ITTEFAQ IRON INDUSTRIES LTD.

Annual Report 2020

LOOKING
BEYOND
TOMORROW

CONTENTS

Key Figures	2
Company Information	4
Vision	6
Mission	7
Strategy Goals	8
Core Values	9
Notice of Annual General Meeting	10
Code of Business Conduct & Ethics	16
Profiles of Directors	19
Company Profile	21
Organization Chart	26
Chief Executive Message	27
Director Report to Members	28
Last Five year Financial review	35
Pattern of Shareholding	37
Review Report to the Members	42
Statement of Compliance with the code of Corporate Governance 2019	43

FINANCIAL STATEMENTS

Auditor's Report to the Members	50
Statement of Financial Position	55
Statement of Profit or Loss	57
Statement of Comprehensive Income	58
Statement of Cash Flow	59
Statement of Changes in Equity	60
Notes to and Forming Part of these Financial Statements	61
Director Reports in Urdu	113
Proxy Form in Urdu & English	114

KEY FIGURES

PKR
Sales Revenue
3,385,124,629
(2019: 6,809.786,461)

PKR
EBITDA
12,000,000
(2019: 628.000,000)

PKR
Loss before Tax & Depreciation
75,059,161
(Profit before Tax & Depreciation 2019: 445.131,842)

PKR
Loss After Tax
238,925,792
(Profit after Tax 2019: 198.190,844)

PKR
Loss per share
(1.66)
(Earning per share 2019: 1.37)

%

Return on Capital Employed

(0.03)

(2019: 11.04)

PKR

Total Assest

6,408,306,473

(2019: 6,422.255,132)

%

Current Ratio

2.26

(2019: 2.55)

PKR

Shareholder Equity

3,378,711,655

(2019: 3,470.276,049)

PKR

Breakup value per share

(1.66)

(2019: 1.37)

CORPORATE INFORMATION

Board of Directors

Mian Muhammad Pervaiz Shafi	Chairman
Shahzad Javed	Chief Executive
Shaukat Ali Rana	Independent Director
Khalid Mustafa	Director
Khalida Pervaiz	Director
Sumbleen Usman	Director
Ayesha Fahid	Director

Audit Committee

Shaukat Ali Rana	Chairman
Adnan Younas	Committee Sec.
Khalid Mustafa	Member
Khalida Pervaiz	Member
Ayesha Fahid	Member

Company Secretary

Muhammad Shahzad Bazmi (FPFA)

Auditors

SARWARS
Chartered Accountants
Office # 12-14, 2nd Floor Lahore Centre
77-D Main Boulevard Gulberg III, Lahore.

Mills

8-KM Manga Raiwind Road
Near Rousa Stop
Tel: 042-35397001-8

Bankers

National Bank of Pakistan
Bank of Punjab
Soneri Bank Ltd.

Hr & R Committee

Shaukat Ali Rana	Chairman
Khalida Pervaiz	Member
Sumbleen Usman	Member

Chief Financial Officer

Khaliq Sharif Khilji

Share Registrar

M/s. Corplink (Pvt.) Ltd
Share Registrar & Corporate Consultants
Wing Arcade, 1-K, Commercial
Model Town, Lahore
Tel; 042-35916714, Fax; 042-35869037
Email; corplink786@gmail.com

Registered Office

40 B-II, Gulberg III, Lahore
Tel: 042-35765021-26, Fax; 042-35759546
Email; info@ittefaqsteel.com

Company Website

www.ittefaqsteel.com

Legal Advisor

Muhammad Shahzad Bazmi
Advocate High Court
40 B-II, Gulberg III, Lahore
Tel: 042-35765021-26, Fax; 042-35759546
Email: mshehzadbazmi@yahoo.com

ITTEFAQ IRON INDUSTRIES LIMITED


ITTEFAQ
steel
اتفاق میں طاقت ھے

Vision
STATEMENT

To contribute to the society by creating better value, innovative technology, high quality Steel products and superior services.

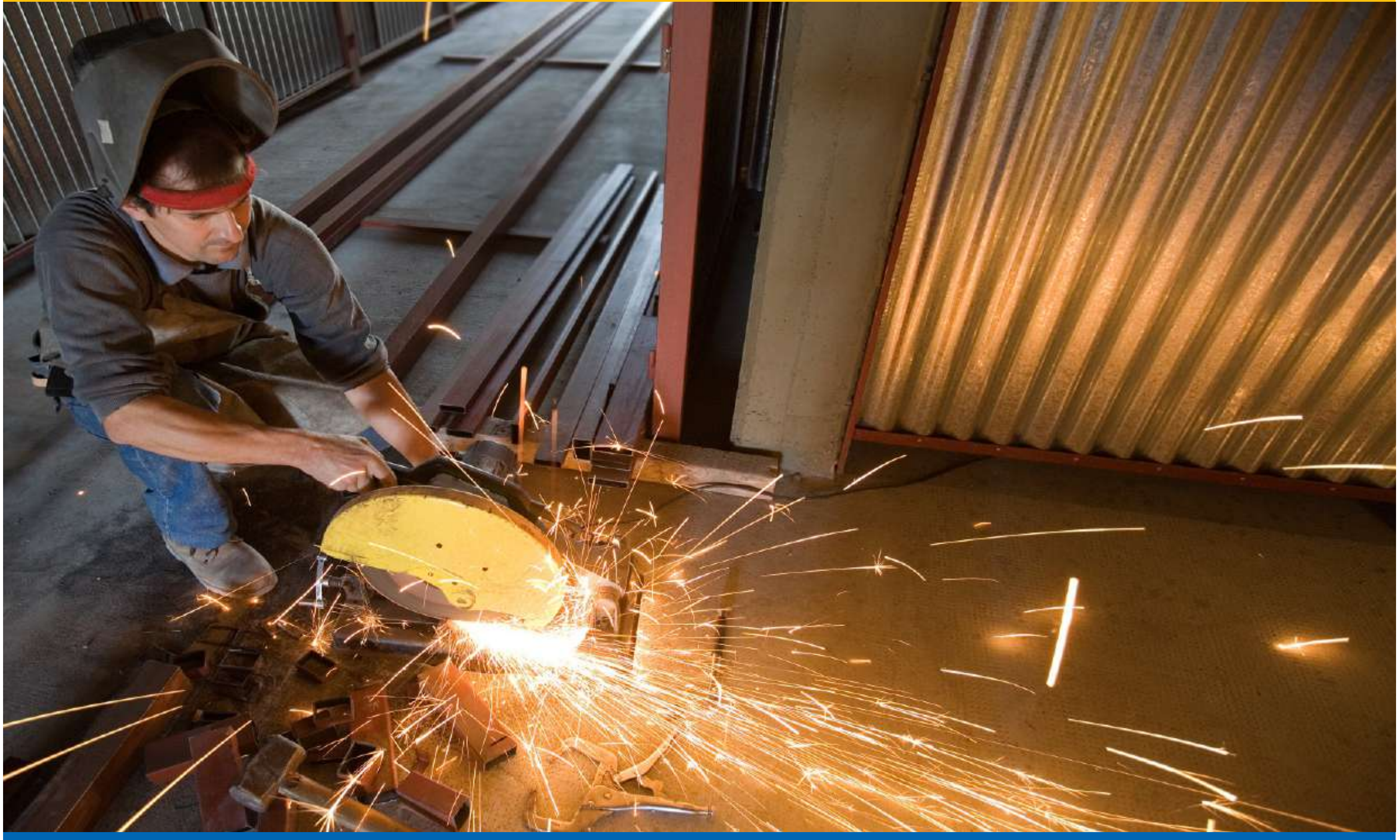
MISSION
STATEMENT

Ittefaq Steel aims to proceed on its path to be the leading provider of quality steel products, through employees empowerment with safe and environmentally sound practice.

STRATEGIC
GOALS

Providing Customer Satisfaction by serving with superior quality production of Steel bar, Girder etc at lowest cost. Ensuring Security and Accountability for employees, production facilities and products.

Ensuring efficient Resource Management by managing human, financial, technical and infrastructural resources so as to support all our strategic goals and to ensure highest possible value addition to stakeholders.



CORE VALUES

Striving for continuous improvement and innovation with commitment and responsibility: Treating stakeholders with respect, courtesy and competence; Practicing highest personal and professional integrity; Maintaining teamwork, trust and support with open and candid communication; and Ensuring cost consciousness in all decisions and operations.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the members of ITTEFAQ IRON INDUSTERIES LIMITED will be held on Monday, November 02, 2020 at 12:00 noon at registered office, 40 B II, Gulberg-III, Lahore to transact the following business virtually via video-link (as permitted by the Securities and Exchange Commission of Pakistan).

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on Monday, November 25, 2019.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2020 together with the Directors and Auditors Report thereon.
3. To elect seven (7) Directors of the Company as fixed by the Board if Directors in accordance with the provisions of Section 159(1) of The Companies Act 2017 for the next term of three years. The names of retiring Directors who may be eligible for re-election, or as follows.

1. Mian Muhammad Pervaiz Shafi
2. Shahzad Javed
3. Shoukat Ali Rana
4. Khalid Mustafa
5. Sumbleen Usman
6. Ayesha Fahid
7. Khalida Pervaiz

A statement of material facts under Section 166 (3) of the Companies Act, 2017 is annexed with this Notice of AGM circulated to the shareholders.

4. To appoint Auditors for the year ending June 30, 2021 and to fix their remuneration. The present auditor M/s. SARWARS Chartered Accountants, the retiring auditors, who being eligible, have offered themselves for re-appointment and company also received consent from Rafaqat Mansha Mohsin Dossani Masoom & Co. Chartered Accountants Shadman, Lahore and Rizwan & Co. (Chartered Accountant) 114 Tipu Block, Garden Town Lahore.

5. Any other Business with the permission of the Chairman

BY ORDER OF THE BOARD

M. Shahzad

Lahore:
October 13, 2020

Muhammad Shahzad Bazmi
Company Secretary.

2-NOTES:

Book closure

1. Share transfer books of the Company will remain closed from October 26, 2020 to November 02, 2020(both days inclusive). Physical transfers/ CD'S transaction Ids received in order by the Company's Share Registrar, M/s. Corplink (Pvt) Limited Wings Arcade,1-K, Commercial, Model Town, Lahore, up to the close of business on October 25, 2020 will be treated in time.

2. **Notice of intention by persons seeking to contest the Election**

Any person who seeks to contest the election of Directors shall, whether he is a retiring director or otherwise, file with the Company the following documents at its registered office not later than fourteen days before the date of the Meeting.

I- Notice of his/ her intentions to offer himself/ herself for the election of Directors in terms of Section 159 (3) of the Companies, Act 2017.

ii- Form 28-Consent to act as director prescribed under section 167 of the Companies Act 2017.

iii- A detailed profile alongwith his/her office address as required under SECP's SRO 25 (1) 2012 January 16, 2012.

iv- Declaration confirming that:

a) He/ she member of the company and in the case of having physical shares will mention folio number and in case of member, who has deposit his/ her shares into Central Depository Company of Pakistan Ltd. ("CDC") will mention participant ID number and the account number maintained with the member of stock exchange.

b) His/ her name is borne in the register of national tax payers (except where he/she is a non-resident) mentioning NTN number.

c) He/she has not defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of stock exchange has not been declared as defaulter by that stock exchange.

d) He/she is not ineligible to become a director of the Company under any applicable laws and regulations (including listing rules/regulations of Pakistan Stock Exchange).

e) He/she is aware of duties and powers as director under the relevant laws, Memorandum & Articles of Association
of the Company and Listing regulations of Pakistan Stock Exchange.

f) He/she is not engaged in the business of brokage, or is not a spouse of such person or is not a sponsor, director or officer of a corporate brokerage house.

g) He/she is not serving as a director in more than Seven (7) listed companies simultaneously. Provided that this limit shall not include the directorship in the listed subsidiaries of a listed holding Company.

3- Attendance of AGM through video-link

As permitted by circular No.5 of 2020 issued by SECP and in the interest of the Company shareholders, director and employees, the AGM will be held virtuall via video link.

- To attend the AGM through the video link, members are requested to register themselves by providing the following information through email at ittefaqagm2020@gmail.com at least 48 hours before AGM.

Name of Shareholder	CNIC Number	Folio No/ CDC A/c No	Cell No	Email Address

- Members who are requested , after necessary verification as per the above requirement, will be provided a video link by the Company via email.
- The login will remain open from 12:00 till the end of the AGM.
- Members can also share their comments/suggestions on the above agenda on WhatsApp number at 0343-6142857 by email at ittefaqagm2020@gmail.com
- In line with relaxation allowed by securities and Exchange Commission of Pakistan (SECP) through Circular No. 10 of 2020 and prevailing COVID-19 pandemic, the Notice along with the form of Proxy are available in the Company's website https://ittefaqsteel.com, which have also sent to the PSX via PUCAR system. In the event of any difficulty in accessing the Notice or the Form of Proxy, members can contact the Company by emailing at ittefaqagm2020@gmail.com. The will also send a copy of the Notice and Form of Proxy via email to those members who have provided their email addresses to the Share Registrar of the Company (Corplink (Pvt.) Ltd.)

