purpose of securing supplies of raw materials and services. No credit exposure is foreseen there against as the amounts are paid to counter parties as per the agreement and are refundable on termination of agreement with respective counterparties.

#### Trade debts

The exposure to credit risk of each group entity arising from trade debtors is mainly influenced by the individual characteristics of each customer. The majority of the customers of the respective group entities have been transacting with them for several years. The Holding Company and ISL establish an allowance for impairment that represents its estimate of incurred losses.

#### Trade deposits

These represent deposits placed with various suppliers as per the terms of securing availability of services. The management of group entities does not expect to incur credit loss there against.

#### Other receivables

These mainly include receivable from K-Electric Limited (KE) on account of electricity provided to it from the 4 MW and 18 MW plant located at factory sites of the Holding Company and Subsidiary Company respectively under an agreement. The Group does not expect to incur credit loss on these receivables.

Analysis of gross amounts receivable from local and foreign trade debtors and from KE are as follows:

	Note	2021	2020
		----- (Rupees in '000) -----	
Domestic		2,437,355	2,714,026
Export		2,534,423	1,578,834
		<b>4,971,778</b>	<b>4,292,860</b>

The majority of export debtors of the Group are situated in Australia, Americas and Asia.

### 39.1.2 Impairment losses

The aging of trade debtors and amounts receivable from KE at the reporting date was as follows:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	----- (Rupees in '000) -----			
0-30 Days	4,488,627	20,651	3,038,931	22,492
31-60 Days	263,162	393	391,084	582
61-90 Days	76,886	317	385,616	2,770
91-120 Days	41,660	460	176,349	2,989
121-150 Days	7,088	174	134,538	3,648
151-180 Days	764	90	10,758	590
181-210 Days	764	241	4,624	464
211-240 Days	138	84	10,854	1,320
241-270 Days	-	-	6,576	1,492
271-300 Days	10,591	6,473	3,664	1,614
301-330 Days	663	509	3,400	1,991
331-360 Days	-	-	35,411	31,966
Over 1 year	81,435	81,435	91,055	91,055
Total	<b>4,971,778</b>	<b>110,827</b>	<b>4,292,860</b>	<b>162,973</b>

Management of the Group entities believes that the unimpaired balances that are past dues are still collectible in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debtors are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

### Bank balances

Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks within which balances are held or credit lines available:

Bank	Rating Agency	Short term	Long term
Habib Bank Limited	VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Faysal Bank Limited	PACRA	A-1+	AA
Faysal Bank Limited	VIS	A-1+	AA
Bank AL Habib Limited	PACRA	A-1+	AA+
MCB Bank Limited	PACRA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AA+
Bank Al Falah Limited	PACRA	A-1+	AA+
Allied Bank Limited	PACRA	A-1+	AA+
Askari Bank Limited	PACRA	A-1+	AA+
Samba Bank Limited	VIS	A-1	AA
Soneri Bank Limited	PACRA	A-1+	AA-
Dubai Islamic Bank Limited	VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
MCB Islamic Bank Limited	PACRA	A1	AAA
National Bank of Pakistan	PACRA	A1+	AAA
BankIslami Pakistan Limited	PACRA	A+	A1
Industrial & Commercial Bank of China	S&P	-	A
Industrial & Commercial Bank of China	Moody's	P-1	A-1
TD Canada Trust	S&P	A-1+	AA-
Commonwealth Bank of Australia	Fitch	F1+	AA-

### 39.1.3 Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of Group entities' performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date.

### 39.2 Liquidity risk

Liquidity risk is the risk that a group entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that group entity could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The approach of group entities to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's or group's reputation. The group entities ensure that they have sufficient liquidity including credit lines to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2021				
	Contractual cash flows				
Carrying amount	Six months or less	Six to twelve months	One to five years	More than five years	
(Rupees in '000)					
<b>Non-derivative financial liabilities</b>					
Long-term financing	8,154,626	(1,315,658)	(1,534,564)	(6,198,861)	(326,749)
Trade and other payables	6,343,445	(6,343,445)	-	-	-
Accrued mark-up	132,234	(132,234)	-	-	-
Short-term borrowings	16,977,836	(16,977,836)	-	-	-
Lease liabilities	1,929	(1,929)	-	-	-
Unclaimed dividend	44,687	(44,687)	-	-	-
	31,654,757	(24,815,789)	(1,534,564)	(6,198,861)	(326,749)
	2020				
	Contractual cash flows				
Carrying amount	Six months or less	Six to twelve months	One to five years	More than five years	
(Rupees in '000)					
<b>Non-derivative financial liabilities</b>					
Long-term financing	8,480,976	(1,202,197)	(1,263,746)	(7,233,553)	(486,887)
Trade and other payables	8,816,133	(8,816,133)	-	-	-
Accrued mark-up	299,608	(299,608)	-	-	-
Short-term borrowings	20,914,861	(20,914,861)	-	-	-
Lease liabilities	11,949	(11,949)	-	-	-
Unpaid dividend	3,246	(3,246)	-	-	-
Unclaimed dividend	46,669	(46,669)	-	-	-
	38,573,442	(31,294,663)	(1,263,746)	(7,233,553)	(486,887)

**39.2.1** The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rates of mark-up have been disclosed in respective notes to these consolidated financial statements.

**39.2.2** Long term financing from various banks contains certain loan covenants. A breach of covenant, in future, may require the Group entities to repay the respective loans earlier than as directed in the above table.

### 39.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect a group entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Group entities are exposed to currency risk and interest rate risk only.

#### 39.3.1 Currency risk

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.

## Exposure to currency risk

The Group is exposed to currency risk on trade debts, borrowings, trade and other payables, bank balances and accrued mark-up that are denominated in a currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2021					2020		
	Rupees	US Dollars	Australian Dollars	Euro	Canadian Dollars	Rupees	US Dollars	AUD
	(In '000)					(In '000)		
<b>Financial assets</b>								
Bank Balance	537,386	1,835	834	-	1,186	485,084	2,888	1,522
Trade debts	2,534,423	3,893	7,926	-	7,774	1,578,834	12,471	2,846
<b>Financial liabilities</b>								
Trade and other payables	(1,913,155)	(9,010)	(4)	(85)	(3,757)	(2,524,350)	(19,668)	(2,438)
<b>Net exposure</b>	<b>1,158,654</b>	<b>(3,282)</b>	<b>8,756</b>	<b>(85)</b>	<b>5,203</b>	<b>(460,432)</b>	<b>(4,309)</b>	<b>1,930</b>

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	2021 Buying/Selling	2020 Buying/Selling
US Dollars (USD) to Pakistan Rupee	157.12 / 157.49	167.98 / 168.35
Australian Dollars (AUD) to Pakistan Rupee	118.19 / 118.45	115.26 / 115.50
Euro to Pakistan Rupee	187.04 / 187.45	188.43 / 188.84
Canadian Dollars (CAD) to Pakistan Rupee	126.84 / 127.12	122.82 / 123.06

## Sensitivity analysis

A 10 percent strengthening / weakening of the Pak Rupee against the USD, AUD, Euro and CAD at June 30, would have decreased / increased the equity / profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same for both the years. However, current year amount is net of corporate tax while there is no impact of corporate tax on the prior as income was subject to minimum tax.

	Effect on statement of profit or loss account	
	2021	2020
	(Rupees in '000)	
<b>As at 30 June</b>		
Effect in USD	(34,270)	(48,278)
Effect in AUD	68,333	14,649
Effect in Euro	(1,052)	-
Effect in CAD	43,508	-



### 39.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from short and long term borrowings from banks.

At the reporting date the interest rate profile of the Group's interest-bearing financial instrument is:

	Carrying amount	
	2021	2020
	----- (Rupees in '000) -----	
<b>Fixed rate instruments</b>		
Financial liabilities	8,512,932	6,118,012
<b>Variable rate instruments</b>		
Financial liabilities	16,632,979	23,296,195

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

The group entities do not account for any fixed rate financial assets and liabilities at fair value through the profit or loss. Therefore a change in interest rates at the reporting date would not affect the profit or loss.

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

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by Rs. 111 million (2020: Rs. 213 million) with corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for both the years. However, current year amount is net of corporate tax while there is no impact of corporate tax on prior year as income was subject to minimum tax.

### 39.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2021			
	Short term borrowings	Long term Borrowings	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance at beginning of the year	21,138,291	8,557,155	6,411,432	36,106,878
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(1,946,252)	-	(1,946,252)
Proceeds from long-term loan	-	1,646,582	-	1,646,582
Dividend paid	-	-	(467,180)	(467,180)
<b>Total changes from financing activities</b>	-	(299,670)	(467,180)	(766,850)
<i>Other changes</i>				
Interest expense	934,337	614,408	-	1,548,745
Interest paid	(1,072,119)	(592,893)	-	(1,665,012)
Deferred government grant recognised	-	(77,779)	-	(77,779)
Changes in short-term borrowings	(3,937,025)	-	-	(3,937,025)
<b>Total loan related other changes</b>	(4,074,807)	(56,264)	-	(4,131,071)
<b>Equity related other changes</b>	-	-	6,043,011	6,043,011
<b>Balance at end of the year</b>	<b>17,063,484</b>	<b>8,201,221</b>	<b>11,987,263</b>	<b>37,251,968</b>

	2020			
	Short term borrowings	Long term Borrowings	Unappropriated profit	Total
	----- (Rupees in '000) -----			
Balance at end of the year	19,870,003	9,464,690	7,343,772	36,678,465
<i>Changes from financing cash flows</i>				
Repayment of long-term loan	-	(1,597,508)	-	(1,597,508)
Proceeds from long-term loan	-	845,291	-	845,291
Dividend paid	-	-	(359,049)	(359,049)
<b>Total changes from financing activities</b>	-	(752,217)	(359,049)	(1,111,266)
<i>Other changes</i>				
Interest expense	2,565,999	987,133	-	3,553,132
Interest paid	(2,596,223)	(1,104,059)	-	(3,700,282)
Deferred government grant recognised	-	(38,401)	-	(38,401)
Changes in short-term borrowings	1,298,512	-	-	1,298,512
<b>Total loan related other changes</b>	1,268,288	(155,327)	-	1,112,961
<b>Equity related other changes</b>	-	-	(573,291)	(573,291)
<b>Balance at end of the year</b>	<b>21,138,291</b>	<b>8,557,146</b>	<b>6,411,432</b>	<b>36,106,869</b>

### 39.5 Price risks

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The group entities have no exposure to price risk as its investments are measured at cost.