4. The individual members or representatives of corporate members of the Company in CDC must bring original National Identity Card or Passport, CDC Account and Participant ID Numbers to prove identity and verification at the time of Meeting. CDC account holders will further have to follow the under-mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

a) For Attending AGM

In case of individuals, the account holder or sub-account holder whose securities and registration details are uploaded as per the Regulations, shall produce proof of his/her identity by showing original Computerized National Identity Card(CNIC), at the time of the meeting. .In case of corporate entity , the Board of Directors, resolution/power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For Appointing Proxy

A member entitled to attend and vote at the above meeting may appoint a person /representative as Proxy to attend and vote on his behalf at the Meeting. The instrument of Proxy duly executed in accordance with the Articles of Association of the Company must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. Form of Proxy is available at Company Website.

c) For Zakat

Members are requested to submit declaration (CZ-50) as per Zakat & Ushr Ordinance, 1980, for Zakat exemption and advise change in address, if any.

5-CIRCULATION OF NOTICE OF MEETING & ANNUAL ACCOUNTS

With reference to SRO 787 (I/2014 dated 8th September, 2014) issued by SECP, shareholders have an option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format to our Share Registrar, M/s Corplink (Pvt.) Limited Wings Arcade,1-K Commercial, Model Town, Lahore, to update our record if they wish to receive Annual Audited Financial Statement and Notice of Annual General Meeting through email. However, if a shareholder, in addition, requests for a hard copy of the Audited Financial Statements, the same shall be provided free of cost within Seven (07) Days of receipt of such request.

6-Unclaimed shares / dividend

Pursuant to section 244 of the of the Companies Act, 2017 any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due and payable shall vest with the

Federal Government after compliance of procedures prescribed under the Companies Act, 2017 and related regulations. Accordingly, members are requested to promptly deposit their dividend warrants after re-validation, if already available with them. Incase dividend warrants or share certificate have not been received, please contact us at our registered office address.

7- Placement of financial statements

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2020 along with Director and Auditor's Report hereon on its website: www.ittefaqsteel.com. Or scan QR Code.

8-Change of Address

Members requested to notify any changes in their mailing addresses to the Company's Share Registrar as soon as possible.

9-Conatct us

or any query/information, the shareholders may contact corporate affairs department, F042-35765029, email address or Company's Share Registrars, M/s Corplink (Pvt.) Limited, Wings Arcade,1-K Commercial, Model Town,Lahore. Phone:042-35916714, 042-35916719. Email:corplink@gmail.com

Statement of Material Facts Under Section 166 (3) of the Companies Act, 2017.

Sub-section 3 of section 166 of the Companies Act, 2017 requires to circulate a statement of Material Facts with the Notice of the general meeting called for the purpose of election of directors, which shall indicate the justification for appoinment of independent directors. Being a listed company, Ittefaq Iron Industries Ltd is required to have two independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations 2017. Accordingly, the Company shall ensure that two independents are elected in accordance with the procedures for election of directors laid down in Section 159 of the Companies Act, 2017. After the contestants file their notices / intention to stand for elections, the Company shall assess the relevant qualification and experience along with ensuring that their names are duly included in data bank maintained by Pakistan Institute of Corporate Governance. Furthermore, the Company shall also exercise its due diligence before selecting a person as Independent Director that the person meets the Independence criteria as mentioned in Section 166 (2) of the Companies Act, 2017. No Directors have direct or indirect interest in the above said business other than as shareholders of the Company and that they are eligible to the contest the election for directorship.

CODE OF CONDUCT

The Code of Conduct sets out the Company's objectives and its responsibilities to various stakeholders and the ethical standards required from its Directors and employees to meet such objectives and responsibilities.

FINANCIAL DISCLOSURE

All transactions should be accurately reflected in the books of accounts according to applicable accounting principles. Falsification of the Company's books, any of the recorded bank accounts and transactions is strictly prohibited.

CONFLICT OF INTEREST

The Directors and employees of the Company must recognize that in the course of performing their duties, they may be out into a position where there is a conflict in the performance of such duty and a personal interest they may have. It is the overriding intention of the Company that all business transactions conducted by it are on arm's length basis.

COMPLIANCE WITH LAWS, DIRECTIVES & RULES

Compliance with all applicable laws, regulations, directives and rules including those issued by the Board of Directors and Management.

CONFIDENTIALITY

Confidentiality of the Company's internal confidential information must be maintained and upheld, which includes proprietary, technical, business, financial, joint-venture, customer and employee information that is not available publicly.

TIME MANAGEMENT

The Directors and the employees of the Company shall ensure that they adopt efficient and productive time management schedules.

BUSINESS INTEGRITY

The Directors and employees will strive to promote honesty, integrity and fairness in all aspects of the Company's business and their dealings with vendors, contractors, customers, Joint Venture participants and Government officials.

INSIDER TRADING

Every Director and employee who has knowledge of confidential material information is prohibited from trading in securities of the Company.

HEALTH, SAFETY & ENVIRONMENT

The Company, its Directors and employees will Endeavour to exercise a systematic approach to health, safety and environmental management, in order to achieve continuous performance improvement.

INVOLVEMENT IN POLITICS, GIFTS & BRIBARY

Company shall not make payments or other contributions to political parties and organizations. Employees must ensure that if they elect to take part in any form of political activity in their spare time, such activity does not and will not have any adverse effects on the Company and such activities must be within the legally permissible limits. The Directors and employees shall not give or accept gifts, entertainment, or any other personal benefit or privilege that could influence business dealings.

COMPLIANCE

All Directors and employees must understand and adhere to the Company's business accordance with the Company's business practices and Code of Conduct and practices and Code of Conduct. They must commit to individual conduct in

observe both the spirit and the letter of the Code in their dealings on the Company's behalf.

ACCOUNTABILITY

Failure to adhere to the Company's business practices or Code of Conduct may result in disciplinary action, which could include dismissal.

PROFILE OF DIRECTORS

Mr. Shahzad Javed , Chief Executive Officer / Director

Mr. Shahzad Javed is the son of Mian Muhammad Javed Shafi; one of the most eminent industrialists of the country with a superior vision and dynamic brand of leadership. Mr. Shahzad Javed had held the directorships at , Ittefaq Sugar Mills Ltd., Ittefaq Power Ltd, Kashmir Feeds Ltd and Ittefaq Bio Tech Pvt Ltd.

Mr. Shahzad Javed is instrumental in making strategic decisions for the Company and has led the Company to become one of the leading players in steel sector. He did early education from Aitchison College Lahore Pakistan. Further hedid his B.Sc from United State of America. He is an enthusiastic and devoted industrialist.

Mr. Mian Muhammad Pervaiz Shafi, Director

Mr. Pervaiz has a rich and diversified experience of 40 years in iron and steel industry and is renowned as one of the most experienced industrialists of the steel industry. He has also served as the Director of Ittefaq Sugar and Kashmir Sugar Mills Ltd. Under his leadership the Company expects to achieve new heights and can further excel in the steel industry. Mr. Pervaiz is also serving as a member of audit committee of the Company.

Mr. Shaukat Ali Rana, Director

Mr. Shaukat Ali Rana is serving as independent Director. Previously, he was servering in Fedral Government as Member CAA Board w.e.f. 31st May, 2010. He was an attorney at Law. He was received training at Harward University , Massachusetts, USA in public Enterprises-Policy and Management in Developing countries, and also in project Management from USDA Graduate School, Washington DC, USA. As a civil servent, he has more than 35-year varies experience in administration of justice, Maintenance of Law and Order, Land Revenue Administration and eradication of corruption, Performing the assignment of Deputy Commissioner in various districts ad-Commissioner, Director General Anti Corruption Punjab and retired as Secretary/Member Inquries SGA&I Deptt. Govt. of Punjab. He has also served as member on the Board of Directors of Sui Northern Gas Pipelines Ltd. 2004-2005 and Member PIA Board of Director since 2008-2010.

Mr. Khalid Mustafa, Director

Mr. Khalid Mustafa is a graduate from M.A.O College, Lahore. He has a vast and illustrious experience of transport and steel business having served in the sectors in various capacities. He possesses keen interest in Pakistan Politics and sports. He was elected as councillor in local body election thrice and has also served as chairman bait-ul- mall Lahore.

Mrs. Khalida Pervaiz, Director

Mrs. Khalida Pervaiz is daughter of Mian Khalid Siraj who was ex-partner of Ittefaq Foundries. She has also served as director in Ittefaq Sugar Mills Ltd. At present she is on the board as well as a member of Human Resource Committee & Remuneration and has taken numerous initiatives for the development of HR function of the Company. She is also supervising a charitable institution and actively participates in social work.

Mrs. Ayesha Fahid, Director

Mrs. Ayesha Fahid is a graduate from Lahore College. Her presence on the board and as a member of Audit Committee has brought numerous initiatives to set high standards and benchmarks for the performance of the Company. She also aims to work for the improvement of product portfolio of the Company and expanding its customer base.

Mrs. Sumbleen Usman, Director

Mrs. Usman is a graduate from Lahore College. Apart from serving the board she is supervising the procurement of raw materials and is also serving as a member of HR & Remuneration Committee.

COMPANY PROFILE

Ittefaq the name of itself has over the years become synonymous with quality structural steel in Pakistan.

Ittefaq steel is made up of 1000 team-mates whose goal is to take care of the customers. We are accomplished this by being the safest highest quality and most productive steel products company is Pakistan. We are committed to doing this while being cultural and environmental stewards in communities where we live and work. We are succeeding by working together.

The company's attention is focused on customer's satisfaction, development of products, research and quality control however, the main concern since the beginning has been to emphasize on investment in the national manpower, as it is the real capital of the company.
The company's long term investment in a combination of advanced technologies with the highly trained and motivated work force has been the key factor in bringing us to this point in our development. Today, by the grace of ALLAH we are leading a way in heavy industry by providing structure and alloy steel in the form of billet & bars in all type of industrial, residential sectors.

Product Profile

Ittefq Steel is the leading steel rolling mill in Pakistan with the capability to manufacture international quality products with various standards, such as DIN, ASTM etc. the company has created a name for itself and is known as the pioneer in steel products. Our state of the arts rolling mill can produce structure steel (with close tolerance and the required mechanical properties) and cater yo stringentt requirements for critical applications. Highly responsive and flexible production capability producing trailor made solution has resulted in Ittefaq Steel becaome a preffered supplies to key customers of structural steel in the region. Ittefaq steel is also able to minimize the leading time required to provide consistent international quality structural steel angels flat bars, channels, round and girders in a wide range of sizes.

PRODUCTS

DEFORMED BARS

Ittefeq Steel has been shaping steel for the nation for more than 50 Years. Our Deformed steel bars of Grade 40 and Grade 60 are produced in all American and

British Standards Sizes from 10mm to 50mm. The Deformed bars are manufactured in a state if the art fully computerized plant. Well trained staff operates the plant with through quality control at all stages of manufacturing process. Ittefaq steel has also introduced international quality ittefaq thermex TMT bars.

GIRDER, T-IRON, I & BEAM, CHANNEL & ANGEL

I-Beam are commonly made of structured steel. A common type of I-Beam is the Rolled Steel joist (RJS). These sections have parallel flanges. Ittefaq Steel is manufacturing I & H-Beam, Girder, T-Iron, Channel and Angle that has no match in strength and durability. All these products are available in different sizes as per your need and convenience.

STEEL BILLETS

Ittefaq Steel has quickly emerged as one of the most productive mills in Pakistan producing high quality industrial steel conforming to international standards industrial section, angles girders, channels, rounds, and special shapes. Throughout our melt shop from steel scrap to billets we maintain strict control over the composition of our steel. Ittefaq steel quality system is based in the key principals of ISO and is focused on production products consistently right, to meet the customer requirements.

PRODUCTION FACILITIES

INDUCTION FURNACES

Melt shop is the heart of steel making operation at ittefaq. Here, steel scrap is transformed in to a semi-finished product (Called a Billet) of correct size and chemistry, in two medium frequency induction furnace each having of 15 ton capacity per heat

LADLE REFINING FURNACES

Ladle Refining Furnace with a capacity of 20 ton per heat is used for refining liquid steel to produce high quality alloy steel. LRF reduces the dissolved gas content and helps in improved quality with better content and helps in improved quality with better recover of Ferro Alloys.

AOD CONVERTER

A.O.D is an improved Air-Oxygen Decarburization (AOD) Convertor. At Ittefaq Steel, our AOD has a capacity of 22 tons per heat for making Stainless Steel and low carbon alloy steels.

CONTINUOUS CASTING

The two strand 6/11 radius continous caster is occupied with special features, for the production of 100mm X 100mm to 200mm x 200mm steel billet.

BAR ROLLING MILL

Fully automatic rolling of 20" straight with auto controlled re-heating furnace has the capacity to roll steel bars from 10mm to 50mm size according to international standards.

STRUCTURAL MILL

A 24" modern structural mill has been recently installed with a rolling capacity of 35-40 ton per hour to produce Ms Joist, Ms Channel, Ms Angle, Ms T-Iron, Round Bar and other shapes of steel structure.

Quality

Ittefaq iron industries limited is committed to supply quality products strictly as per customer requirement. A well equipped metallurgical labortary has always been need of the day to ensure products being produced as per requisite standards for this purpose company have established a well equipped modern steel testing laboratory to ensure strict quality control at all stages i.e. from induction of raw material to the dispatch of finish products.