### 39.6 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the consolidated statement of financial position approximate their fair values.

### 39.7 Financial instruments by categories

Note	2021	2020
	----- (Rupees in '000) -----	

#### Financial assets

Held at amortised cost			
- Long-term deposits		1,835	3,699
- Trade debts - net of provision	10	4,816,190	4,022,613
- Trade deposits	11	97,356	22,942
- Other receivables	12	62,376	81,670
- Cash and bank balances	13	635,480	631,263
		<b>5,613,237</b>	<b>4,762,187</b>

#### Financial liabilities

Held at amortised cost			
- Long-term financing	17	8,154,626	8,480,976
- Trade and other payables	22	6,343,445	8,816,133
- Accrued mark-up		132,234	299,608
- Short-term borrowings	24	16,977,836	20,914,861
- Unpaid dividend		-	3,246
- Unclaimed dividend		44,687	46,669
		<b>31,652,828</b>	<b>38,561,493</b>

**39.8** None of the financial assets and liabilities are offset in the consolidated statement of financial position.

#### **40. CAPITAL MANAGEMENT**

The objective of group entities when managing capital is to safeguard its ability to operate as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The group entities intend to manage its capital structure by monitoring return on capital, as well as the level of dividends to ordinary shareholders.

#### **41. MEASUREMENT OF FAIR VALUES**

Management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by managements of group entities. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, Group entities uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2021, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Group entities measures the Land and Buildings at fair value and all of the resulting fair value estimates in relation to Land and Buildings of the Company are included in Level 3.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The following table provides the valuation approach, inputs used and inter-relationship between significant unobservable inputs and fair value measurement of the Group's Land and Buildings measured at fair value:

Assets measured at fair value	Dates of Valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment			
- Land and building	June 30, 2019	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation does not expect material sensitivity to the fair factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair value are subject to change owing to changes in input. However, management values arising from the non-observable inputs.

The management of the Group entities assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade receivables, short term borrowings, trade and other payables, accrued mark-up and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit and long term financing, management considers that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates. Fair value of investment in equity accounted investee is disclosed in note 7 to these consolidated financial statements.

#### 42. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the group entities, key management employees and staff retirement funds. The Group Entities continue to have a policy whereby all transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract/arrangement/agreement. The contributions to defined contribution plans (Provident Funds) of the group entities, wherever applicable, are made as per the terms of employment and contributions to the group entities defined benefit plans (Gratuity Funds), wherever applicable are in accordance with actuarial advice. Remuneration of key management personnel are in accordance with their terms of employment and policy of respective group entities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the respective group entity. The Group entities consider their Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be their key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

## 42.1

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements, are as follows:

	2021	2020
	----- (Rupees in '000) -----	
<b>Associated companies</b>		
Sales	1,538,669	1,010,398
Purchases	27,726,968	21,562,716
Purchase of vehicles	20,969	2,530
Insurance premium	36,575	2,979
Insurance claim	35,952	623
Rent income	2,438	2,525
Bonus shares issued	-	576
Dividend paid	123,626	60,944
Dividend received	-	6,092
Registration and training	21	273
Services	67,827	133,760
Reimbursement of expenses	1,800	4,582
Subscription	2,213	2,177
Donation	24,800	-
<b>Key management personnel</b>		
Remuneration	593,201	516,283
<b>Non-executive directors</b>		
Directors' fee	7,500	7,050
<b>Reimbursement of Chairman's expenses</b>	5,286	5,903
<b>Staff retirement funds</b>		
Contributions paid	188,791	116,842

The following are the related parties with whom the Group had entered into transaction or have arrangement / agreement in place:

Name of the Related Party	Relationship and percentage of Shareholding
Pakistan Cables Limited	Associated Company holds 17.124% (2020:17.124%)
Sumitomo Corporation	Associated Company holds 9% (2020: 9%) of ISL
Jubilee Life Insurance Company Limited	Associated Company by nature of common directorship
Jubilee General Insurance Company Limited	Associated Company by nature of common directorship
Pakistan Institute of Corporate Governance	Associated Company by nature of common directorship
The Citizen Foundation	Associated Company by nature of common directorship
Cherat Cement Company Limited	Associated Company by nature of common directorship
Bulleh Shah Packaging (Pvt) Ltd	Associated Company by nature of common directorship
The Pakistan Business Council	Associated Company by nature of common directorship
Gul Ahmed Textile Mills Limited	Associated Company by nature of common directorship
ICI Pakistan Limited	Associated Company by nature of common directorship
Management Association of Pakistan	Associated Company by nature of common directorship
Indus Motor Company Limited	Associated Company by nature of common directorship
German Pakistan Chamber Of Commerce And Industry	Associated Company by nature of common directorship
Beaumont Plaza Owners / Occupants Welfare Association	Associated Company by nature of common directorship
Landhi Association of Trade & Industry	Associated Company by nature of common directorship
Employers' Federation of Pakistan	Associated Company by nature of common directorship
Amir Sultan Chinoy Foundation	Associated Company by nature of common directorship
Habib University Foundation	Associated Company by nature of common directorship
Karwan-e-Hayat	Associated Company by nature of common directorship
Intermark (Private) Limited	Associated Company by nature of common directorship



- 42.2 Outstanding balances with related parties have been separately disclosed in trade debts, advances, deposits and prepayments and trade and other payables respectively. These are settled in ordinary course of business.

43. **ANNUAL PRODUCTION CAPACITY**

Note

2021

2020

(Metric tonnes)

**Actual production capacity at the year end was as follows:**

***Holding company***

Steel pipe	585,000	585,000
Galvanizing	120,000	120,000
Cold rolled steel strip	50,000	50,000
Polymer pipes and fittings	32,000	30,000
Stainless steel pipe	2,600	2,400

***Subsidiary company - International Steels Limited***

Galvanizing	462,000	462,000
Cold rolled steel strip	1,000,000	1,000,000
Colour coated	84,000	84,000

**The actual production for the year was:**

***Holding company***

Steel pipe	169,545	116,660
Galvanizing	75,111	50,167
Polymer pipes and fittings	11,787	10,361
Stainless steel pipe	1,510	981

***Subsidiary company - International Steels Limited***

Galvanizing	293,598	230,023
Cold rolled steel strip	498,037	424,355
Colour coated	17,789	21,166

Actual production during the year was sufficient to meet market demand.

The name-plate capacities of the plants are determined based on a certain product mix. The actual production mix was different.

#### 44. SEGMENT REPORTING

Performance is measured based on respective segment results. Information regarding the reportable segments specified in note 3.16 is presented below.

##### 44.1 Segment revenue and results

	Steel coils & sheets segment	Steel pipes segment	2021 Polymer segment	Investment segment	Total
----- (Rupees in '000) -----					
<b>For the year ended June 30, 2021</b>					
Revenue from contract with customers					
Local	57,943,785	19,717,084	3,359,637	-	81,020,506
Exports	11,852,455	5,868,897	3,917		17,725,269
	69,796,240	25,585,981	3,363,554	-	98,745,775
Cost of sales	(56,304,366)	(22,042,531)	(2,831,340)	-	(81,178,237)
Gross profit	13,491,874	3,543,450	532,214	-	17,567,538
Selling and distribution expenses	(950,173)	(1,490,609)	(83,979)	-	(2,524,761)
Administrative expenses	(361,519)	(405,354)	(24,497)	-	(791,370)
Reversal of loss allowance on trade debts	-	42,392	376		42,768
	(1,311,692)	(1,853,571)	(108,100)	-	(3,273,363)
Finance cost	(810,509)	(668,280)	(87,833)	-	(1,566,622)
Other operating charges	(1,276,659)	(166,517)	(23,065)	-	(1,466,241)
	(2,087,168)	(834,797)	(110,898)	-	(3,032,863)
Other income	315,833	176,973	-	-	492,806
Share of loss in equity accounted investee - net of tax	-	-	-	34,084	34,084
Profit before taxation	10,408,847	1,032,055	313,216	34,084	11,788,202
Taxation					(3,070,796)
Profit after taxation					8,717,406

	Steel coils & sheets segment	Steel pipes segment	2020 Polymer segment	Investment segment	Total
----- (Rupees in '000) -----					
<b>For the year ended June 30, 2020</b>					
Sales	46,732,419	16,439,003	2,485,247	-	65,656,669
Cost of sales	(42,415,017)	(15,219,226)	(2,139,183)	-	(59,773,426)
Gross profit	4,317,402	1,219,777	346,064	-	5,883,243
Selling and distribution expenses	(852,005)	(786,016)	(73,013)	-	(1,711,034)
Administrative expenses	(259,081)	(304,529)	(19,955)	-	(583,565)
Reversal / (charge) of loss allowance on trade debts	(4,042)	3,640	14,187	-	13,785
	(1,115,128)	(1,086,905)	(78,781)	-	(2,280,814)
Finance cost	(2,308,995)	(1,114,675)	(123,788)	-	(3,547,458)
Other operating charges	(335,097)	(20,489)	(10,213)	-	(365,799)
	(2,644,092)	(1,135,164)	(134,001)	-	(3,913,257)
Other income	35,523	172,906	-	-	208,429
Share of loss in equity accounted investee - net of tax	-	-	-	(6,502)	(6,502)
(Loss) / Profit before taxation	593,705	(829,386)	133,282	(6,502)	(108,901)
Taxation					(211,477)
Loss after taxation					(320,378)

#### 44.2 Segment assets and liabilities

	Steel coils & sheets segment	Steel pipes segment	Polymer segment	Investment segment	Total
----- (Rupees in '000) -----					
<b>As at June 30, 2021</b>					
Segment assets	36,972,972	22,387,009	1,778,101	1,132,235	62,270,317
Segment liabilities	22,427,299	13,621,522	819,573	-	36,868,394
<b>As at June 30, 2020</b>					
Segment assets	36,758,671	16,753,164	1,904,264	1,095,290	56,511,389
Segment liabilities	29,161,322	10,396,496	1,114,031	-	40,671,849

Reconciliation of segment assets and liabilities with total assets and liabilities in the statement of financial position is as follows:

	2021	2020
----- (Rupees in '000) -----		
Total for reportable segments assets	62,270,317	56,511,389
Unallocated assets	5,761,300	7,461,707
Total assets as per statement of financial position	68,031,617	63,973,096
Total for reportable segments liabilities	36,868,394	40,671,849
Unallocated liabilities	2,966,033	3,492,466
Total liabilities as per statement of financial position	39,834,427	44,164,315

**44.3** Segment revenues reported above are revenues generated from external customers. There were no inter-segment sales during the year.

**44.4** Segment assets reported above comprise of property, plant and equipment, stock-in-trade and trade debts. These assets are identified based on the operations of the segment and remaining assets and liabilities are presented as unallocated assets and liabilities.

**44.5** Additions to non-current assets in relation to steel coils and sheets, steel pipes, polymer and investments segments amounts to Rs. 515.4 million (2020: Rs. 2,209.7 million), Rs. 148.3 million (2020: Rs. 162.9 million), Rs. 50.3 million (2020: Rs. 55.24 million) and Nil (2020: Nil) respectively.

#### **44.6 Information about major customers**

Revenue from major customer of the polymer segment amounts to Rs. 976 million (2020: Rs. 1,159 million), whereas both the steel pipes and steel coil segments, amounts to Nil (2020: Nil), whose revenue accounts for more than 10% of segment's revenue.

#### **44.7 Geographical information**

The consolidated net revenue is from external customers by geographical location which is disclosed in note 27.1.

**44.8** Management considers that revenue from its ordinary activities is Shariah compliant.

**44.9** As at 30 June 2021, all consolidated non-current assets are located in Pakistan with an exception of its investments in IIL Australia Pty. Limited which is domiciled in Victoria, Australia and IIL Americas Inc. which is domiciled in Ontario, Canada.

### **45. INTERESTS IN OTHER ENTITIES**

#### **45.1 Non-controlling interests**

Set out below is summarised financial information of Subsidiary Company (ISL) which has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	2021	2020
	----- (Rupees in '000) -----	
NCI Percentage (%)	43.6654%	43.6654%
Non-current assets	19,199,920	20,689,028
Current assets	22,519,623	22,164,946
Non-current liabilities	6,474,761	6,572,488
Current liabilities	16,357,142	23,555,671
Net assets attributable to non-controlling interests	8,247,364	5,556,778
Revenue	69,796,240	48,081,937
Expenses	62,329,909	47,587,085
Profit for the year	7,466,331	494,852
Profit attributable to non-controlling interests	3,260,230	286,666
Other comprehensive loss attributable to non-controlling interests	216	2,268
Total comprehensive income attributable to non-controlling interests	3,260,446	288,934
Net cash inflow from operating activities	8,043,275	1,976,287
Net cash outflow from investing activities	(483,513)	(2,180,932)
Net cash outflow from financing activities	(1,275,015)	(2,132,037)

## 45.2 Associates

Details about the Holding Company's investment in Associated Company and summarised financial information are disclosed in note 7 to these consolidated financial statements.

### 46. NUMBER OF EMPLOYEES

#### Holding Company

Average number of employees during the year  
Total employees at the year-end

2021	2020
(Number)	
959	992
954	1,031

#### Subsidiary Companies

Average number of employees during the year  
Total employees at the year end

691	702
698	692

### 47. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Holding Company in their meeting held on August 26, 2021 has proposed a final cash dividend of Rs. 6.50 per share (2020: Nil) amounting to Rs. 857.23 million (2020: Nil) for the year ended June 30, 2021. The approval of the members of the Holding Company for the dividend shall be obtained at the Annual General Meeting to be held on September 30, 2021.

The Board of Directors of ISL in their meeting held on August 24, 2021 has proposed a final cash dividend of Rs. 7.00 per share (2020: Nil) amounting to Rs. 3,045 million (2020: Nil) for the year ended June 30, 2021. The approval of the members of ISL for the dividend shall be obtained at the Annual General Meeting to be held on September 29, 2021.

The Board of Directors of the equity accounted investee company (Pakistan Cables Limited) in their meeting held on August 12, 2021 has proposed a final cash dividend of Rs. 8.00 per share amounting to Rs. 284.62 million (2020: Nil) for the year ended June 30, 2021, of which the proportionate share of the Holding Company amounts to Rs. 48.74 million (2020: Nil). The approval of the members of Pakistan Cables Limited for the dividend shall be obtained at the Annual General Meeting to be held on September 24, 2021.

The consolidated financial statements for the year ended June 30, 2021 do not include the effect of the aforementioned proposed dividends which will be accounted for in the consolidated financial statements for the year ending June 30, 2022.

### 48. CORRESPONDING FIGURES

The comparative information has been reclassified or re-arranged in these consolidated financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current year, having insignificant impact.

### 49. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on August 26, 2021 by the Board of Directors of the Holding Company.



**Jehangir Shah**  
Director & Chairman  
Board Audit Committee



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer



930	27,000	2.180	2
160	1,225	5.350	5
340	0	0.000	0
450	30,393	2.440	0
2.600	5,000	1.600	0
1.600	73,778	2.300	0
		0.000	

# STAKEHOLDERS INFORMATION

# STAKEHOLDERS INFORMATION

## OWNERSHIP

On June 30, 2021 there were 4,800 members on the record of the Company's ordinary shares.

## DIVIDEND AND/OR BONUS SHARES

The Board of Directors of the Company has recommended 65% final cash dividend for the year as per its Profit Appropriation Policy. The proposal shall be placed before the shareholders of the Company in the Annual General Meeting for their consideration and approval on September 30, 2021. The dividend amounts, if approved by the shareholders, shall be directly credited to their designated banks to the shareholders listed in the Company's share register at the close of business on September 20, 2021 and shall be subject to Zakat and Tax deductions as per applicable law.

# FINANCIAL CALENDAR

## RESULTS

Year ended June 30, 2021	Approved on August 26 <sup>th</sup> , 2021
	Announced on August 27 <sup>th</sup> , 2021
Third quarter ended March 31, 2021	Approved on April 23 <sup>rd</sup> , 2021
	Announced on April 26 <sup>th</sup> , 2021
Half year ended December 31, 2020	Approved and Announced on February 1 <sup>st</sup> , 2021
First quarter ended September 30, 2020	Approved on October 22 <sup>nd</sup> , 2020
	Announced on October 23 <sup>rd</sup> , 2020

## DIVIDENDS

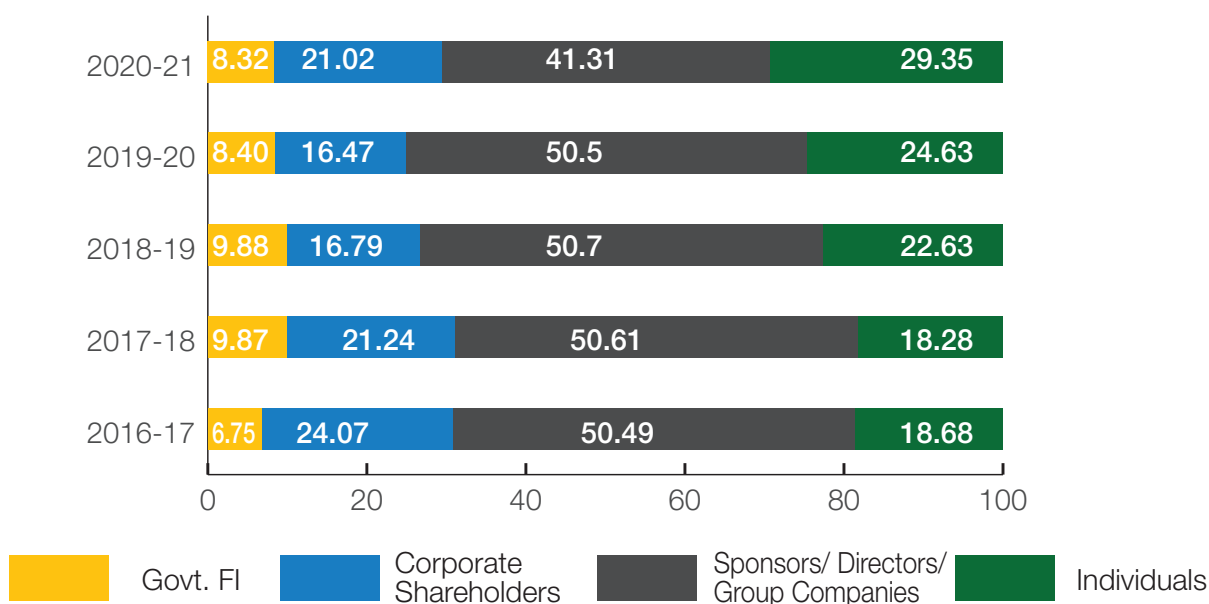
Interim – Cash (2021)	Approved on February 1 <sup>st</sup> , 2021
	Entitlement date March 15 <sup>th</sup> , 2021
	Statutory limit upto which payable April 2 <sup>nd</sup> , 2021
	Paid on March 29 <sup>th</sup> , 2021
LATEST ANNUAL REPORT	Issued on September 7 <sup>th</sup> , 2021
73 <sup>rd</sup> ANNUAL GENERAL MEETING	To be held on September 30 <sup>th</sup> , 2021