Quality assurance laboratory installed is one of the most modern laboratories in Pakistan equipped with the following testing facilities required for quality production of steel and R & D purpose for further advancement in the relevant field.

Emission Spectrometer

A twenty seven channel optical Emission spectrometer for direct analysis of solid metallic samples of ferrous metals with high precision accuracy least inter element

interference particularly for trace element analysis of world famous German Spectro Lab brand has been installed and Commissioned under foreign experts for quick and accurate analysis of results and to print out reports in addition to save analysis data for traceability.

LECO CS – 230 Analyzer

LEO CS – 230 has been installed to determine precisely carbon & sulphur contents of steel and other carbonaceous material over a wide range of composition. The equipment is of German origin and has been designed for more accurate results in quick basis with built in computer to print out analysis report.

Universal Tensile Testing Machine

A modern hydraulic tensile testing machine with maximum load capacity 2000KN is installed with servo control to test various metallic and non-metallic materials for tension, compression, bending and shearing strength. It is capable of testing the characteristic of material on physical and technological properties machine is equipped with computer software and printer. It can control the test procedures as the set programs and can also display record, process and print the test results and can draw test curves automatically in real time. This machine has been recently imported installed and commissioned under the supervision of foreign experts and is presently the biggest capacity computerized machine in any steel industry in Pakistan. Besides this, there is already a 1000-KN capacity machine in the mechanical testing lab to share the load of testing.

Moreover this machine complies with ISO 7500-1, ISO-6892, ISP-15630, ASTMA-730, ASTME4, ASTME9, ASTMD 76, JISZ 2841 standards.

Hardness Testing

Two latest model hardness testers have been installed in the laboratory for determining brinnel Rockwell and Vickers hardness of ferrous nonferrous and hard alloys with complete measuring range.

Metallography

Metallography is a powerful material investigation tool. Its lead to establish product

reliability and to determine the failure of materials. Keeping in view the vital role of Metallography laboratory has been installed and is under functioning. The laboratory comprises of a metallurgical microscope equipped with reflected illumination which provides bright field, dark field, polarization observation and photography. Moreover a computer system with image analyzer software is attached to the microscope for online microstructure analysis.

Chemical Analysis

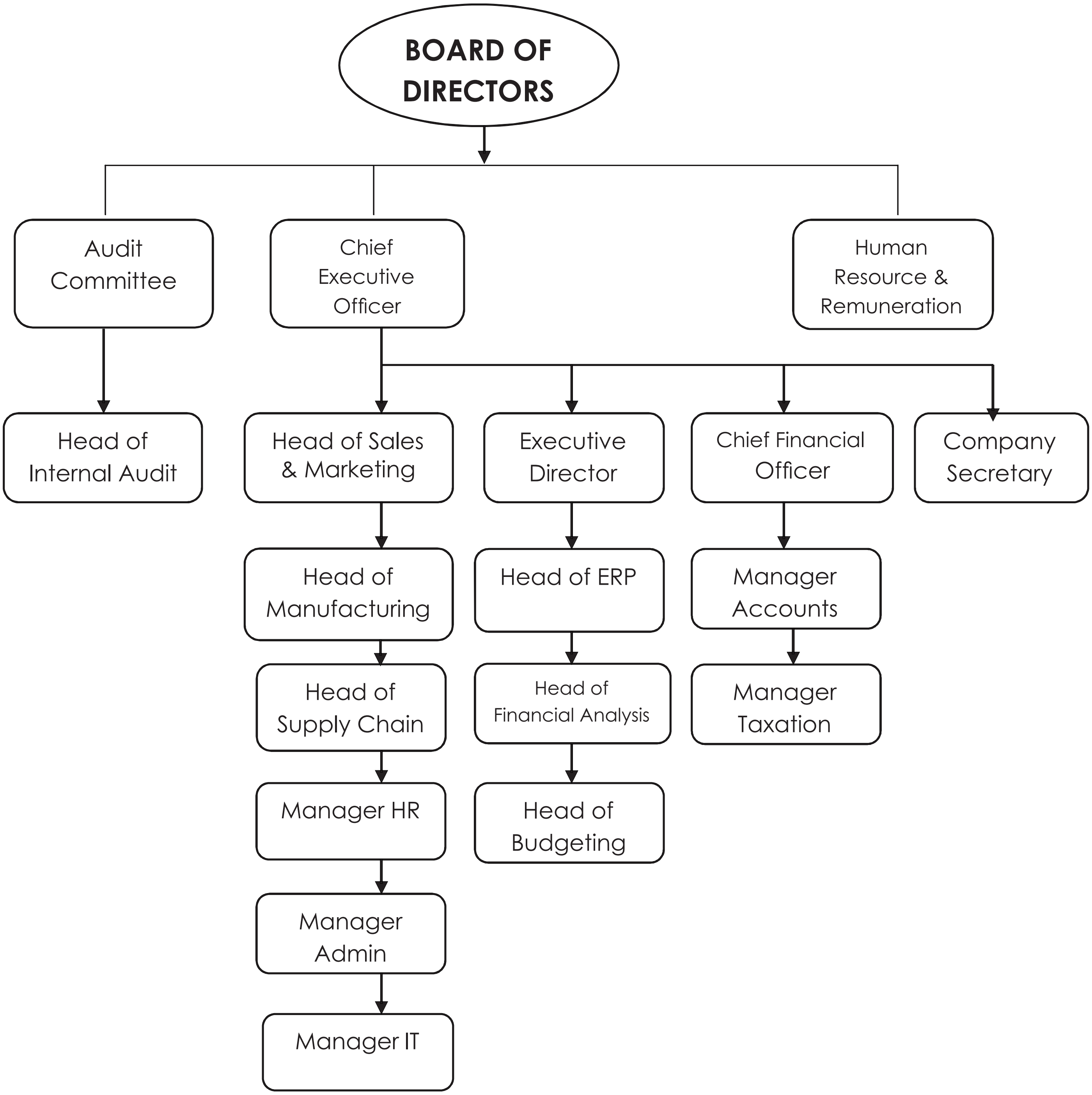
In addition to above mentioned testing facilities, there exists a complete and up to date chemical laboratory for analysis of ferrous and Ferro alloys. A dedicated and experienced R & D team is engaged in developing new products and upgrading existing formulations. We develop and produce products to meet the entire satisfaction of the customer. We continuously upgrade the product based in the feedback from end user. Our field representative keep a track of performance of each supply and forward the feedback to our technical experts. Who analyze and make necessary changes, if required. Our valued customers are assured of best quality material.

Sample Preparation

The goal of metallo graphic specimen preparation is to reveal the true structure of the material. True structure enables the analyst to examine a specimen surface that show a precise image of the material. Mechanical preparation (i.e) (cutting, grinding and polishing) is the most common method of preparing samples for microscopic examination.

A complete range of equipment for cutting grinding, fine grinding, cold mounting and embedding, hot compression mounting has been installed in the metallographic laboratory for proper preparation of samples for metallographic.

ORGANOGRAM OF COMPANY



CHIEF EXECUTIVE MESSAGE

Dear Shareholders:

This year the economy of Pakistan received a severe jolt in the form of Covid-19 pandemic. All business segments, from retail to large scale manufacturing, suffered a lot and economic activities came to a standstill. The over-all economy of the country witnessed a real suppression and contraction and in this bleak scenario the steel sector/ industry was no exception. During the pandemic, the steel industry also faced extended closures/lockdowns leading to stoppage of production, very low sales volumes and decline in revenues. Currently, the pandemic is under control and we can fairly say that it is almost over now and most of the business activities are back on track gaining momentum slowly but steadily. The government's expenditure on infrastructure development through public sector development program has been one of the major drivers for steel industry's growth but during the year the public sector development funding witnessed a huge cut leading to highly negative impact on the industry. But in the face of all the worst conditions faced by the steel industry and the prevailing over-all bleak scenario of national economy during the year we never lost hope and patiently did all the best we were capable of doing to keep the losses of the company at the minimum level by meeting our fixed, administrative and financial costs through efficient utilization of our resources. During the year, the company suffered a net loss of Rs. 238,925,792.

As far as prospects of growth in the industry are concerned I am quite hopeful that the things would turn around and we would be back on the trajectory of growth gradually. This positive outlook is based on a number of steps/decisions taken by the government which would definitely facilitate the steel industry to grow. The government has recently announced a comprehensive package for the construction industry which is expected to leave a positive impact on our industry in the form of heightened demand of steel products. Furthermore, the start of construction work on Diamer Basha dam is also going to give a tremendous boost to the steel industry. Infrastructure development projects related to China Pakistan Economic Corridor (CPEC) are also expected to gain momentum leading to positive impact on the industry. The execution of projects like Naya Pakistan Housing Scheme and Ravi Riverfront Urban Development Project is also expected to contribute much in the growth of our industry in the short- as well as long-run.

In the end I would like to thank our shareholders for reposing their trust and confidence in us and assure that we would make all-out efforts to create value for them. I am also thankful to the management and staff of the company for making untiring efforts and standing their ground during these difficult times.

DIRECTORS' REPORT

It gives me great pleasure in presenting to you the Company's 15th Annual Report and Audited Accounts for the year ended 30th June 2020.

Review Of Operating Results

I hereby present in brief the report related to our performance during the financial year ending on June 30, 2020.

The year proved to be quite challenging one due to Covid-19 pandemic and its negative impact on the steel sector. Due to lockdowns our sales proceeds suffered a lot which resulted into serious liquidity issues for us. Furthermore, with the arrival of a new government the policies related to steel sector witnessed a sudden shift in the form of new taxes and regulatory requirements which made the doing of business in this industry even more difficult. The cut on public sector development program by the government further aggravated the situation leading to a steep decline in the demand of steel products. We tried our best to cope with these challenges as best as we could. Being a forward looking business entity we are going to install a new 25 Ton furnace in the near future to increase our production capacity. We are also going to operationalize our girder mill in anticipation of increasing demand of steel products due to infrastructure development projects announced by the government. We are also going to sell our products through a distribution network in addition to corporate sales to enhance sales volume to the maximum level.

1. Dividend

The Board has not proposed any cash dividend or bonus shares for the year ended June 30, 2020.

2. Role of Chief Executive Officer (CEO)/ Managing Director (MD)

CEO/MD is responsible for execution of the Company's long term strategy with a view to creating value for shareholders. The CEO/MD takes all day to day decisions to accomplish the company's short-and long-term objectives/ plans. He acts as a direct liaison between the Board and the company management. He also communicates on behalf of the company with shareholders, employees, Govt. authorities, other stakeholders and the public. CEO/MD acts as a director, decision maker and leader. The role as a communicator involves interaction with the outside world as well as the organization's management and employees. The role as decision maker involves high level decisions about policy and strategy. As a leader of the company, he motivates employees and in culcates requisite enthusiasm and spirit in them.

3. General

The Directors of Ittefaq Iron Industries Ltd (IIIL) are pleased to present the annual report together with the audited financial statements of the company for the year ended 30th June 2020 and the auditors' report thereon.

4. Presentation of financial Statements

Financial statements prepared by the management present the company's state of affairs, results of its operations, cash flowsand changes in equity in a fair and accuratemanner.

5. Accounting policies

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

6. Books of Accounts

Proper books of accounts are maintained. Compliance with International Accounting Standards (IAS) and and International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been ensured in preparation of financial statements.

7. Internal control System

An internal control system is designed to provide reasonable assurance that the company ensures compliance of policies, plans and laws; efficient use of resources; accomplishment of goals besides availability and integrity of financial and management information. The internal control system of IIIL is very comprehensive, effectively implemented and being monitored regularly. The company is fully focused on control procedures of business unit to ensure that corporate policies are executed and corrections are applied as and when required.

8. Best practices of Corporate Governance

IIIL, as a model corporate entity, pursues perfection by adherence to the best corporate and ethical practices. Best practices of corporate governance, as given in the Companies Act 2017, are being applied and implemented in true letter and spirit. All periodic financial statements of the company were circulated to the Directors, duly endorsed by Chief Executive Officer and Chief Financial Officer, for approval before publication. Quarterly unaudited financial statements along with Directors' review were published and circulated to the share holders and regulators. Half yearly statements reviewed by the Board after the closing date shall be presented to the shareholders in the 15th Annual General Meeting on 2 November for final approval.

(a) . Shareholding Pattern.

Pattern of shareholding of the company in accordance with Listed Companies (Code of Corporate Governance) Regulation, 2019 and the Companies Act 2017, as on 30th June 2020 is attached at the end of the report.

(b). Shareholders' Information.

To update the shareholders about the operations, growth and state of affairs of the company, the management promptly disseminates all material information including the announcement of interim and final results to Pakistan Stock Exchange. Quarterly, half yearly and annual financial Statements are accordingly circulated within the stipulated time frame to all the concerned. Like wise, notices and announcements of dividend are transmitted to all stakeholders and regulators within the time laid down in Listed Companies (Code of Corporate Governance) Regulation, 2019 and the Companies Act 2017. The same are also uploaded immediately on the company's website.