## TENTATIVE DATES OF FINANCIAL RESULTS OF 2021-22

First quarter ended September 30 <sup>th</sup> , 2021	October 28 <sup>th</sup> , 2021
Half year ended December 31 <sup>st</sup> , 2021	February 3 <sup>rd</sup> , 2022
Third quarter ended March 31 <sup>st</sup> , 2022	April 26 <sup>th</sup> , 2022
Year ended June 30 <sup>th</sup> , 2022	August 22 <sup>nd</sup> , 2022



# SHAREHOLDERS COMPOSITION



# PATTERN OF SHAREHOLDING

As at June 30, 2021

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	TO		
934	1	100	36,600	0.0278
1070	101	500	338,837	0.2569
680	501	1,000	561,110	0.4255
1171	1,001	5,000	2,845,023	2.1573
325	5,001	10,000	2,388,813	1.8113
129	10,001	15,000	1,599,007	1.2125
71	15,001	20,000	1,270,724	0.9635
54	20,001	25,000	1,246,501	0.9452
37	25,001	30,000	1,021,110	0.7743
29	30,001	35,000	947,135	0.7182
26	35,001	40,000	984,318	0.7464
12	40,001	45,000	513,965	0.3897
18	45,001	50,000	881,803	0.6686
12	50,001	55,000	632,038	0.4792
8	55,001	60,000	464,886	0.3525
12	60,001	65,000	758,860	0.5754
8	65,001	70,000	547,570	0.4152
11	70,001	75,000	808,267	0.6129
8	75,001	80,000	627,574	0.4759
18	80,001	90,000	1,523,315	1.1551
18	90,001	100,000	1,767,785	1.3404
17	100,001	120,000	1,852,192	1.4044
17	120,001	150,000	2,305,791	1.7484
24	150,001	200,000	4,187,992	3.1756
19	200,001	250,000	4,277,712	3.2436
10	250,001	300,000	2,761,223	2.0937
12	300,001	400,000	4,030,260	3.0560
7	400,001	500,000	3,191,434	2.4199
9	500,001	600,000	4,967,679	3.7668
2	600,001	700,000	1,246,300	0.9450
3	700,001	800,000	2,130,880	1.6157
4	800,001	900,000	3,408,633	2.5846
1	900,001	1,000,000	900,383	0.6827
3	1,000,001	1,100,000	3,206,200	2.4311
5	1,100,001	1,300,000	6,115,977	4.6375
1	1,300,001	1,500,000	1,401,900	1.0630
3	1,500,001	1,600,000	4,675,464	3.5452
3	1,600,001	1,700,000	4,890,437	3.7082
2	1,700,001	1,800,000	3,475,515	2.6353
1	1,800,001	2,300,000	2,221,440	1.6844
1	2,300,001	2,800,000	2,756,500	2.0901
1	2,800,001	3,500,000	3,439,816	2.6083
1	3,500,001	5,400,000	5,344,136	4.0522
1	5,400,001	5,500,000	5,482,183	4.1569
1	5,500,000	14,500,000	14,402,600	10.9208
1	14,500,001	17,500,000	17,443,992	13.2270
<b>4800</b>			<b>131,881,880</b>	<b>100.0000</b>

# CATEGORIES OF SHAREHOLDERS

As of June 30, 2021

PARTICULARS	NO. OF SHAREHOLDERS	NO. OF SHARES HELD	PERCENTAGE
Directors, CEO, Sponsors and Family Members	22	51,964,021	39.4019
Associated Companies	4	2,080,757	1.5777
Govt. Financial Institutions/NIT / NBP Related Companies	23	10,972,315	8.3198
Banks Development Financial Institutions, Non-Banking Financial Institutions.	12	4,063,313	3.0810
Insurance Companies	10	4,485,847	3.4014
Modaraba and Mutual Funds	61	8,574,715	6.5018
Foreign Companies	5	365,924	0.2775
Public, Private and Other Companies	142	11,131,771	8.4407
General Public - Local	4,437	37,625,473	28.5297
General Public - Foreign	84	617,744	0.4684
<b>TOTAL</b>	<b>4800</b>	<b>131,881,880</b>	<b>100.0000</b>

# KEY SHAREHOLDING AND SHARE TRADING

As of June 30, 2021

Information on shareholding required under the reporting framework is as follows:

	No. of Shares	Percentage
<b>Directors and Spouses</b>	<b>38,642,827</b>	<b>29.30</b>
<b>Sponsoring Family Members</b>	<b>12,862,013</b>	<b>9.75</b>
<b>Executives</b>	<b>170,869</b>	<b>0.1425</b>
Jubilee General Insurance Company Limited	592,100	0.4939
Pakistan Cables Limited	576,000	0.4804
Pakistan Cables Limited Employees Provident Fund	544,725	0.4543
Trustees Pakistan Cables Limited Management Staff Pension Fund	232,600	0.1940
<b>Associated companies, undertakings and related parties</b>	<b>1,945,425</b>	<b>1.6226</b>
<b>Govt. Financial Institutions/NIT /NBP &amp; their funds</b>	<b>10,972,315</b>	<b>8.3198</b>

# MEMBERS HAVING 5%

or more of voting rights

Name of Shareholder	Shares Held	Percentage
Mr. Mustapha A. Chinoy	17,444,592	14.5502
Mr. Kamal A. Chinoy	14,402,700	12.0130

# SHARES TRADING

by Directors / Executives

Following shares transactions were made by directors, executives and their family members or their private-owned companies during the financial year July 1, 2020 to June 30, 2021.

	Sold	Purchased
<b>No. of Shares</b>	<b>6,561,218</b>	<b>322,000</b>



# NOTICE OF ANNUAL GENERAL MEETING

For the year ended June 30, 2021

Notice is hereby given to the Members that the 73<sup>rd</sup> Annual General Meeting of International Industries Limited will be held on September 30, 2021 at 11:00 a.m. in Karachi to transact the below-noted business. Due to the current situation caused by the COVID-19 pandemic, shareholders are requested to attend the meeting through the video conferencing facility arranged by the Company as per the instructions given in the notes section.

## ORDINARY BUSINESS

### Financial Statements

1. To receive, consider and adopt the Audited Accounts (consolidated and unconsolidated) of the Company for the year ended June 30, 2021, together with the Reports of the Directors and Auditors thereon.

As required under Section 223 (7) of the Companies Act 2017, the Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded using the following link:

<http://www.iil.com.pk/investors/financial-information>

### Dividend

2. To consider and approve payment of Rs. 6.50 per share (65%) as final cash dividend in addition to 35% interim cash dividend announced and already paid, making a total dividend of Rs. 10.00 per share (100%) for the financial year ended June 30, 2021, as recommended by the Board of Directors.

### Auditors

3. To appoint statutory auditors of the Company for the year ending June 30, 2022 and fix their remuneration. The retiring Auditors, M/s A. F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment at a fee to be mutually agreed and reimbursements of out-of-pocket expenses at actuals.

## SPECIAL BUSINESS

4. To consider, and if thought fit, to approve the payment to Mr. Kamal A. Chinoy of an ex-gratia amount of Rs. 10 million, and for this purpose, pass the following resolution as and by way of an ordinary resolution, namely;

“RESOLVED THAT Mr. Kamal A. Chinoy, a non-executive Director of the Company, be paid an ex-gratia sum of Rs. 10,000,000/- for having devoted special attention to the business of the Company and for his crucial role to ensure a smooth transition in leadership and to stabilise the Company.”

5. To approve, by way of an ordinary resolution, the transmission of the annual reports including audited annual financial statements, Auditor's Report, Chairman's Review, Directors' Report and Notice of Annual General Meetings to the Company's shareholders electronically through Email/CD/DVD/USB at their registered emails or mailing addresses as allowed under Section 223(6) of the Companies Act, 2017 instead of transmitting the annual reports including annual audited accounts in printed form.,

“RESOLVED THAT International Industries Limited be and is hereby allowed to transmit its annual reports including audited annual financial statements, Auditor's Report, Chairman's Review, Directors' Report and Notice of Annual General Meetings to the Company's shareholders electronically through Email/CD/DVD/USB at their registered emails or mailing addresses as allowed under Section 223(6) of the Companies Act, 2017 instead of transmitting the annual reports including annual audited accounts in printed form.”

6. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

A statement as required by Section 134(3) of the Companies Act, 2017 in respect of the special business to be considered at the meeting is being sent to the Members, along with this notice.



By Order of the Board

**M. Irfan Bhatti**

Company Secretary  
& Head of Legal Affairs

Karachi: September 7, 2021

## Notes:

### 1. Participation in the AGM proceedings via the video conferencing facility:

Due to the current COVID19 situation and for the well being of the stakeholders, the AGM proceedings shall be held via video conferencing facility only.

Shareholders interested in participating in the meeting are requested to email following information with subject "Registration for International Industries Limited AGM" along with a valid copy of both sides of their Computerized National Identity Card (CNIC) at [investors@iil.com.pk](mailto:investors@iil.com.pk). Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Registration to a Attend Annual General Meeting through Video Conferencing Facility

1. Folio No. / CDC Investors A/c No./ Sub-A/c No. \_\_\_\_\_
2. Name of Shareholder : \_\_\_\_\_
3. Cell Phone Number : \_\_\_\_\_
4. Email Address : \_\_\_\_\_
5. No. of Shares held at the 1st day of the Book Closure to establish the right to attend AGM: \_\_\_\_\_

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address: [investors@iil.com.pk](mailto:investors@iil.com.pk)

### 2. CLOSURE OF SHARE TRANSFER BOOKS

The Register of Members and the Share Transfer Books will be closed from September 21, 2021 to September 30, 2021 (both days inclusive) to establish the right to attend the Annual General Meeting and to receive the dividend declared.