9. Human Resource Committee

The committee is comprised of three members including its chairman. These three members are non-executive directors while the chairman is an independent director. During the year, two meetings of this committee were held.

10. Role of Chairman

Leads the Board of Directors, represents the Group and acts as an overall custodian of the Group on behalf of the Board and stakeholders. Being responsible for ensuring the Board's effectiveness, he empowers the Board as a whole to play a constructive role in the determination and development of the company's strategy and overall objectives.

11. Board Composition

The Board is comprised of one independent director, two executive directors (Including Chairman& CEO/MD) and four non-executive directors (including three female directors). The diverse knowledge, expertise and skills of the members enhance the effectiveness of our Board. The composition of the Board guarantees to safeguard the interests of all categories of shareholders.

12. Performance Evaluation of the Board

Pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board of Directors approved a comprehensive mechanism for evaluation of the Board's own performance. The Human Resource Committee will undertake a formal process for evaluation of the performance of the Board as a whole and its committees.

13. Meetings of Board of Directors

The Board meetings are held every quarter for reviewing and approving the adoption of the company's financial statements, coupled with review and adoption of business plan. During this year, six meetings of the Board of Directors were held.

14. Committees of the Board

Following committee was constituted to work under the guidance of the Board of Directors.

a. Audit Committee

The committee is comprised of five members including its chairman. Three members are non-executive directors, while chairman of the committee is the independent director. During this year, five meetings of the Audit Committee were held.

15. Board of Director's Remuneration

The directors are paid remuneration for attending the Board/Committee meeting as per the approved policy. The relevant details are indicated in the notes.

16. Qualifications of CFO and Head ofInternal Audit.

Chief Financial Officer and Head of Internal Audit possess the requisite qualification and experience as re scribed in the Listed Comlpanies (Code of Corporate Governance) Regulation, 2019.

17. Training of the Board Members.

The company takes keen interest in the professional development of its Board members and arranges necessary trainings for them as per the requirements of the Listed Companies (Code of Corporate Governance) Regulation, 2019.

18. Approval of Vision, Mission and Corporate Strategy by the Board.

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2019, the Board of Directors has carefully reviewed and approved the Vision, Mission and Corporate Strategy of the company. It comprehensively states the ideology with which IIIL was

incorporated. We ensure that our Vision and Mission set the direction of our overall corporate strategy. The entire organization is connected and driven by a well-defined purpose and it serves the decision making criterion in our day to day business.

19. Code of Conduct.

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2019, IIIL adheres to the best ethical standards in the conduct of business. Accordingly, the Code of Conduct of the company has been approved by the Board of Directors and placed on the website of the company.

20. Listed Companies (Code of Corporate Governance) Regulations, 2019.

In the year, Security and Exchange Commission of Pakistan (SECP) issued the Listed Companies (Code of Corporate Governance) Regulations, 2019 for listed companies while revising the previous regulations. The Board of Directors is fully aware of the requirements of the revised code which is applicable since 25 September 2019 and has been making necessary arrangements to ensure its compliance. As part of compliance of the code, we confirm the following:-

a. The financial statements prepared by the company management present fairly its state of affairs, results of its operations, cash flows and changes in equity.

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

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

d. The system of internal control is sound in design and is effectively implemented and monitored.

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

21. Salient Aspects of Company's Control and Reporting Systems

The company complies with all the requirements of the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. To fulfill this role, the Board is responsible to implement overall corporate governance guidelines in the company, including approval of the strategic direction as recommended by the management; approving and monitoring capital expenditures; appointing, removing and creating succession policies for the senior management; establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. The Board is also responsible for approving and monitoring financial and other reporting.

22. Relations with Company Personnel

Relations between the management and the workers continued to remain cordial, based on mutual respect and trust. The company has allocated funds for Provident Fund and Profit Participation Fund for its employees. Considerable investment has been made for welfare of the staff in order to provide safe and conducive environment.

23. Gratuity Funds Investment.

The company also operates funded Gratuity Fund Scheme covering all its permanent employees in accordance with Gratuity Fund Rule.

24. Related Party Transactions.
Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2019, the company adheres to the highest ethical standards in the conduct of business. Policy on related party transactions of the company is approved by the Board of Directors.

25. External Auditors.

During the Year M/s. SARWARS Chartered Accountants replaced M/s. Kamran & Co. Chartered Accountants, as external auditors due to resignation of M/s. Kamran & Co.

M/s. SARWARS Chartered Accountants, has completed the Annual Audit for the year ended 30th June 2020 and will retire on conclusion of the Annual General Meeting. In view of the good corporate governance practices, the Board has recommended, for approval by the shareholders duly endorsed by the Audit Committee, the appointment of M/s. SARWARS Chartered Accountants,as External Auditors of the Company for theyear ending 30th June 2021 & Company also received consent from Rafaqat Mansha Mohsin Dossani Masoom and Co. Chartered Accountants Shadman, Lahore and Rizwan & Co. Chartered Accountant, 114 Tipu Block Garden Town Lahore.

26. Environmental & Social Policy.
IIIL follows the best possible ethical standards in the conduct of business. Accordingly, environmental and social policy of the company, duly approved by the Board of Directors, is placed on the website of the company. During the current year we installed scrubber to control the smoke pollution.

27. Whistle Blowing Policy.
Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2019, IIIL is committed to achieving high standards of integrity, ethical values and accountability. Accordingly, whistle blowing policy of the company has been approved by the Board of Directors and placed on the company's website, which enables officers and employees to share their concerns which are addressed through necessary corrective measures.

28. Disclosures.
To the best of our knowledge, Directors (except as shown in the pattern of shareholding in the report), Chief Executive/Managing Director, CFO, Company Secretary, Company Auditors, their spouses and their minor children have not undertaken any trading in shares of the company during the FY 2019-20.

MESSAGES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The directors endorse the contents of the Chairman's and Chief Executive Officer's messages. ACKNOWLEDGEMENTS

The Board expresses its gratitude for the efforts of all its employees, executives, workers and stakeholders which enabled the management to run the Company smoothly throughout the year. It is expected that the same cooperation would be forthcoming in future years.

On behalf of the Board

Shahzad Javed (CEO)	Mian Muhammad Pervaiz Shafi (Director)

Lahore : Sep 30, 2020

Last Five year Financial Review

(Amounts in PKR Mn.) Income Statement	FY16 Audited	FY17 Audited	FY18 Audited	FY19 Audited	FY20 Audited
Sales	3,917	959	6,198	6,809	3,385
Cost of Goods Sold	3,562	876	5,578	6,181	3,368
Gross Profit	356	83	619	639	18
EBITDA	433	98	650	628	-12.03
Operating Profit	307	67	544	505	-128
Financial Charges	149	26	82	159	63
Profit before Taxation	152	42	415	322	-191
Profit after Taxation	88	33	270	198	-239
Balance Sheet					
Non-Current Assets	1,471	1,441	1802	1722	1,965
Current Assets	2,536	2,510	4218	4699	4,433
Total Assets	4,006	3,950	6020	6422	6,408
Share Capital	895	895	1,312	1,443	1,443
Total Equity (including surplus on revaluation of assets)	1,762	1,795	3,944	4,098	3,979
Non-Current Liabilities	366	366	266	290	248
Deferred Liabilities	137	138	161	190	216
Current Liabilities	1,741	1,651	1648	1,842	1,965
Total Liabilities	2,244	2,156	2,075	2,323	2,429
Total Equity and Liabilities	4,006	3,950	6,020	6,422	6,408
Total Number of Issued Shares of PKR 100 each (mn)#	8.9	8.9	13.12	14.43	14.43
Financial Ratios					
Gross Margin(1)	9.1%	8.7%	9.99%	9.39%	0.52%
Operating Profit Margin(2)	7.8%	7.0%	8.77%	7.42%	-3.78%
Net Margin(3)	2.3%	3.4%	4.35%	2.91%	-7.06%
EBITDA Margin(4)	11.1%	10.3%	10.49%	9.22%	-0.36%
EBIT Margin(5)	7.7%	7.1%	8.37%	7.42%	-3.78%
Earnings Per Share (PKR) (6)	0.99	0.36	2.25%	1.37%	-1.66%
CurrentRatio (x) (7)	1.46	1.52	2.6%	2.6%	2.26%
Breakup Value Per Share (PKR) (8) (excluding surplus on revaluation of assets)	16.93	17.38	25	24	23.4
Breakup Value Per Share (PKR)(9) (including surplus on revaluation of assets)	19.70	20.06	30	28	27.6
Working Capital Turnover (x) (10)	2.05	1.97*	2.4	2.38	1.37
Inventory Days(11)	109	98	106	109	176
Receivable Days(12)	40	45	36	42	158
Payable Days(13)	48	38	24	21	38
Inventory Turnover(14)	2.76	3.05*	2.84	2.56	2

(Amounts in PKR Mn.) Income Statement	FY16 Audited	FY17 Audited	FY18 Audited	FY19 Audited	FY20 Audited
Receivable Turnover (15)	7.49	6.62	8.25	7.02	2.62
Payable Turnover (16)	6.24	7.97	12.68	14.01	1.84
Asset Turnover (17)	89.6%	96.4%	111.9%	109%	53%
Return on Asset (18)	2.0%	3.3%	4.87%	3.18%	-3.37%
Return on Equity (including surplus on revaluation) (19)	5.1%	7.3%	7.59%	4.92%	- 6.00%
Return on Equity (excluding surplus on revaluation) (20)	6.1%	8.5%	8.74%	5.58%	-7.07%
Return on Fixed Asset (21)	5.8%	9.0%	17.09%	11.20%	-5.30%
Debt to Equity (including surplus on revaluation) (22)	0.88	0.87	0.42	.32	0.46
Debt to Equity (excluding surplus on revaluation) (23)	1.02	1.00	0 .51	.375	0.549
Debt to Assets (24)	0.39	0.39	0.34	.20	0.27

Notes:

(1) Gross Margin is calculated by dividing the gross profit for the year with the net sales of the same year

(2) Operating Profit Margin is calculated by dividing the operating profit for the year with the net sale of the same year

(3) Net Margin is calculated by dividing the profit after tax of the year with the net sales of the same year

(4) EBITDA Margin is calculated by dividing the earnings before interest, tax, depreciation and amortization of the year with the net sales of the same year

(5) EBIT Margin is calculated by dividing the earnings before interest and tax of the year with the net sales of the same year

(6) Earnings per Share is calculated by dividing the profit after tax of the year with the total number of current issued shares (i.e 89,471,240 ordinary shares)

(7) Current Ratio is calculated by dividing the total current assets of the year with the total current liabilities of the same year

(8) Breakup Value per Share excluding surplus on revaluation of fixed assets is calculated by dividing the Net equity less revaluation of fixed assets with the total number of current issued shares (i.e 89,471,240 ordinary shares)

(9) Breakup Value per Share including surplus on revaluation of fixed assets is calculated by dividing the Net equity of the year with the total number of current issued shares (i.e 89,471,240 ordinary shares)

(10) Working Capital Turnover is calculated by dividing the net sales of the year with the working capital of the same year

(11) Inventory Days is calculated by dividing 300 with the inventory turnover ratio

(12) Receivable Days is calculated by dividing 300 with the receivable turnover ratio

(13) Payable Days is calculated by dividing 300 with the payable turnover ratio

(14) Inventory Turnover is calculated by dividing the Cost of Goods Sold of the year with average of inventory

(15) Receivable Turnover is calculated by dividing the Net Sales of the year with average of receivables

(16) Payable Turnover is calculated by dividing the Cost of Goods Sold of the year with average of payables

17) Asset Turnover is calculated by dividing the Net Sales of the year with the average total assets

(18) Return on Assets is calculated by dividing the Profit after Taxof the year with the average total assets

(19) Return on Equity is calculated by dividing the Profit after Taxof the year with the average equity (including surplus on revaluation of assets)

(20) Return on Equity is calculated by dividing the Profit after Taxof the year with the average equity (excluding surplus on revaluation of assets)

(21) Return on Fixed Assets is calculated by dividing the Profit after Taxof the year with the average non-current assets

(22) Debt to Equity is calculated by dividing the total debt of the year (including mark-up payable and short term liabilities) withthe equity (including surplus on revaluation of assets) of the same year

(23) Debt to Equity is calculated by dividing the total debt of the year (including mark-up payable and short term liabilities) with the equity (excluding surpluson revaluation of assets) of the same year

(24) Debt to Assets is calculated by dividing the total debt of the year (including mark-up payable and short term liabilities) with the total assets of the same year

(25) # The Company changed the par value of its shares form PKR 100/- per share to PKR 10/- per share on 24/11/2016. Currently the issued capital of the Company consists of 89,471,240 ordinary share

THE COMPANIES ACT, 2017

(Section 227(2)(f)

PATTERN OF SHAREHOLDING

FORM 34

1.1 Name of the Company | ITTEFAQ IRON INDUSTRIES LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2020**

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
219	1	100	10,270
240	101	500	100,254
2,313	501	1,000	1,389,383
2,187	1,001	5,000	4,383,930
402	5,001	10,000	3,090,042
166	10,001	15,000	2,041,511
88	15,001	20,000	1,590,025
65	20,001	25,000	1,503,500
37	25,001	30,000	1,026,600
34	30,001	35,000	1,108,745
22	35,001	40,000	853,231
17	40,001	45,000	734,649
32	45,001	50,000	1,572,200
15	50,001	55,000	795,642
13	55,001	60,000	760,300
5	60,001	65,000	316,800
4	65,001	70,000	271,300
6	70,001	75,000	440,175
4	75,001	80,000	311,700
4	80,001	85,000	337,500
8	85,001	90,000	698,050
3	90,001	95,000	279,000
19	95,001	100,000	1,877,976
3	100,001	105,000	306,000
7	105,001	110,000	770,000
3	110,001	115,000	339,100