3. A Member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote on his/her behalf.
4. An instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarized certified copy of the power or authority must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. Form of Proxy is enclosed.
5. 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.

#### a) For Attending AGM

- i) In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall produce proof of his / her identity by showing their Computerized National Identity Card (CNIC) at the time of attending the meeting.
- ii) In case of a corporate entity, a 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 Proxy

- i) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per CDC regulations shall submit the Proxy Form as per the above requirement.
- ii) Attested copies of CNIC of the beneficial owners and the proxy shall be furnished with the Proxy Form. The proxy shall produce his original CNIC at the time of the meeting.

### For Email, CNIC, IBAN and Zakat Declaration

6. Members are requested to provide their Email, International Banking Account Number (IBAN) and Zakat Declaration together with a copy of their CNIC to update our records. Otherwise all dividends will be withheld in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017;
  - For physical shares to M/s CDC Share Registrar Services Limited
  - For shares in CDS to CDC Investors A/c Services or respective participant
7. Members are requested to submit declaration (CZ-50) as per Zakat & Ushr Ordinance 1980 for zakat exemption and advise change in address, if any.

### 8. STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT. 2017

This statement sets out material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on September 30, 2021.

#### **ITEM 4 OF THE AGENDA**

As Members you are aware that we had a change in the leadership earlier this year following the resignation of Mr. Riyaz T. Chinoy as Chief Executive Officer of the Company. At that time Mr. Kamal A. Chinoy, as Non-executive Director of the Company, agreed to step in and act as Chief Executive Officer at no remuneration and to assist the Company in identifying a full time Chief Executive Officer. Mr. Kamal A. Chinoy devoted special attention to the business of the Company and has assumed a crucial role in ensuring a smooth transition in leadership and to stabilise the Company.

The Board of Directors at their meeting held on August 26, 2021, in the absence of Mr. Kamal A. Chinoy, decided to recommend to the Members that they approve the payment to Mr. Kamal A. Chinoy of an ex-gratia sum of Rs. 10 million for the extraordinary efforts made by him. For this propose, the Board of Directors has proposed that the resolution set forth at item 4 of the Agenda in the Notice convening the Annual General Meeting of the Company to be held on September 30, 2021 be considered and passed as an ordinary resolution.

None of the directors, other than Mr. Kamal A. Chinoy, are interested in this matter.

#### **ITEM 5 OF THE AGENDA**

The shareholders in their 69th Annual General Meeting on September 28, 2017 have already granted approval to transmit annual reports in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy as per the Securities and Exchange Commission of Pakistan's SRO No.470(l)/2016 dated May 31, 2016.

Whereas, in addition to the above approval, the Section 223 (6) of the Companies Act, 2017 allows every company to send its audited annual financial statements together with the Auditors' Report, Directors' Report and, in the case of a listed company, the Chairman's Review to every member of the company and every person who is entitled to receive notice of general meeting, either by post or electronically at least twenty-one days before the date of meeting at which it is to be laid before the members of the company, and shall keep a copy at the registered office of the company for the inspection of the members.

To proceed towards a paperless environment and to fulfill our responsibility towards environment, International Industries Limited has sought approval of shareholders, by way of an ordinary resolution to issue and dispatch its annual reports including audited annual financial statements, Auditor's Report, Chairman's Review, Directors Report and notice of Annual General Meeting through Email/CD/DVD/USB at their registered emails or mailing addresses as allowed under Section 223(6) of the Companies Act, 2017 instead of transmitting the annual reports including annual audited accounts in printed form. However, an option of hard copy of the same information is offered to any interested shareholder.

#### **9. Unclaimed Dividends and Bonus Shares**

Shareholders, who by any reason, could not claim their dividend and/or bonus shares are advised to contact our Shares Registrar M/s CDC Share Registrar Services Limited to collect / enquire about their unclaimed dividends and/or bonus shares, if any.

#### **10. E-dividend Mandate**

As per Section 242 of the Companies Act, 2017, in case of a Public listed company, any dividend payable in cash shall only be remitted through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account No. (IBAN) and details in the Central Depository System through respective participants. In case of physical shares, to provide bank account details to our Share Registrar, M/s CDC Share Registrar Services Limited. Please ensure an early update of your particulars to avoid any inconvenience. E-Dividend mandate form is enclosed.

#### **11. Conversion of Physical Shares into Book Entry Form**

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form to convert their shares into book-entry form.

We hereby request all such member of International Industries Limited who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member / stock broker of the Pakistan Stock Exchange to open an account in the Central Depository System to facilitate conversion of physical shares into book-entry form.

Members are informed that holding shares in book-entry form has several benefits including but not limited to;

- Secure and convenient custody of shares
- Conveniently tradeable and transferable
- No risk of the loss, damage or theft
- No stamp duty on transfer of shares in book-entry form
- Seamless credit of bonus or right shares

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at earliest.

## **12. Electronic voting:**

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

## **13. Filer And Non-Filer Status**

i) The Government of Pakistan through Finance Act, 2021 in Section 150 of the Income Tax Ordinance, 2001 prescribed the following rates for withholding tax against dividend payments by the companies;

- a) For filers of income tax returns – 15%
- b) For non-filers of income tax returns – 30%

Members whose names are not entered into the Active Tax payers List (ATL) provided on the FBR website, despite the fact that they are filers, are advised to make sure that their names are entered into ATL to avoid higher tax deductions against dividends.

ii) For any query / problem / information, the investors may contact the Share Registrar at the following phone numbers, email address:

M/s CDC Share Registrar Services Limited  
CDC House, 99-B, Block B, S.M.C.H.S,  
Shahrah-e-Faisal,  
Customer Support Service Nos: +92-080023275  
E-mail : info@cdcsrcsl.com

iii) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Share Registrar i.e. M/s CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio number.

- بک انٹری کی شکل میں شیئرز کی منتقلی پر کوئی اسٹیپ ڈیوٹی نہیں
- ہنکسی پریشانی کے بونس یا رائٹ شیئرز کریڈٹ

کمپنی کے ممبران کے مفاد میں ہم ایک بار پھر، ہم پُر زور تاکید کرتے ہیں کہ اپنے فزیکل شیئرز کو جلد از جلد بک انٹری کی شکل میں تبدیل کریں۔

۱۲۔ الیکٹرونک ذریعہ سے ووٹنگ

ممبران ووٹ دینے کیلئے اپنے اس حق کا مطالبہ کر سکتے ہیں جو کمپنیز ایکٹ 2017 کے سیکشن 143-145 میں اجلاس کی شرائط اور کمپنیز (پوشل پیلٹ) ریگولیشنز 2018 کی لاگوشتوں کی تعمیل سے مشروط ہے۔

۱۳۔ فاکرز اور نان فاکرز

(i) حکومت پاکستان نے انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 میں فنانس ایکٹ، 2021 کے ذریعے کمپنیوں کی جانب سے منافع کی ادائیگی کیلئے دو ہولڈنگ ٹیکس کی درج ذیل شرحیں مقرر کی ہیں:

الف) انکم ٹیکس ریٹرن فائل کرنے والوں کیلئے۔ 15%

ب) انکم ٹیکس ریٹرن فائل نہ کرنے والوں کیلئے۔ 30%

وہ ممبران جن کے نام ایف بی آر کی ویب سائٹ پر فراہم کردہ ایکٹیو ٹیکس پیئر زلسٹ (ATL) میں درج نہیں ہیں، اس حقیقت کے باوجود کہ وہ فاکرز ہیں، انہیں مشورہ دیا جاتا ہے کہ وہ اے ٹی ایل میں اپنے نام کا اندراج یقینی بنائیں تاکہ مستقبل میں ٹیکس کی زیادہ کٹوتی سے بچا جاسکے۔

ii) کسی بھی سوال / مسئلہ / معلومات کیلئے، شیئرز رجسٹرار سے درج ذیل فون نمبرز، ای میل ایڈریس پر رابطہ کریں۔

میسرزی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ

سی ڈی سی ہاؤس، 99-B، بلاک "B"، سندھی مسلم کوآپریٹیو ہاؤسنگ سوسائٹی (S.M.C.H.S)، شاہراہ فیصل، کراچی،

کسٹمر سپورٹ سروس نمبر: +92-080023275، ای میل: info@cdcsrsl.com

iii) سی ڈی سی اکاؤنٹس رکھنے والے کارپوریٹ شیئرز ہولڈرز کا اپنے متعلقہ پارٹنیشن کے ساتھ اپنے نیشنل ٹیکس نمبر (NTN) اپ ڈیٹ کرنا ضروری ہے، جبکہ کارپوریٹ فزیکل شیئرز ہولڈرز کو اپنے این ٹی این سرٹیفکیٹ کی ایک کاپی شیئرز رجسٹرار، میسرزی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ کو بھیجی چاہیے۔ NTN یا NTN سرٹیفکیٹ، جو بھی صورت ہو، بھیجتے وقت شیئرز ہولڈرز کو کمپنی کا نام اور ان کے متعلقہ فون نمبر کا حوالہ دینا ضروری ہے۔



۸۔ کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت ایک اسٹینٹ  
یہ اسٹینٹ 30 ستمبر 2021 کو ہونے والے سالانہ اجلاس عام کی خصوصی کارروائی کے بارے میں مادی حقائق پیش کرتی ہے۔

#### ایجنڈے کا آئٹم نمبر 4

بطور ممبران آپ کو معلوم ہے کہ ہم نے اس سال کے شروع میں کمپنی میں بطور چیف ایگزیکٹو آفیسر جناب ریاض فی چنائے کے استعفیٰ کے بعد قیادت میں تبدیلی کی تھی۔ اس وقت مسٹر کمال اے چنائے، کمپنی کے نان ایگزیکٹو ڈائریکٹر کے طور پر، بغیر کسی معاوضے کے چیف ایگزیکٹو آفیسر کے طور پر قدم رکھنے اور کام کرنے پر رضامند ہوئے اور ایک کل وقتی چیف ایگزیکٹو آفیسر کی شناخت میں کمپنی کی مدد کرنے پر راضی ہوئے۔ مسٹر کمال اے چنائے نے کمپنی کے کاروبار پر خصوصی توجہ دی اور قیادت میں آسان منتقلی کو یقینی بنانے اور کمپنی کو مستحکم کرنے میں اہم کردار ادا کیا۔

بورڈ آف ڈائریکٹرز نے 26 اگست 2021 کو مسٹر کمال اے چنائے کی غیر موجودگی میں اپنے ممبران کو سفارش کرنے کا فیصلہ کیا کہ وہ مسٹر کمال اے چنائے کی طرف سے کی گئی غیر معمولی کوششوں کیلئے غیر سرگامی کے طور پر 10 ملین روپے کی رقم کی ادائیگی کی منظوری دیں۔ اس مقصد کیلئے، بورڈ آف ڈائریکٹرز نے تجویز پیش کی ہے کہ 30 ستمبر 2021 کو ہونے والی کمپنی کی سالانہ اجلاس عام میں بلانے والے نوٹس میں ایجنڈے کے آئٹم 4 پر پیش کی گئی قرارداد کو ایک عام قرارداد کے طور پر سمجھا اور منظور کیا جائے۔

#### ایجنڈے کا آئٹم نمبر 5

28 ستمبر 2017 کو منعقدہ اپنے 69 ویں سالانہ اجلاس عام میں شیئر ہولڈرز نے پہلے ہی منظوری دے دی ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن کے SRO No. 470(I)/2016 مورخہ 31 مئی 2016 کے مطابق سالانہ رپورٹس کی سی ڈی/ڈی وی ڈی/ایو ایس بی پرسافٹ کاپی کی صورت میں ترسیل کی جائے بجائے اس کے کہ سالانہ آڈٹ شدہ مالی بیانات کو ہارڈ کاپی کی شکل میں بھیجا جائے۔

مذکورہ منظوری کے علاوہ کمپنیز ایکٹ 2017 کے سیکشن (6) 223 کے تحت ہر کمپنی کو اجازت ہے کہ اپنے آڈٹ شدہ مالیاتی اسٹیٹمنٹس کے ساتھ آڈیٹرز کی رپورٹ، ڈائریکٹرز کی رپورٹ اور ایک لسنڈ کمپنی کی صورت میں چیئر مین کی جائزہ رپورٹ، اجلاس عام کے نوٹس کی وصولی کا حق رکھنے والے کمپنی کے ہر ممبر کو اور ہر شخص کو ای میل یا ڈاک کے ذریعے اجلاس کی تاریخ سے کم از کم ایکس دن پہلے بھیج دے جس میں اسے کمپنی کے ممبران کے سامنے پیش کیا جاتا ہے اور شرکاء کے معائنے کیلئے کمپنی کے رجسٹرڈ آفس میں ایک کاپی رکھے۔

بنا کاغذ والے ماحول کی طرف بڑھنے اور اپنی ماحولیاتی ذمہ داریوں کو پورا کرنے کیلئے، انٹرنیشنل انڈسٹریز لمیٹڈ نے اپنے شیئر ہولڈرز سے اپنی آڈٹ شدہ سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی اسٹیٹمنٹس، آڈیٹرز کی رپورٹ، چیئر مین کی جائزہ رپورٹ، ڈائریکٹرز کی رپورٹ اور سالانہ اجلاس عام کے نوٹس کی ای سی ڈی/ڈی وی ڈی/ایو ایس بی کے ذریعے ترسیل کی بذریعہ عام قرارداد منظوری کی درخواست کی ہے بجائے اسکے کہ سالانہ رپورٹ بشمول آڈٹ شدہ اکاؤنٹس پر عدد شکل میں بھیجے جائیں، جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن (6) 223 کے تحت اس کی اجازت دی گئی ہے۔ تاہم، دلچسپی رکھنے والے شیئر ہولڈران کی ہارڈ کاپی کی صورت میں وصولی کا انتخاب کر سکتے ہیں۔

#### ۹۔ غیر کلیم شدہ منافع مقدمہ اور بونس شیئرز

شیئر ہولڈرز جو کسی بھی وجہ سے، اپنے ڈیویڈنڈ اور/یا بونس شیئرز کلیم نہیں کر سکے ہیں، اپنے غیر کلیم شدہ منافع مقدمہ اور/یا بونس شیئرز کو وصول/حاصل کرنے کیلئے ہمارے شیئر رجسٹر اری میسرز سی ڈی سی شیئر رجسٹر اری میسرز سے رابطہ کر کے اپنا کلیم یقینی طور پر داخل کروائیں۔

#### ۱۰۔ منافع مقدمہ کی الیکٹرونک ذریعہ سے ادائیگی

کمپنیز ایکٹ 2017 کے سیکشن 242 کے مطابق، لسنڈ کمپنی ہونے کی صورت میں نقد رقم میں قابل ادائیگی کسی بھی منافع مقدمہ کو صرف الیکٹرونک طور پر اہل شیئر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں منتقل کیا جائے گا۔ لہذا، اس نوٹس کے ذریعے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے انٹرنیشنل بینکنگ اکاؤنٹ نمبر (IBAN) اور تفصیلات متعلقہ شرکاء کے ذریعے سینٹرل ڈپازٹری سسٹم میں اپ ڈیٹ کریں۔ فزیکل شیئرز کی صورت میں، ہمارے شیئر رجسٹر اری میسرز سی ڈی سی شیئر رجسٹر اری میسرز کو بینک اکاؤنٹ کی تفصیلات فراہم کریں۔ براہ مہربانی یقینی بنائیں کہ آپ کا ڈیٹا جلد از جلد اپ ڈیٹ ہو جائے تاکہ مستقبل میں کسی بھی قسم کی تکلیف سے بچا جاسکے۔ الیکٹرونک ڈیویڈنڈ مینڈیٹ فارم منسلک ہے۔

#### ۱۱۔ فزیکل شیئرز کی بگ انٹری کی شکل میں تبدیلی

کمپنیز ایکٹ 2017 کے سیکشن 72 کے تحت، تمام موجودہ کمپنیوں کیلئے لازم ہے کہ کمپنیز ایکٹ 2017 کی مؤثر تاریخ سے چار سال کی مدت کے اندر اپنے فزیکل شیئرز کو بگ انٹری کی شکل میں تبدیل کریں۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر CSD/ED/Misc./2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے لسنڈ کمپنیوں کو ہدایت دی ہے کہ وہ فزیکل شیئرز رکھنے والے ان ممبران کو اپنے شیئرز بگ انٹری کی شکل میں تبدیل کرنے کیلئے قائل کریں جنہوں نے ابھی تک ایسا نہیں کیا ہے۔

ہم بذریعہ انڈسٹریل انٹرنیشنل انڈسٹریز لمیٹڈ کے فزیکل شیئرز رکھنے والے تمام ممبران سے درخواست کرتے ہیں کہ جتنی جلدی ممکن ہو انہیں بگ انٹری کی شکل میں تبدیل کر لیں۔ ان کو یہ بھی تجویز دی جاتی ہے کہ وہ سینٹرل ڈپازٹری کمپنی آف پاکستان یا پاکستان اسٹاک ایکسچینج کے کسی بھی فعال رکن/اسٹاک بروکر سے رابطہ کریں تاکہ سینٹرل ڈپازٹری سسٹم میں اکاؤنٹ کھولا جاسکے اور فزیکل شیئرز کو بگ انٹری کی شکل میں تبدیل کیا جاسکے۔

ممبران کو مطلع کیا جاتا ہے کہ بگ انٹری کی شکل میں شیئرز رکھنے کے کئی فوائد ہیں:

- شیئرز کی محفوظ اور آسان تحویل
- کاروبار اور منتقلی میں سہولت
- نقصان، ضرر یا چوری کا کوئی خطرہ نہیں



## نوٹس:

- ۱۔ ویڈیو کانفرنس کی سہولت کے ذریعہ سالانہ اجلاس عام میں شرکت COVID-19 کی موجودہ صورتحال اور اسٹیک ہولڈرز کی خیر و عافیت کو مد نظر رکھتے ہوئے سالانہ اجلاس عام میں صرف ویڈیو کانفرنس کے ذریعہ شرکت کی جاسکتی ہے۔
- اجلاس میں حصہ لینے کے خواہشمند شیئرز ہولڈرز (ز) سے درخواست ہے کہ وہ مندرجہ ذیل تفصیلات کے ساتھ اپنے کمپیوٹر یا موبائل فون پر شناختی کارڈ کی نقل (CNIC) کے دونوں اطراف کی درست کاپی منسلک کر کے investors@iil.com.pk پر "Registration for International Industries Limited AGM" کے عنوان کے ساتھ ای میل کریں۔ ویڈیو لنک اور لاگ ان کی تفصیلات صرف ان ممبران کے ساتھ شیئر کی جائیں گی جن کی ای میل تمام درست تفصیلات کے ساتھ سالانہ اجلاس عام سے کم از کم 48 گھنٹے پہلے موصول ہوں گی۔

سالانہ اجلاس عام میں بذریعہ ویڈیو کانفرنس شرکت کیلئے رجسٹریشن

- ۱۔ فوئیو نمبر/سی ڈی سی انویسٹرز اکاؤنٹ نمبر/ذیلی اکاؤنٹ نمبر \_\_\_\_\_
- ۲۔ شیئر ہولڈر کا نام \_\_\_\_\_
- ۳۔ موبائل نمبر \_\_\_\_\_
- ۴۔ ای میل ایڈریس \_\_\_\_\_
- ۵۔ مینٹگ میں شرکت کے استحقاق کے تعین کیلئے کتابوں کی بندش کے پہلے دن شیئرز کی تعداد
- شیئر ہولڈرز سالانہ اجلاس عام کے ایجنڈہ آن لائن کیلئے اپنے تہرے اور سوالات ای میل ایڈریس investors@iil.com.pk پر بھی کر سکتے ہیں۔