8	120,001	125,000	976,900
1	125,001	130,000	130,000
2	130,001	135,000	262,850
4	135,001	140,000	555,000
2	140,001	145,000	284,800
5	145,001	150,000	743,000
1	150,001	155,000	153,500
1	155,001	160,000	157,900
1	165,001	170,000	167,500
2	170,001	175,000	349,000
1	180,001	185,000	180,500
2	205,001	210,000	416,800
3	210,001	215,000	638,850
2	215,001	220,000	439,996
1	220,001	225,000	225,000
1	230,001	235,000	230,500
2	240,001	245,000	482,700
2	245,001	250,000	500,000
2	250,001	255,000	503,500
1	260,001	265,000	263,500
1	265,001	270,000	266,200
2	270,001	275,000	550,000
1	280,001	285,000	284,000
1	295,001	300,000	300,000
1	305,001	310,000	305,250
1	335,001	340,000	338,000
1	360,001	365,000	360,654
1	375,001	380,000	377,500
1	385,001	390,000	389,500
1	395,001	400,000	400,000
1	400,001	405,000	402,000
1	415,001	420,000	416,038
1	435,001	440,000	440,000
1	445,001	450,000	446,950
1	450,001	455,000	452,100
1	460,001	465,000	462,000
2	495,001	500,000	996,000
1	530,001	535,000	532,000
1	535,001	540,000	536,000
1	565,001	570,000	568,500

1	640,001	645,000	643,500
1	660,001	665,000	660,576
1	695,001	700,000	700,000
1	700,001	705,000	704,000
1	755,001	760,000	755,650
1	760,001	765,000	761,000
1	785,001	790,000	790,000
1	995,001	1,000,000	1,000,000
1	1,835,001	1,840,000	1,839,607
1	1,855,001	1,860,000	1,859,990
1	2,195,001	2,200,000	2,199,500
1	2,510,001	2,515,000	2,514,500
1	3,360,001	3,365,000	3,364,339
1	5,715,001	5,720,000	5,717,976
1	5,785,001	5,790,000	5,786,693
1	5,840,001	5,845,000	5,841,099
1	5,915,001	5,920,000	5,919,290
1	6,785,001	6,790,000	6,787,902
1	6,940,001	6,945,000	6,940,758
1	8,850,001	8,855,000	8,854,780
1	9,025,001	9,030,000	9,025,500
1	9,065,001	9,070,000	9,067,828
1	9,555,001	9,560,000	9,559,946
1	9,655,001	9,660,000	9,656,559
6,006			**144,343,364**

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	19,188,609	13.2937%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	21,000	0.0145%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	5,367,700	3.7187%
2.3.7 Shareholders holding 10% or more	0	0.0000%
2.3.8 General Public		
a. Local	113,564,479	78.6766%
b. Foreign	1,700	0.0012%
2.3.9 Others (to be specified)		
- Pension Funds	122,000	0.0845%
- 'Joint Stock Companies	5,606,776	3.8843%
- 'Others	471,100	0.3264%

ITTEFAQ IRON INDUSTRIES LIMITED

Catagories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2020

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	568,500	0.3939%
2	CDC - TRUSTEE NBP ISLAMIC STOCK FUND (CDC)	2,514,500	1.7420%
3	CDC - TRUSTEE NBP STOCK FUND (CDC)	2,199,500	1.5238%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. SHAHZAD JAVED (CDC)	9,487,500	6.5729%
2	MIAN MUHAMAMD PERVAIZ SHAFI (CDC)	11,000	0.0076%
3	MRS. AYESHA FAHID (CDC)	11,000	0.0076%
4	MR. SHAUKAT ALI RANA	550	0.0004%
5	MR. KHALID MUSTAFA (CDC)	11,000	0.0076%
6	MRS. SUMBLEEN USMAN (CDC)	11,000	0.0076%
7	MRS. KHALIDA PERVEZ (CDC)	9,656,559	6.6900%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		228,200	0.1581%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MRS. KHALIDA PERVEZ (CDC)	9,656,559	6.6900%
2	MR. MUHAMMAD HASNAIN TARIQ SHAFI (CDC)	9,559,946	6.6231%
3	MR. SHAHZAD JAVED (CDC)	9,487,500	6.5729%
4	MR. ATIF MUBARIK (CDC)	9,067,828	6.2821%
5	RANA NISAR AHMAD (CDC)	8,854,780	6.1345%

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

SARWARS
Chartered Accountants

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Ittefaq Iron 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 **Ittefaq Iron Industries Limited** for the year ended June 30, 2020, in accordance with the requirements of regulation of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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, except for non-compliance to Regulation no. 6, 19 and 18 , 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, 2020.

Reference of Regulation	Description	Explanation
6	There is Only One Independent Director in Company.	According to Regulation Every Company Must have at least 2 Independent Directors or 1/3 of the total directors, Whichever is high.
18,19	The required number of Directors have not participated in the Director Training Programme.	According to Regulation by June 30, 2020 at least half of the directors on the panel of Board of directors must have gone through Director Training Programme.

SARWARS
CHARTERED ACCOUNTANTS

SARWARS CHARTERED ACCOUNTANTS

Place: Lahore
Date: September 30, 2020

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STATEMENT OF COMPLIANCE

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

For The Year Ended: June 30, 2020

Ittefaq Iron Industries Limited (“the Company”) has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Regulations”) in the followings manner:

1. The total number of directors are 7(Seven) as per the following:

a) Male: 4 (Four)
b) Female: 3 (Three)

2. The composition of board is as follows:

a) Independent Directors:

Mr. Shaukat Ali Rana

b) Other-Non-Executive Director:

Male:
Mr. Khalid Mustafa
Female:
Mrs.Khalida Pervaiz
Mrs.Sumbleen Usman
Mrs. Ayesha Fahid

c) Executive Director

Mian Muhammad Pervaiz Shafi
Mr. Shahzad Javed

3.The directors have confirmed that none of them is serving as a director on 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 Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of 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 Company takes keen interest in the professional development of its Board members. In House training have been arranged for Board members, however, none of the directors of the company have attended Directors' Training Program. The management is conscious of its responsibilities and is hopeful that the training of all directors shall be completed before June 30, 2021.

10. The board has approved appointment of 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. Independent Director, in present board of house has one independent director. However Company Election holding on November 02, 2020, The Company is electing two independent directors for the compliance of CCG 2019.

12. CFO and CEO duly indorsed the financial statements before approval of the board.

13. The board has formed committees comprising of members given below:)

a) Audit Committee

Mr. Shaukat Ali Rana	Chairman of the Committee
Mr. Adnan Younas	Secretary of the Committee
Mr. Khalid Mustafa	Member
Ms. Khalida Pervaiz	Member
Ms. Ayesha Fahid	Member

b) **Human Resources& Remuneration Committee**

Mr. Shaukat Ali Rana	Chairman of the Committee
Ms. Sumbleen Usman	Member
Ms. Khalida Pervaiz	Member

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

15. The frequency of meeting of the committee were as per following:

Committee	*Frequency requirement*	*Meeting Held*
(a) Audit Committee	Meeting is to be held at least once in every quarter	(Four) Meetings of the committee were held during the year.

(b) Human resources and Remuneration Committee	Meeting is to be held at least once In every financial year	(Two) Meetings of the committee were held during financial year.

16. The board has set up an effective internal audit function.The auditors are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

17.The statutory auditors of the company have confirmed that they have been given a satisfactory rating under th e Quality Control Review program of the Institute of Chartered Accountants of Pakistan 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 Institute of Chartered Accountants of Pakistan 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 director of the company;.

18.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;

19.We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with; and

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

Committee	Reg No	Explanation
Nomination Committee: The board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances	29 (1)	The Board effectively discharges all the responsibilities of Nomination Committee as recommended by the Regulations. It regularly monitors and assesses the requirements with respect to any changes needed on Board's committees including chairmanship of those committees. The Board also actively monitors requirements

Risk Management Committee: 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	30 (1)	The Board it self and through its Audit Committee annually reviews business risks facing the Company to ensure that a sound system of risk identification, risk management and related systemic and internal controls is being maintained to safeguard assets. All material controls (financial, operational, compliance) are monitored and reviewed. The Board ensures that risk mitigation measures are robust.

For and on behalf of the Board.

Mian Muhammad Pervaiz Shafi
Chairman

Shahzad Javed
Chief Executive Officer

Lahore: Dated September 30, 2020

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Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

Financial Statements
For the year ended 30 June 2020

ITTEFAQ IRON INDUSTRIES LTD.

SARWARS
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

ITTEFAQ IRON INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Ittefaq Iron Industries Limited** (the Company), which comprise the statement of financial position as at **June 30, 2020,** and the statement of profit or loss, and statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part there of 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, 2020 and of the loss 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 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.

EMPHASIS OF THE MATTER PARAGRAPH

As disclosed in note no. 19.1 to the financial statements for the year ended June 30, 2020 , The company is under litigation with the banks on the application and payment of mark-up, recoverability of outstanding and other matters outlined in note no. 19.1. Therefore, the company has not charged any provision for markup on the loans, as the company is of the view that the said matter is pending before the court and subject to adjudication. Hence, management is of the opinion that no provision is required for such expenses. The legal advisor is of the opinion that they are pursuing the case vigorously and hope its final settlement would be in favor of the company.

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Attention is invited to Note no.16 of the financial statements. The company is in the process of complying with the requirements of section 244 of the Companies Act, 2017.

Our opinion is not modified in respect of these matters.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

No.	Key Audit Matters	How the matter was addressed in our audit
	Non-observation of Inventory count Our appointment was made on August, 2020 and we remained unable to observe inventory count audit procedures as at the year end. We performed alternative audit procedures in order to obtain sufficient. appropriate audit evidence We have considered the above as a Key Audit Matter due to the material value of inventory. Further, alternative audit procedures provided reliable results when internal controls on inventory are assessed to be reliable.	**Our audit procedures included the following:** Our audit procedures included the following: Assessed the internal controls of the management relating to stock movement Reviewed the results of the year end stock take conducted by the management and reviewed the working paper of the previous auditor Conducted a sample stock take at current date to reconcile the balance appearing in he financial statements at the year end Performed NRV, cut-off and analytical procedures to ensure valuation and accuracy of the inventory balance
	Verification of Opening balances Corresponding figures make an integral part of the current period financial statements. Being the newly appointed auditor of the company, inherent risk and audit risk is increased due to lack of previous understanding of the business and opening balances might contain misstatements or may not have been brought forward correctly and consistent application of accounting policies may not being applied. By keeping in view the significance of the balances involved and its verification, we consider these to be the key audit matters to be addressed and reported.	**Our audit procedures included the following:** Reviewed the previous period's accounting records and schedules to ensure that the opening balances have been correctly brought forward to the current period and noted compliance to ISA 710 and ISA 510. Reviewed working papers to ensure the correctness of the opening balances. Obtained evidence from the procedure performed in the current period to provide evidence relating to the correctness of opening balances and the consistent application of accounting policies. Reliance was placed on previous year's audited financial statements to the extent and manner wherever deemed necessary.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

OTHER MATTER PARAGRAPH

The auditors of the Financial Statements for the year ended June 30, 2019 were Kamran & Company Chartered Accountants and they expressed an unqualified opinion with emphasis of matter paragraph and and report was issued on October 28, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Rashid Sarwar (FCA)

SARWARS
CHARTERED ACCOUNTANTS

Engagement Partner: Rashid Sarwar (FCA)

SARWARS CHARTERED ACCOUNTANTS

Place: Lahore
Date: September 30, 2020

STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2020

EQUITY AND LIABILITIES	Note	30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
Share capital and reserves			
Share capital	7	**1,443,433,640**	1,443,433,640
Equity portion of loan from directors	8	**116,622,256**	26,118,927
Capital reserves			
Share premium	9	**774,507,925**	774,507,925
Surplus on revaluation of property, plant and equipment	10	**600,648,346**	628,655,446
		1,375,156,271	1,403,163,371
General reserves			
Un-appropriated profit		**1,044,147,834**	1,226,215,557
		3,979,360,001	4,098,931,495
Non-current liabilities			
Long-term finances	11	**199,706,959**	290,210,289
Lease liabilities	12	**48,618,353**	-
Deferred taxation	13	**170,667,342**	155,686,670
Deferred liabilities	14	**44,847,611**	34,675,128
		463,840,265	480,572,087
Current liabilities			
Trade and other payables	15	**501,148,745**	515,168,890
Unclaimed dividends	16	**9,286,705**	15,589,883
Mark-up accrued on borrowings	17	**66,092,112**	72,150,897
Short-term borrowings	18	**1,378,552,864**	1,232,283,431
Current portion of lease liabilities	12	**10,025,781**	-
		1,965,106,207	1,835,193,101
Contingencies and commitments	19	**-**	-
Total equity and liabilities		**6,408,306,473**	6,414,696,683