۲۔ کتابوں کی بندش

- ممبران کا رجسٹرڈ اور شیئرز ٹرانسفر بکس 21 ستمبر 2021 تا 30 ستمبر 2021 (بشمول دونوں ایام) سالانہ اجلاس عام میں شرکت اور اعلان کردہ منافع منقسمہ کی وصولی کے استحقاق کے تعین کے سلسلے میں بند رہیں گی۔
- ۳۔ کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے بولنے اور ووٹ دینے کیلئے اپنی پراکسی مقرر کر سکتا/سکتی ہے۔
- ۴۔ پراکسی کی تقرری کا ایک انسٹرومنٹ اور پاور آف اٹارنی یا کوئی دیگر اتھارٹی جس کی بنیاد پراس پر دستخط کئے جاتے ہیں پاور آف اٹارنی یا اتھارٹی کی مصدقہ کاپی کمپنی کے رجسٹرڈ آفس میں اجلاس سے کم از کم 48 گھنٹے پہلے جمع کرنا ضروری ہے۔ پراکسی فارم منسلک ہے۔ سی ڈی سی اکاؤنٹ ہولڈرز پاکستان سکیورٹیز اینڈ ایکسچینج کمیشن کے جاری کردہ 26 جنوری 2000 کے سرکلر 1 میں دی گئی مندرجہ ذیل ہدایات پر عمل کریں گے۔
- ۵۔ CDC اکاؤنٹ ہولڈرز کو سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 میں درج رہنما ہدایات پر بھی عمل کرنا ہوگا۔

a۔ اجلاس عام میں شرکت کیلئے

- (i) انفرادی حیثیت میں کوئی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جس کی سکیورٹیز اور رجسٹریشن کی تفصیلات سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کے ضوابط کے مطابق اپ لوڈ ہیں، ان کو اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کے لئے اپنا اصل کمپیوٹر یا موبائل فون پر شناختی کارڈ (CNIC) پیش کرنا ہوگا۔
- (ii) کارپوریٹ اکائی ہونے کی صورت میں اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد پاور آف اٹارنی مع نامزد کردہ فرد کے نمونہ دستخط (اگر پہلے سے فراہم نہ کئے گئے ہوں) فراہم کرنا ہوں گے۔

b۔ پراکسی کے تقرر کیلئے

- (i) انفرادی حیثیت میں کوئی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی تفصیلات سی ڈی سی کے ضوابط کے مطابق اپ لوڈ ہیں، ان کو درج بالا شرائط کے مطابق پراکسی فارم جمع کرنا ہوگا۔
- (ii) پراکسی فارم کے ساتھ تین فیصلہ اور پراکسی کے CNIC کی تصدیق شدہ کاپیاں منسلک ہونی چاہئیں۔

ای میل، IBAN/CNIC اور ذکوہ ڈیٹا کیلئے

- ۶۔ ممبران سے درخواست کی جاتی ہے کہ وہ اپنا بین الاقوامی بینکنگ اکاؤنٹ نمبر (IBAN) کمپیوٹر یا موبائل فون پر شناختی کارڈ (CNIC) کی ایک نقل کے ساتھ فراہم کریں تاکہ ہمارے ریکارڈز کو اپ ڈیٹ کیا جاسکے، بصورت دیگر تمام منافع کمپنیز ریگولیشنز 2017 کے ریگولیشن 6 (منافع منقسمہ کی تقسیم) کے مطابق روک دیا جائے گا۔

○ فیوچل شیئرز کیلئے میسرزی سی ڈی سی شیئرز رجسٹر افسر و سر لمیٹڈ کو

○ سی ڈی سی ایس میں شیئرز کیلئے سی ڈی سی انویسٹرز اکاؤنٹ سروسز یا متعلقہ پارٹنر شپ کیلئے

- ۷۔ ممبران سے درخواست کی جاتی ہے کہ وہ 1980 کے ذکوہ اور عشر آؤٹینس کے مطابق ذکوہ سے استثنیٰ کیلئے ایک ڈیٹا کیلک (CZ-50) پیش کریں تاکہ ایڈریس میں تبدیلی کی اطلاع دی جاسکے، اگر کوئی ہو۔

# اطلاع برائے سالانہ اجلاس عام

برائے سال ختمہ 30 جون 2021

بذریعہ ہذا ممبران کو مطلع کیا جاتا ہے کہ کمپنی کا 73 واں سالانہ اجلاس عام مورخہ 30 ستمبر 2021 صبح 11:00 بجے، درج ذیل امور کی انجام دہی کیلئے کراچی میں منعقد ہوگا۔ COVID-19 کی وبا کی وجہ سے پیدا ہونے والی موجودہ صورتحال کے باعث شیئر ہولڈرز (ز) کمپنی کے زیر اہتمام ہونے والی ویڈیو کانفرنسنگ کے ذریعہ اجلاس عام کے نوٹس میں دی گئی ہدایات کے مطابق شرکت کے حقدار ہوں گے۔

عمومی امور:

مالیاتی اسٹیٹمنٹس:

۱۔ کمپنی کے آڈٹ شدہ اکاؤنٹس (اجتماعی اور غیر اجتماعی) برائے سال ختمہ 30 جون 2021 اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، ان پر غور کرنا اور ان کو اختیار کرنا۔ کمپنیز ایکٹ 2017 کے سیکشن (7) 223 کے تحت، کمپنی کی مالیاتی اسٹیٹمنٹس کمپنی کی ویب سائٹ پر اپ لوڈ کر دی گئی ہیں جنہیں نیچے دیئے گئے لنک سے ڈاؤن لوڈ کیا جاسکتا ہے۔

<http://www.iil.com.pk/investors/financial-information>

ڈویڈنڈ

۲۔ ڈائریکٹرز کی سفارشات کے مطابق مالی سال ختمہ 30 جون 2021 کیلئے حتمی نقد منافع بحساب 6.50 روپے (65%) فی شیئر علاوہ 35% عبوری نقد منافع کے جس کا اعلان اور ادائیگی پہلے ہی کی جا چکی ہے، مجموعی ڈویڈنڈ 10 روپے فی شیئر یعنی (100%) کی شیئر ہولڈرز کو ادائیگی پر غور کرنا اور منظور کر دینا۔

آڈیٹرز

۳۔ 30 جون 2022 کو ختم ہونے والی مدت کیلئے آڈیٹرز کا تقرر کرنا اور ان کا مشاہرہ طے کرنا۔ ریٹائر ہونے والے آڈیٹرز M/s A. F. Ferguson & Co., Chartered Accountants نے اہل ہونے کی حیثیت سے باقی رضامندی سے طے کی جانے والی فیس اور آڈٹ آف پاکٹ کی مد میں خرچ کی گئی اصل رقم کی ادائیگی پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

خصوصی امور:

۴۔ غور کرنا اور اگر مناسب سمجھا جائے تو جناب کمال اے چٹائے کو خیر سگالی کے طور پر 10 ملین روپے کی ادائیگی کرنا اور اس مقصد کیلئے درج ذیل قرارداد کو بطور عام قرارداد منظور کرنا: قرار پایا کہ نان ایگزیکٹو ڈائریکٹر، جناب کمال اے چٹائے کو کمپنی کے معاملات پر خصوصی توجہ دینے، مینجمنٹ کی آسان منتقلی اور کمپنی کو مستحکم بنانے میں ان کے اہم کردار کیلئے خیر سگالی کے طور پر 10,000,000 روپے کی ادائیگی کی جائے۔

۵۔ بذریعہ عام قرارداد کمپنی کے شیئر ہولڈرز کو سالانہ رپورٹس، بشمول آڈٹ شدہ مالیاتی اسٹیٹمنٹس، آڈیٹرز کی رپورٹ، چیئرمین کا جائزہ، ڈائریکٹرز کی رپورٹ اور سالانہ اجلاس عام کا نوٹس ان کے ڈاک کے پتوں پر بھیجنے کے بجائے الیکٹرانک طور پر ای میل/سی ڈی/ڈی ڈی/یو ایس بی کے ذریعے ترسیل کی منظوری دینا، بجائے اس کے کہ سالانہ رپورٹ بشمول آڈٹ شدہ سالانہ اکاؤنٹس پرنٹ شدہ شکل میں بھیجی جائے، جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن (6) 223 کے تحت اس کی اجازت دی گئی ہے۔ "قرار پایا کہ انٹرنیشنل انڈسٹریل لمیٹڈ کو بذریعہ ہذا کمپنی کے شیئر ہولڈرز کو سالانہ رپورٹس، بشمول آڈٹ شدہ مالیاتی اسٹیٹمنٹس، آڈیٹرز کی رپورٹ، چیئرمین کا جائزہ، ڈائریکٹرز کی رپورٹ اور سالانہ اجلاس عام کا نوٹس ان کے ڈاک کے پتوں پر بھیجنے کے بجائے الیکٹرانک طور پر ای میل/سی ڈی/ڈی ڈی/یو ایس بی کے ذریعے ترسیل کی منظوری دی جاتی ہے بجائے اس کے کہ سالانہ رپورٹ بشمول آڈٹ شدہ سالانہ اکاؤنٹس پرنٹ شدہ شکل میں بھیجی جائے جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن (6) 223 کے تحت اس کی اجازت دی گئی ہے۔"

۶۔ چیئرمین کی اجازت سے سالانہ اجلاس عام میں کسی دیگر امور پر غور کرنا۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت ممبران کو اجلاس میں زیر غور خصوصی امور کے حوالے سے ایک اسٹیٹمنٹ اس نوٹس کے ساتھ بھیجی جا رہی ہے۔