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2020

ASSETS	Note	30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
Non-current assets			
Property, plant and equipment	20	**1,868,322,054**	1,703,511,242
Right-of-use assets	21	**78,193,144**	-
Long-term deposits	22	**18,972,226**	18,972,226
		1,965,487,424	1,722,483,468
Current assets			
Stores, spare parts and loose tools	23	**305,300,914**	225,053,856
Stock in trade	24	**1,619,455,614**	2,331,035,674
Trade debts	25	**1,615,818,104**	1,113,616,537
Loans and advances	26	**389,288,457**	645,357,164
Trade deposits and prepayments	27	**131,051,855**	125,038,916
Tax refunds due from government	28	**304,689,641**	116,060,882
Cash and bank balances	29	**77,214,464**	136,050,186
		4,442,819,049	4,692,213,215
Total assets		**6,408,306,473**	6,414,696,683

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2020

	Note	**30 / Jun / 2020 Rupees**	30 / Jun / 2019 Rupees
Sales - net	30	**3,385,124,629**	6,809,786,461
Cost of sales	31	**3,367,569,092**	6,170,255,565
Gross profit		**17,555,537**	639,530,896
Other operating income	32	**3,761,503**	5,298,161
Distribution and selling cost	33	**51,111,490**	31,509,391
Administrative and general expenses	34	**71,484,428**	80,382,253
Other operating cost	35	**26,752,167**	27,141,913
Finance cost	36	**63,087,896**	183,160,487
		212,435,981	322,194,044
(Loss) / Profit before taxation		**(191,118,941)**	322,635,013
Taxation	37	**(47,806,851)**	(124,444,169)
(Loss) / Profit after taxation		**(238,925,792)**	198,190,844
(Loss) / Earnings per share (basic and diluted)	38	**(1.66)**	1.37

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	**30 / Jun / 2020 Rupees**	30 / Jun / 2019 Rupees
(Loss) / Profit after taxation		**(238,925,792)**	198,190,844
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Employee retirement benefits:			
Remeasurement of defined benefits obligation	14	**3,847,947**	3,258,220
Related deferred tax	13	**(1,115,905)**	(944,884)
		2,732,042	2,313,336
Total comprehensive (loss) / income for the year		**(236,193,750)**	200,504,180

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF CASH FLOW

For the year ended 30 June 2020

	Note	30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	**295,222,476**	333,081,519
Income taxes paid	28.1	**(130,982,205)**	(131,590,898)
Workers' profit participation fund paid	15.2	**(15,995,701)**	(22,370,306)
Employee benefits paid	14.1	**(3,597,824)**	(4,941,309)
Finance cost paid		**(43,027,755)**	(105,334,219)
Net cash generated from operating activities		**101,618,991**	68,844,787
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) in long-term deposits		**-**	(164,200)
Fixed capital expenditure		**(280,928,529)**	(44,365,354)
Expense incurred for right-to-use assets	21	**(5,934,573)**	-
Proceeds from disposal of property, plant and equipment	20.3	**78,000**	2,373,000
Net cash used in investing activities		**(286,785,102)**	(42,156,554)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		**(6,303,178)**	(50,020,737)
Re-payment of lease obligations	12.2	**(13,635,866)**	-
Proceeds from short-term borrowings (net)		**146,269,433**	7,049,338
Net cash generated from / (used in) financing activities		**126,330,389**	(42,971,399)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(58,835,722)**	(16,283,166)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	29	**136,050,186**	152,333,352
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	29	**77,214,464**	136,050,186

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE | **CHIEF FINANCIAL OFFICER** | **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Share capital	Reserves: Capital: Share premium	Reserves: Capital: Surplus on revaluation of operating asset	Reserves: Revenue: Un-appropriated profit	Equity portion of loan from directors	Total equity
	------------------------------ Rupees ------------------------------					
As at 30 June 2018	1,312,212,400	774,507,925	655,194,969	1,167,519,815	50,081,244	3,959,516,353
Profit after taxation for the year	-	-	-	198,190,844	-	198,190,844
Other comprehensive income						
Employee retirement benefits						
Remeasurements of benefit plan	-	-	-	3,258,220	-	3,258,220
Less: Related deferred tax	-	-	-	(944,884)	-	(944,884)
	-	-	-	2,313,336	-	2,313,336
Gain on revaluation of fixed assets						
Surplus realized during the year	-	-	-	-	-	-
Less: Related deferred tax	-	-	-	-	-	-
	-	-	-	-	-	-
Amortization of unwinding of interest on loan from directors	-	-	-	23,962,317	(23,962,317)	-
Transfer from revaluation surplus (net of deferred tax) - note 10	-	-	(31,061,105)	31,061,105	-	-
Bonus shares issued	131,221,240	-	-	(131,221,240)	-	-
Adjustment in revaluation surplus due to change in rate of tax (note 10)	-	-	4,521,582	-	-	4,521,582
Dividend of Rs. 0.50 per share for the year 2018	-	-	-	(65,610,620)	-	(65,610,620)
Balance as at 30 June 2019	1,443,433,640	774,507,925	628,655,446	1,226,215,557	26,118,927	4,098,931,495
Profit after taxation for the year	-	-	-	(238,925,792)	-	(238,925,792)
Other comprehensive income						
Employee retirement benefits						
Remeasurements of benefit plan	-	-	-	3,847,947	-	3,847,947
Less: Related deferred tax	-	-	-	(1,115,905)	-	(1,115,905)
	-	-	-	2,732,042	-	2,732,042
Present value adjustment of interest free loan from directors	-	-	-	-	116,622,256	116,622,256
Amortization of unwinding of interest on loan from directors	-	-	-	26,118,927	(26,118,927)	-
Transfer from revaluation surplus (net of deferred tax) - note 10	-	-	(28,007,100)	28,007,100	-	-
Balance as at 30 June 2020	1,443,433,640	774,507,925	600,648,346	1,044,147,834	116,622,256	3,979,360,001

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS
For the year ended 30 June 2020

1 STATUS AND ACTIVITIES

Ittefaq Iron Industries Limited("the Company") was incorporated on 13 April 2007 as a private limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and on 20 February 2004 it was converted into public limited Company. On 5 January 2017 the Company is converted into an unquoted public company. The Company was listed on Pakistan Stock Exchange on 3 July 2017.

The principal business of the Company is the manufacturing of iron bars, girders, related and ancillary products. Following is the detail of addresses of the Company.

Particulars	**Location**
Registered office	40 B / II, Gulberg III, M. M. Alam Road, Lahore.
Project site	8 KM, Manga Mandi, Raiwind Road, District Kasur

2 STATEMENT OF COMPLIANCE

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

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

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

3 SUMMARY OF SIGNIFICANT EVENTS DURING THE YEAR

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses.

These measures have resulted in an overall economic slowdown and disruptions to business resulting in decline of sales and significant decrease in recovery of trade debts, as compared to last year.

The Company is conducting business with some modifications to employee working plans while following all necessary Standard Operating Procedures (SOPs).

The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, suppliers and partners. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period resultantly management carried out an impairment review at the year end and is of the considered opinion that there is no impairment required as per IAS 36 and IFRS 09, other than specifically disclosed or accounted for.

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

4.1 Initial application of International Financial Reporting Standards (IFRSs), interpretations and amendments to published approved accounting standards that are effective in the current

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2019 other than IFRS 16 "Leases" disclosed below, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements unless otherwise stated.

IFRS 16	'Leases ' (effective for annual periods beginning on or after 1 January 2019)	The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 January 2019. Following are the key features of the accounting - IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the entity, as a lessee has recognized right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments. The Company has applied IFRS 16 for the first time in the current year. 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. 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. Right-of-use assets are presented as separate line item in the statement of financial position.

4.2 Standards and interpretations not yet effective and have not been early adopted by the Company:

The following IFRS as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2020:

IFRS 3	'Business Combinations' (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020)	Amendment to IFRS 3 – Definition of a Business. The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
IAS 1 & IAS 8	'Presentation of Financial Statements & ' Accounting Policies , Changes in Accounting Estimates and Errors' (effective on or after 1 January 2020)	Amendments to IAS 1 and IAS 8. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

IAS 1	'Presentation of Financial Statements ' (effective for the annual period beginning on or after 1 January 2022)	Amendments to IAS 1. Classification of liabilities as current or non-current. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
IFRS 16	'Leases ' (effective for annual periods beginning on or after 1 June 2020)	Amendments to IFRS 16. To provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves premeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements the, Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met: - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and - there is no substantive change to the other terms and conditions of the lease.
IAS 37	'Provisions , Contingent Liabilities and Contingent Assets ' (effective for the annual period beginning on or after 1 January 2022)	Onerous Contracts – Cost of Fulfilling a Contract. It amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply amendments to contracts for which it has not yet fulfilled all its obligations at beginning of the annual reporting period in which it first applies amendments (date of initial application). Restatement of comparative information is not required, instead amendments require an entity to recognize cumulative effect of initially applying amendments as an adjustment to opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

IAS 16	'Property , Plant and Equipment ' (effective for the annual period beginning on or after 1 January 2022)	It clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. Standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in manner intended by management on or after the beginning of earliest period presented in the financial statements in which the entity first applies amendments. The entity shall recognize cumulative effect of initially applying amendments as an adjustment to opening balance of retained earnings (or other component of equity, as appropriate) at beginning of that earliest period presented.
IFRS 9, IAS 39 and IFRS 7	'Financial Instruments', 'Financial Instruments - Recognition and Measurement ' and 'Financial Instruments - Disclosures' (effective for the annual period beginning on or after 1 January 2022)	The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long - term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate. The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.
IFRS 9	'Financial Instruments ', (effective for the annual period beginning on or after 1 January 2022)	The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf, when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
IFRS 16	'Leases ' (effective for annual periods beginning on or after 1 January 2022)	The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. Theobjective of the amendment is to resolve any potential confusionthat might arise in lease incentives.

IAS 41	'Agriculture' (effective for annual periods beginning on or after 1 January 2022)	The amendment removes the requirement in paragraph 22 of IAS 41 'Agriculture' for entities to exclude taxation cash flows when measuring the fair value of a biological asset while using a present value technique.

4.3 Revised Conceptual Framework for Financial Reporting

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Key Changes include -

- increasing the prominence of stewardship in the objective of financial reporting; reinstating
- prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity; revising the
- definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

BASIS OF PREPARATION

5.1 Measurement

These financial statements have been prepared under historical cost convention modified by application of following:

Components of financial statements		Mode of Valuation
(i)	Financial instruments	at fair values
(ii)	Certain classes of operating fixed assets	at revalued amounts
(iii)	Lease obligations	at present values
(iv)	Interest free loans from directors	at present values
(v)	Employee retirement benefits	at present values

In these financial statements, except for the amounts reflected in the cash flow statement, all transaction have been accounted for on accrual basis.

5.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

a)	assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property and equipment;	(notes 6.1 and 20)
b)	deferred tax asset is recognized only to extent that is probable that future taxable profits will be available against which assets may be utilized;	(notes 6.4, 13 and 37)
c)	assumptions and estimates used in calculating the provision for impairment for trade debts;	(notes 6.6 and 25)
d)	assumptions and estimates used in determining the provision for slow moving stores and spares;	(notes 6.12 and 23)
e)	assumptions and estimates used in writing down items of stock in trade to their net realizable values;	(notes 6.13 and 24)
g)	assumptions and estimates used for valuation of present value of defined benefit obligations;	(notes 6.8 and 14)
h)	assumptions and estimates used in disclosure and assessment of provision for contingencies; and	(notes 6.7, 6.17 and 6.19)
i)	assumptions / estimates used in determining current income and decisions of authorities issued in past.	(notes 6.4 and 28)

Estimates and judgments are continually evaluated, are based on historical experience / other factors, including expectation of future events that are believed to be reasonable under circumstances.

5.3 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.

6 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparation of these financial statements are set out below:

6.1 Property and equipment

Items of property and equipment except freehold land, buildings on freehold land, plant and machinery are stated at cost less accumulated depreciation and impairment losses, if any. Free hold land, buildings on freehold land, plant and machinery are stated at revalued amounts less impairment loss, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to the acquisition or construction including expenditures on material, labor and overheads directly relating to construction, erection and installation of items of property and equipment.

Assets' residual values, if significant and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. When parts of an item of property and equipment have different useful lives, they are recognized as separate items of property and equipment.

Depreciation charge is based on the reducing balance method, so as to write off the historical cost of an asset over its estimated useful life after taking into account their residual values. The Company charges depreciation on the items of property and equipment from the date asset is available for use till date of its disposal. The rate of depreciation is specified in note 20 to these financial statements.

Depreciation on additions to property and equipment is charged from the day in which they are available for use while no depreciation is charged for the day in which property and equipment is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year, are consistent with the expected pattern of economic benefits.

Exchange differences in respect of foreign currency loans obtained for acquisition of property, plant and equipment are incorporated in the cost of the relevant assets. Subsequent costs are recognized as a part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on sale of an item of property and equipment are determined by comparing the proceeds from sale with the carrying amount of property and equipment, and are recognized in statement of profit or loss.