بحکم بورڈ آف ڈائریکٹرز

محمد عرفان بھٹی

کمپنی سیکریٹری اور ہیڈ آف لیگل افیئرز

کراچی: 7 ستمبر 2021



# GLOSSARY

AGM Annual General Meeting	FTO Federal Tax Ombudsman
API American Petroleum Institute	FTR Final Tax Regime
ATIR Appellate Tribunal Inland Revenue	GDP Gross Domestic Product
ATL Active Tax Payer List	GI Galvanized Iron
AUD Australian Dollars	GIDC Gas Infrastructure Development Cess
BAC Board Audit Committee	GoP Government of Pakistan
BCP Business Continuity Planning	HDPE High Density Polyethylene
Board/BOD Board of Directors	HoD Head of Department
CBA Collective Bargaining Agreement	HR Human Resource
CCG Code of Corporate Governance	HRRC Human Resource Remuneration Committee
CDC Central Depository Company	HRC Hot Rolled Coil
CE Conformité Européene or European Conformity	HSE Health, Safety and Environment
CEO Chief Executive Officer	HSS Hollow Structural Sections
CDC Central Depository Company	IAS International Accounting Standards
CFO Chief Financial Officer	IBA Institute of Business Administration
CIR Commissioner Inland Revenue	ICAP Institute of Chartered Accountants of Pakistan
CIT Commissioner Income Tax	ICMAP Institute of Cost and Management Accountants of Pakistan
COLA Cost of Living Allowance	IFC International Finance Corporation
CR Cold Rolled	IFRIC International Financial Reporting Interpretation Committee
CRC Cold Rolled Coil	IFRS International Financial Reporting Standards
CSR Corporate Social Responsibility	ILL International Industries Limited
CTAC Citizens Trust Against Crime	IPO Initial Public Offering
CWIP Capital Work in Progress	ISL International Steels Limited
DBN Debottlenecking	ISO International Organization for Standardization
EBIT Earnings before Interest and Taxation	ISO International Standards Organization
EBITDA Earnings before Interest, Taxation Depreciation and Amortisation	IT Information Technology
EC Executive Committee	ITAT Income Tax Appellate Tribunal
EFP Employees Federation of Pakistan	JV Joint Ventures
EPS Earning Per Share	KE Karachi Electric
ERW Electric Resistance Weld	KIBOR Karachi Interbank Offer Rate
ETP Effluent Treatment Plant	KPMG Klynveld Peat Marwick Goerdeler
EY Ernst Young	LIBOR London Interbank Offered Rate
FBR Federal Board of Revenue	LPG Liquefied Petroleum Gas
FPAP Fire Protection Association of Pakistan	LSM Large Scale Manufacturing
FPCCI Federation of Pakistan Chambers of Commerce and Industry	LTC Lost Time Case
FTA Free-Trade Agreement	








LTIFR Lost Time Injury Frequency Rate	PICG Pakistan Institute of Corporate Governance
LTU Large Taxpayers Unit	PKR Pakistan Rupees
LUMS Lahore University of Management Sciences	PPRC Polypropylene Random Copolymer
M&A Memorandum and Articles	PSQCA Pakistan Standards and Quality Control Authority
MAP Management Association of Pakistan	PSX Pakistan Stock Exchange
MC Management Committee	Rs. Pakistani Rupees
MDPE Medium Density Polyethylene	SECP Securities and Exchange Commission of Pakistan
MoC Ministry of Commerce	SHC Sindh High Court
MT Metric Ton(s)	SNGPL Sui Northern Gas Pipelines Limited
NBV Net Book Value	SS Stainless Steel
NFEH National Forum for Environment and Health	SSGC Sui Southern Gas Company Limited
NOC No Objection Certificate	TCF The Citizens Foundation
NRV Net Realizable Value	UL Underwriters Laboratories
NTC National Tariff Commission	US\$/USD United States Dollar
OHSAS Occupational Health and Safety Assessment Specification	
OPEC Organization of the Petroleum Exporting Countries	
PACRA Pakistan Credit Rating Agency	
PAT Profit after tax	
PCL Pakistan Cables Limited	
PEX Cross-linked Polyethylene	










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# E-DIVIDEND MANDATE FORM



To:

Date: \_\_\_\_\_

**Subject: Bank account details for payment of Dividend through electronic mode**

Dear Sir,

I/We/Messrs. \_\_\_\_\_,  
being a/the shareholder(s) of International Industries Limited [the "Company"], hereby, authorize the Company, to  
directly credit cash dividends declared by it, into my/our bank account as detailed below:

(i) Shareholder's details:	
Name of Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me/us are correct and I/we shall keep the Company informed in case of any changes in the said particulars in the future.

Yours faithfully

\_\_\_\_\_  
Signature of Shareholder  
(Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your bank branch, to enable electronic credit directly into your bank account.
2. This letter must be sent to the shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company.



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**CDC SHARE REGISTRAR SERVICES LIMITED**

CDC House, 99- B, Block - B, S.M.C.H.S.,  
Main Shahrah-e-Faisal, Karachi.  
Telephone Nos: +92-0800-23275  
FAX: +92-21-34326053  
E-mail : [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

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# PROXY FORM



I/We \_\_\_\_\_  
of \_\_\_\_\_  
being Member(s) of International Industries Limited holding \_\_\_\_\_  
Ordinary Shares hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ vide Folio/CDC Account no. \_\_\_\_\_ or failing him/  
her \_\_\_\_\_ of \_\_\_\_\_ who is  
also a member of International Industries Limited vide Folio/CDC Account no. \_\_\_\_\_  
as my/our proxy in my/our absence to attend, speak and vote for me/us and on my/our behalf at the 73<sup>rd</sup> Annual  
General Meeting of the Company to be held on Thursday, September 30, 2021 in Karachi via video conferencing  
and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2021.

Signed by the said \_\_\_\_\_

In the presence of 1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC/Passport No: \_\_\_\_\_  
2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC/Passport No: \_\_\_\_\_

Signature on  
Revenue Stamp

Folio/CDC Account No.

This signature shall  
agree with the specimen signature  
as per the Company's record.

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, i.e., 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530, not less than 48 hours before the time of holding of the Annual General Meeting.
2. No person shall act as proxy unless he/she himself/herself 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 will have to be met:

- a. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
- b. Attested copies of the CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the Proxy Form.
- c. In case of a corporate entity, a Board of Directors' resolution/power of attorney, including the specimen signature of the nominee, shall be submitted to the Company along with the Proxy Form unless the same has been provided earlier.
- d. The proxy shall present his/her original CNIC or original passport at the time of the Annual General Meeting.

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میں / ہم \_\_\_\_\_  
 سکنہ \_\_\_\_\_ بحیثیت ممبر (ز) انٹرنیشنل انڈسٹریز لمیٹڈ،  
 حامل \_\_\_\_\_ عمومی شیئرز، بذریعہ ہذا  
 سکنہ \_\_\_\_\_ کو بذریعہ فولیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_  
 یا اس کی عدم دستیابی کی صورت میں \_\_\_\_\_  
 سکنہ \_\_\_\_\_  
 جو انٹرنیشنل انڈسٹریز لمیٹڈ کا ممبر ہے بذریعہ فولیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ کو اپنا / ہمارا پراکسی مقرر کرتا ہوں /  
 کرتے ہیں، جو اپنی / ہماری غیر حاضری میں میری / ہماری جگہ 30 ستمبر 2021 کو کراچی میں بذریعہ ویڈیو کانفرنسنگ منعقد ہونے والے کمپنی کے 73 ویں سالانہ  
 اجلاس عام میں یا کسی ملتوی شدہ اجلاس شرکت کرنے، بولنے اور ووٹ دینے کا حقدار ہوگا / ہوں گے۔  
 میں / ہم نے اپنے ہاتھ / امهر سے گواہی دی بتاریخ \_\_\_\_\_ 2021

مذکورہ شخص کے دستخط \_\_\_\_\_

ان افراد کی موجودگی میں ۱۔ دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 CNIC / پاسپورٹ نمبر: \_\_\_\_\_

ریونیو اسٹمپ پر دستخط

۲۔ دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 CNIC / پاسپورٹ نمبر: \_\_\_\_\_

فولیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_  
 یہ دستخط کمپنی کے ریکارڈ پر موجود دستخط کے مطابق ہونا چاہیے  
 اہم ہدایات:

- ۱۔ یہ پراکسی فارم، مکمل شدہ اور دستخط شدہ، کمپنی کے رجسٹرڈ دفتر واقع 101 بیسمنٹ پلازہ، 10، بیسمنٹ روڈ، کراچی۔ 75530 پر سالانہ اجلاس عام کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازمی طور پر وصول ہو جائے۔
- ۲۔ کسی ایسے شخص کو پراکسی مقرر نہیں کیا جاسکتا جو کمپنی کا / کی ممبر نہ ہو، سوائے کارپوریشن کے، جو ممبر نہ ہونے والے فرد کو پراکسی مقرر کر سکتی ہے۔
- ۳۔ اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور کوئی ممبر کمپنی کے پاس ایک سے زیادہ پراکسی کی دستاویز جمع کراتا ہے تو ایسی تمام دستاویزات ناقابل قبول قرار دی جائیں گی۔

CDC اکاؤنٹ ہولڈرز / کارپوریٹ اکائی کی صورت میں:

درج بالا کے علاوہ درج ذیل شرائط بھی پورا کرنا ہوں گی:

- ۱۔ پراکسی فارم پر دو گواہوں کے دستخط ہونا لازمی ہے جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں۔
- ب۔ تنظیمی افسر (ز) اور پراکسی کے CNICs یا پاسپورٹس کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ فراہم کی جائیں۔
- ج۔ کارپوریٹ اکائی ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹھرنی بشمول نامزد کردہ افراد۔
- د۔ کمپنی کے دستخط مع پراکسی فارم (اگر پہلے جمع نہ کرایا گیا ہو) کے ہمراہ کمپنی کے پاس جمع کرائے جائیں۔
- و۔ پراکسی کو سالانہ اجلاس عام میں شرکت کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

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