6.2 Capital work in progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

6.3 Surplus on revaluation of property, plant and equipment

Surplus arising on acquisition being the difference between fair value of the assets acquired and the consideration paid is recognized as income over the remaining useful life of the assets acquired. Increase in carrying amounts arising on revaluation of property, plant and equipment are recognized, net of tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity.

To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same assets are first recognized in other comprehensive income to the extent of remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Differences 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 on property plant and equipment to unappropriated profit.

6.4 Taxation

Income tax expense comprise current and deferred tax. Income tax is recognized in statement of profit or loss except to the extent that it relates to items recognized directly in 'statement of profit or loss / statement of comprehensive income' or 'equity', in which case it is recognized in 'statement of profit or loss / statement of comprehensive income' or 'equity'.

a) Current

Provision for current taxation is the amount computed on taxable income at the current rates of taxation or alternative corporate tax computed on accounting income or minimum tax on turnover, whichever is higher, and taxes paid / payable on final tax basis, after taking into account tax credit available, if any. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from the assessments made and finalized during the year.

b) Deferred

Deferred taxation if applicable, is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amount for financial reporting purposes. In this regard the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirements of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan Deferred income tax liability is recognized for all taxable temporary differences. Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date

6.5 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any premeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method over the lease term. Right-of-use assets are subject to impairment.

6.6 Trade debts, loans, deposits and other receivables

a) Financial assets

These are classified at 'amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, trade debts and other receivables are recognized and carried at original invoice amount less an estimated allowance made for doubtful receivables based on review of outstanding amounts at the year end. Provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Significant financial difficulties of debtors, probability that the debtor will enter bankruptcy or financial reorganization, default or delinquency in payments are considered indicators that trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

b) Non-financial assets

These on initial recognition and subsequently are measured at cost.

6.7 **Trade and other payables**

a) Financial liabilities

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payable are classified if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities.

Liabilities for trade and other payable are carried at amortized cost which is fair value of consideration to be paid in future for goods and services received, whether or not billed to the Company.

b) Non-financial liabilities

These on initial recognition and subsequently are measured at cost.

6.8 **Staff retirement benefits**

The Company operates an unfunded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

The Company's net obligation in respect of defined benefit plan is calculated separately by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Actuarial valuation of the scheme is undertaken at appropriate regular intervals and the latest valuation was carried out at 30 June 2020, using the "Projected Unit Credit Method".

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in OCI. The Company determines the net interest expense on the defined benefit liability 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-defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

6.9 **Employees' compensated absences**

The Company accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

6.10 **Operating profit**

The operating profit is the result generated during the year from the continuing principal revenue producing activities of the Company. Operating profit excludes other income, other expenses, finance costs and income taxes.

6.11 **Cash and cash equivalents**

Cash and cash equivalents comprise of cash balances, call deposits 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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

6.12 Stores, spare parts and loose tools

These are normally held for internal use and valued at average cost less allowances for obsolete and slow moving items and net realizable value, except stores in transit which are valued at invoice values plus other charges incurred thereon up to the statement of financial position date. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate impairment is recognized. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

6.13 Stocks in trade

These are valued at lower of cost and net realizable value less impairment loss, if any, except for goods in transit. The basis of cost valuations are as follows:

Particulars	Mode of Valuation
Raw material	at raw material cost calculated on weighted average basis
Work-in-process	at weighted average manufacturing cost
Finished goods	at lower of cost and net realizable value
Waste	at realizable value
Goods in transit	at actual cost

Cost in relation to work-in-process and finished goods represents average manufacturing cost which consists of prime cost and proportion of manufacturing overheads based on normal capacity.

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon unto the date of statement of financial position.

Provision is made in the financial statements against slow moving and obsolete stock in trade based on management's best estimate regarding their future usability whenever necessary and is recognized in the statement of profit or loss. Net realizable value signifies selling price in ordinary course of business less estimated costs of completion and estimated cost necessary to make the sale.

6.14 Lease obligations

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 entity 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 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. 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 right-of-use assets are presented as a separate line item in the statement of financial position as on the reporting date.

6.15 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in statement of profit or loss as incurred.

6.16 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

6.17 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

6.18 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss'. A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

6.19 Contingents

a) Contingent liabilities - are disclosed when:

(i) there is a possible obligation that arises from past events and 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

(ii) there is present 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.

b) Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and 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. Contingent assets are not recognized until their realization become virtually certain.

6.20 Financial assets

a) Initial measurement

The Company classifies its financial assets in the following categories:

(i) at fair value through profit or loss

(ii) at fair value through other comprehensive income

(iii) measured at amortized cost

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

b) Subsequent measurement

The financial assets are subsequently measured as follows:

(i)	Financial assets at fair value through profit and loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.
(ii)	Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains / losses and impairment are recognized in the statement of profit or loss.
(iii)	Debt investments at fair value through other comprehensive income	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 recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.
(iv)	Equity investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized 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 recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

c) De-recognition of financial assets

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

6.21 Foreign currency transactions and translations

Transactions in foreign currencies are accounted for in Pakistani Rupees at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are re-translated into rupees at the foreign exchange rates approximating those prevailing at the reporting date. Exchange differences, if any, are charged in statement of profit or loss.

6.22 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are set off and only net amount is reported in statement of financial position when there is a legally enforceable right to set off recognized amount and the Company intends to either settle on a net basis, or to realize asset and settle the liability simultaneously.

6.23 Revenue recognition-IFRS 15

The company applies 5 step- model approach in revenue recognition.

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied.

Revenue consists of sale of iron bars, girders and related products. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has been transferred to the customers.

Profit on saving account is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective profit rate applicable.

Dividend included in income as and when received irrespective of the dividend declaration.

6.24 Dividend distribution and other appropriations

a) Dividend distributions

Dividend is recognized as liability in the period in which it is declared.

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed, in the Company's financial statements in the year in which the dividends are approved by Company's shareholders.

b) Appropriations

Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

6.25 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

6.26 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders.

The total comprehensive income comprises of all the components of profit or loss and other comprehensive income.

Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of other comprehensive income'.

6.27 Earnings per share ("EPS")

The Company calculates both basic and diluted earnings per share in accordance with IAS 33 "Earnings per Share". Under IAS 33, basic EPS is computed using weighted average number of shares outstanding during the year.

Diluted EPS is computed using weighted average number of shares outstanding plus dilutive effect of stock options outstanding during the year.

6.28 Impairment

a) Financial assets

The Company recognizes loss allowances for expected credit losses in respect of financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured at 12 months expected credit loss:

- 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 measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, 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 expected credit losses are the losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of losses 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 expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized 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 recovering 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.

b) Non-financial assets

The carrying amounts of the Company's non financial assets 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 of 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

6.29 Related party transactions

The related parties of the Company comprise of associated undertakings, key management personnel and entities under common directorship.

Related party transactions are carried out on an mutual consent basis.

Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

The accounting methods adopted for various types of transactions and balances with related parties are as follows:

a) Sale of goods and services

Revenue from sale of goods and services to related parties is recognized in accordance with the revenue recognition policy of the Company for such transactions.

Receivables against sale of goods outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

b) Purchases of goods and services

Purchases of goods from related parties are recognized at actual cost to the Company.

Payables against purchases from related parties outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

c) Dividend distribution

Distribution to related parties having shareholding in the Company is recognized in accordance with the accounting policy of the Company for dividend distribution to ordinary shareholders.

6.30 Determination of fair value

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all the financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of the objective evidence at each reporting date.

A number of Company's accounting policies require determination of fair value, for both financial and non-financial assets and liabilities. Fair values of assets and liabilities is determined as follows:

a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future net cash inflows which are discounted at the market rate of interest at the reporting date.

b) Trade and other payables

The fair value of trade and other payables is estimated as the present value of future net cash outflows which are discounted at the market rate of interest at the reporting date.

c) Borrowings

The fair value of borrowings is determined using effective interest method.

6.31 Figures

Figures in these financial statements have been rounded off to the nearest of rupee, Whenever necessary last year's figures are rearranged to conform to the current values, these adjustments do not effect the financial statements.

7 SHARE CAPITAL

Authorized capital

2020	2019		30 / Jun / 2020	30 / Jun / 2019
------- Number of shares -------			Rupees	Rupees
300,000,000	300,000,000	Ordinary shares of Rs. 10 each	**3,000,000,000**	3,000,000,000

Issued, subscribed and paid-up capital

2020	2019		30 / Jun / 2020	30 / Jun / 2019
------- Number of shares -------			Rupees	Rupees
121,750,000	121,750,000	Ordinary shares of Rs. 10 each fully paid in cash	**1,217,500,000**	1,217,500,000
9,471,240	9,471,240	Ordinary shares of Rs. 10 each for consideration other than cash	**94,712,400**	94,712,400
13,122,124	13,122,124	Ordinary shares of Rs. 10 each issued as bonus shares	**131,221,240**	131,221,240
144,343,364	144,343,364		**1,443,433,640**	1,443,433,640

Movement in share capital of the Company during the current as well as last year is as follows:

2020	2019		30 / Jun / 2020	30 / Jun / 2019
------- Number of shares -------			Rupees	Rupees
144,343,364	131,221,240	At beginning of the year	**1,443,433,640**	1,312,212,400
-	13,122,124	Bonus shares issued	**-**	131,221,240
144,343,364	144,343,364	At end of the year	**1,443,433,640**	1,443,433,640

7.1 The Company has only one class of ordinary shares which carry no right to fixed income.

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

		30 / Jun / 2020	30 / Jun / 2019
		Rupees	Rupees
8 EQUITY PORTION OF LOAN FROM DIRECTORS			
At beginning of the year		**26,118,927**	50,081,244
Less: Unwinding of interest on loan from directors	- note 36	**(26,118,927)**	(23,962,317)
Add: Re-computation of present value of loans	- note 8.1	**116,622,256**	-
At end of the year		**116,622,256**	26,118,927

8.1 It represents equity portion relating to interest free loan from directors amounting to Rs 316.329 million (2019: Rs. 316.329 million). At the end of the current year, the loan is discounted for another term of five years in accordance with the terms of repayment. This loan have been discounted at using effective rate of interest and classified separately in equity portion and long-term loans.

9 CAPITAL RESERVES

Share premium	**774,507,925**	774,507,925

9.1 This represents premium of Rs. 20.20 per share received by the Company adjusted by the transaction cost of Rs. 68.842 million on initial public offering ('IPO') of 41,750,000 shares of Rs. 10 each in the year 2017. This reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017 and not for dividend purpose.

10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Plant and machinery	Aggregate
	----------	---------- Rupees	----------	----------
10.1 As at 30 June 2020				
Revaluation surplus				
At beginning of the year	338,684,248	27,887,890	380,522,249	747,094,387
Less: Transferred to unappropriated profit in respect of incremental depreciation charged for the year	-	(1,394,395)	(38,052,225)	(39,446,620)
At end of the year	338,684,248	26,493,495	342,470,024	707,647,767
Related deferred tax liabilities				
At beginning of the year	-	(8,087,488)	(110,351,453)	(118,438,941)
Incremental depreciation charged during the year	-	404,375	11,035,145	11,439,520
At end of the year		(7,683,113)	(99,316,308)	(106,999,421)
At end of the year (net)	338,684,248	18,810,382	243,153,716	600,648,346
10.2 As at 30 June 2019				
Revaluation surplus				
At beginning of the year	338,684,248	29,355,674	422,802,499	790,842,421
Less: Transferred to unappropriated profit in respect of incremental depreciation charged for the year	-	(1,467,784)	(42,280,250)	(43,748,034)
At end of the year	338,684,248	27,887,890	380,522,249	747,094,387
Related deferred tax liabilities				
On revaluation surplus at beginning of the year	-	(8,806,702)	(126,840,750)	(135,647,452)
Effect of change in tax rate		293,557	4,228,025	4,521,582
Incremental depreciation charged during the year	-	425,657	12,261,272	12,686,929
At end of the year	-	(8,087,488)	(110,351,453)	(118,438,941)
At end of the year (net)	338,684,248	19,800,402	270,170,796	628,655,446

10.3 The latest revaluation of property, plant and equipment of the Company was carried out by independent professional valuers (approved business valuers on the panel of Pakistan Bank's Association) during the financial year 2018

The said revaluation was carried out to replace the carrying amounts of assets with the market values / depreciated market values.

The Company has incorporated the revaluation adjustments [surplus / (impairment)] in the financial statements of the respective year.

10.4 Forced sale value of property, plant and equipment is as under:

	Rupees
Freehold land	316,205,312
Buildings on freehold land	318,759,137
Plant and machinery	772,000,000
Total	1,406,964,449

10.5 Basis of revaluation are as under:

Freehold land	The value of land is based on inquiries in the activity of land and also information obtained from different sources in the area.
Buildings on freehold land	The value of building is based on information of various construction details, covered areas and quality of constructions were noted and new rate of construction per square foot where applicable was determined to arrive at new construction value.
Plant and machinery	The value is based on inquiries from the local market to obtain prevalent replacement values of similar local and imported machinery items.

10.6 See note no. 20.2

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
11 LONG-TERM FINANCES			
Unsecured and interest free loans			
Loans from directors	- note 11.1	**199,706,959**	290,210,289
11.1 Loans from directors			
Loans from directors		**316,329,215**	316,329,215
Present value adjustments reported in equity portion of long-term finances	- note 8	**(116,622,256)**	(26,118,926)
Net present value of loans from directors		**199,706,959**	290,210,289

11.2 Terms and conditions

This represents unsecured interest free loans from directors amounting to Rs. 316.329 million (2019: Rs. 316.329 million). These loans have been discounted to arrive at their present values using effective rate of interest of the Company and classified separately in 'equity portion of loans from directors' and 'long-term finances from directors'.

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
12 LEASE LIABILITIES			
Present value of minimum lease payments		**58,644,134**	-
Less: Current portion of lease obligations	- note 12.2	**(10,025,781)**	-
		48,618,353	-

12.1 Reconciliation of minimum lease payments with its present value is as follows:

	Minimum lease payments	Un-amortized future finance cost	Present value of minimum lease payments
	---------------- Rupees ----------------		
For the year ended 30 June 2020			
Payable not later than one year	19,971,480	9,945,699	10,025,781
Payable later than one year but not later than five years	64,907,310	16,288,957	48,618,353
	84,878,790	26,234,656	58,644,134
For the year ended 30 June 2019	-		-

	30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
12.2 Movement in obligation against leases is as under:		
New contracts of leases during the year	**72,280,000**	-
Less: Down payment at the rate of 10%	**(7,228,000)**	-
	65,052,000	-
Less: Repayment of lease obligations during the year	**(6,407,866)**	-
At end of the year	**58,644,134**	-
Less: Current portion of lease obligations	**(10,025,781)**	-
Present value of minimum lease payments	**48,618,353**	-

12.2.1 Terms and conditions of the lease arrangement

Lessor	The above represents finance lease entered into with M/s. Orix Leasing Pakistan Limited for lease of plant and machinery.
Repayment	The liability under the agreement is payable in sixty (60) monthly instalments and will mature on September 2024.
Finance cost	The lease facility is subject to annual finance charge of 18.35% (2019: Nil).
Security	The arrangement is secured against hypothecation and registered specific charge of Rs. 107.085 Million on specific plant and machinery of the Company.
Purchase	The Company intends to exercise its option to purchase the leased assets upon completion of the lease term.

	30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
13 DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences		
Accelerated depreciation on property, plant and equipment	**178,410,423**	173,246,147
Surplus on revaluation of property, plant and equipment	**106,999,421**	118,438,941
Right-to-use assets	**5,675,427**	-
Deferred tax asset on deductible temporary differences		
Provision for employee retirement benefits	**(13,005,807)**	(10,640,686)
Other provisions	**(107,412,122)**	(125,357,732)
	170,667,342	155,686,670

Movement in deferred tax due to taxable / (deductible) temporary differences -

	Opening balance	Revaluation surplus	Profit and loss account	Other comprehensive income	Closing balance
	------- Rupees -------				
As at 30 June 2020					
Accelerated depreciation	173,246,147	-	5,164,276	-	178,410,423
Surplus on revaluation of assets	118,438,941	-	(11,439,520)	-	106,999,421
Lease finances	-	-	5,675,427	-	5,675,427
Provision for employee benefits	(10,640,686)	-	(3,481,026)	1,115,905	(13,005,807)
Other provisions	(125,357,732)	-	17,945,610	-	(107,412,122)
	155,686,670	-	13,864,767	1,115,905	170,667,342
As at 30 June 2019					
Accelerated depreciation	178,802,413	-	(5,556,266)	-	173,246,147
Surplus on revaluation of assets	135,647,452	(4,521,582)	(12,686,929)	-	118,438,941
Provision for employee benefits	(6,307,130)	-	(5,278,440)	944,884	(10,640,686)
Other provisions	(187,867,231)	-	62,509,499	-	(125,357,732)
	120,275,504	(4,521,582)	38,987,864	944,884	155,686,670

		30 / Jun / 2020	30 / Jun / 2019
		Rupees	Rupees
14 DEFERRED LIABILITIES			
Defined gratuity benefit plan	- note 14.1	**44,847,611**	34,675,128

14.1 Reconciliation of present value of defined benefit obligation

Obligation at beginning of the year		**34,675,128**	26,015,028
Charge for the year			
- Profit and loss account	- note 14.2.1	**17,618,254**	16,859,629
- Other comprehensive income	- note 14.2.2	**(3,847,947)**	(3,258,220)
		13,770,307	13,601,409
Benefits paid during the year		**(3,597,824)**	(4,941,309)
Obligation at end of the year		**44,847,611**	34,675,128

14.2 Reconciliation of present value of defined benefit obligation

At beginning of the year	**34,675,128**	26,015,028
Current service cost	**12,393,973**	10,504,607
Past service cost	**539,420**	4,236,028
Interest cost on defined benefit obligations	**4,684,861**	2,118,994
Benefits paid during the year	**(3,597,824)**	(4,941,309)
Remeasurements recogonized in other comprehensive income		
Actuarial (gain)/losses from changes in financial assumptions	**(164,280)**	288,582
Experience adjustments	**(3,683,667)**	(3,546,802)
	(3,847,947)	(3,258,220)
At end of the year	**44,847,611**	34,675,128

14.2.1 Charge to profit and loss account

Current service cost	**12,393,973**	10,504,607
Past service cost	**539,420**	4,236,028
Interest cost	**4,684,861**	2,118,994
	17,618,254	16,859,629

14.2.2 Remeasurements recognized in other comprehensive income

Actuarial loss due to changes in financial assumptions	**(164,280)**	288,582
Actuarial (gain) / loss due to Experience adjustments	**(3,683,667)**	(3,546,802)
Net actuarial (gain) / loss for the year	**(3,847,947)**	(3,258,220)

	30 / Jun / 2020	30 / Jun / 2019
	--------- % age per annum --------	
14.3 Assumptions used for valuation of the defined benefit scheme for employees are as under:		
Valuation discount rate for interest cost in profit and loss	**14.25**	9.00
Valuation discount rate for year end liabilities	**8.50**	14.25
Expected rate of increase in salary	**-**	13.25
Expected mortality rate	**SLIC 2001-2005**	SLIC 2001-2005
Retirement age	**60 years**	60 years

14.4 Historical information for gratuity

	Present value of defined benefit obligation	Experience adjustment arising on plan liabilities
	-------------- Rupees	--------------
Year Ended: 30 June 2020	44,847,611	(3,847,947)
Year Ended: 30 June 2019	34,675,128	(3,258,220)
Year Ended: 30 June 2018	26,015,028	(836,854)
Year Ended: 30 June 2017	23,294,506	971,343
Year Ended: 30 June 2016	20,258,236	(2,360,518)

14.5 Year end sensitivity analysis on present value of defined benefit obligations -

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the net defined benefit obligation as at 30 June 2020 would have been as follows:

	30 / Jun / 2020		30 / Jun / 2019	
	Variation of	100 bps	Variation of	100 bps
	Increase	Decrease	Increase	Decrease
	-------------- Rupees	-------------	-------------- Rupees	--------------
Discount rate	**43,923,607**	50,400,967	**33,263,329**	38,008,362
Future salary	**50,400,967**	43,871,226	**38,033,901**	33,203,280

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

14.6 Expected expense for next year

The expected expense to be charged in profit and loss in respect of the gratuity scheme for the year ending 30 June 2021 would be Rs. 15,074,314.

14.8 Average duration of the obligation

Weighted average duration of the defined benefit obligation is 7 (2019: 7) years gratuity plan.

14.7 Exposure of actuarial risk

The plans expose the Company to the actuarial risks such as:

a)	Salary risks	The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.
b)	Mortality / withdrawal risks	The risks that the actual mortality / withdrawal experiences is different. The effect depends upon beneficiaries' service / age distribution and the entitled benefits of the beneficiary.

			30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
15	**TRADE AND OTHER PAYABLES**			
	Creditors		**133,897,026**	162,843,924
	Advances from customers		**208,607,307**	209,067,274
	Accrued expenses		**144,543,334**	97,988,641
	Deposits	- note 15.1	**3,187,563**	3,283,380
	Workers' profit participation fund	- note 15.2	**-**	15,995,701
	Sales tax payable		**4,091,510**	-
	Other payables		**6,822,005**	25,989,970
			501,148,745	515,168,890

15.1 Deposits

These represent interest free deposits received from various contractors / suppliers. The amount received have been utilized for business in accordance with the written agreements with them.

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
15.2	**Workers' profit participation fund**		
	At beginning of the year	**15,995,701**	22,370,306
	Add: Provision for the year	**-**	15,995,701
	Less: Paid during the year	**(15,995,701)**	(22,370,306)
	At end of the year	**-**	15,995,701

Provision not recognized due to loss during the year.

16	**UNCLAIMED DIVIDENDS**	**9,286,705**	15,589,883

This represents unclaimed dividends as on the reporting date.
The Company has provided the list of members to the SECP. After confirmation from the SECP, the company will give notice to the concerned shareholders. The company is in the process of complying with the requirements of Section 244 of the Companies Act, 2017.

17	**MARK-UP ACCRUED ON BORROWINGS**		
	Cash finances	**11,691,954**	16,613,205
	FATR / FIM	**54,400,158**	55,537,692
		66,092,112	72,150,897

18	**SHORT-TERM BORROWINGS**			
	Cash finances			
	- Bank of Punjab Limited	- note 18.1	**149,686,224**	149,686,224
	- National Bank of Pakistan	- note 18.2	**166,945,408**	166,945,408
			316,631,632	316,631,632
	FATR / FIM			
	- Bank of Punjab Limited	- note 18.3	**200,000,000**	200,000,000
	- National Bank of Pakistan	- note 18.4	**694,989,535**	694,989,535
	- Soneri Bank Limited	- note 18.5	**166,931,697**	20,662,264
			1,061,921,232	915,651,799
			1,378,552,864	1,232,283,431

	Name of Bank | Facility Type	Interest	---------- Security ----------	30 / Jun / 2020 Facility Limit	30 / Jun / 2020 Facility Availed	30 / Jun / 2019 Facility Limit	30 / Jun / 2019 Facility Availed
				------------ Rupees	------------	------------	------------
18.1	Bank of Punjab Limited | Cash finances	3 months KIBOR plus 225 bps (2019: 3 months KIBOR plus 225 bps) per annum, payable quarterly.	It is secured against first hypothecation charge on all present and future current and fixed assets of the Company for Rs. 434 million, ranking charge of Rs. 50 million on fixed assets and personal guarantees of directors of the Company.	**350,000,000**	**149,686,224**	350,000,000	149,686,224
18.2	National Bank of Pakistan | Cash finances	3 months KIBOR plus 250 bps (2019: 3 months KIBOR plus 250 bps) per annum, payable quarterly.	It is secured against open pledge of local scrap and pledge of finished goods (billets, steel bars, girders and iron rods) in the godown with 15% margin and personal guarantees of all directors of the Company.	**300,000,000**	**166,945,408**	300,000,000	166,945,408
18.3	Bank of Punjab Limited | FATR / FIM	3 months KIBOR plus 225 bps (2019: 3 months KIBOR plus 225 bps) per annum, payable quarterly.	It is secured against ranking charge of Rs. 267 million over specific receivables. First pari passu charge on current and fixed assets of Rs. 434 million and personal guarantees of all directors of the Company.	**200,000,000**	**200,000,000**	200,000,000	200,000,000
18.4	National Bank of Pakistan | FATR / FIM	3 months KIBOR plus 200 bps (2019: 3 months KIBOR plus 200 bps) per annum.	It is secured against pledge of import material and ranking charge of Rs. 900 million over current and fixed assets of the Company and personal guarantees of all directors of the Company.	**900,000,000**	**694,989,535**	900,000,000	694,989,535
18.5	Soneri Bank Limited | FATR / FIM	3 months KIBOR plus 250 bps (2019: 3 month KIBOR plus 250 bps) per annum.	It is secured against pari passu charge over current assets of Rs. 334 million. Mortgage / Hypothecation over land, building and machinery of Rs. 160 million and personal guarantees of the directors.	**200,000,000**	**166,931,697**	150,000,000	20,662,264
				1,950,000,000	**1,378,552,864**	1,900,000,000	1,232,283,431

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

(a) Deputy Commissioner Inland Revenue, Lahore issued a show cause notice dated 9 November 2017 alleging that the Company has not charged further tax under section3(1A) of the Sales Tax Act, 1990. Against the aforesaid order, the Company filed writ petition bearing # 105986/2017 before the Honorable Lahore High Court, Lahore ('High Court') which was decided in favour of the Company. Tax Department challenged the judgment vide appeal No 135102/2018 before Division Bench of High Court and the case is remanded back to CIR (LTU) which is pending adjudication.

(b) Federal Government through SRO # 568(I)/2014 dated 26 June 2014 imposed a regulatory duty on import of billets through demand notice dated 29 April 2015. The Company has filed a writ petition bearing # 180139/2018 before the High Court. The Hon'ble Court had granted an interim relief to the Company against the recovery. The said petition is pending adjudication.

(c) The Company is in litigation with National Bank of Pakistan('NBP') wherein NBP had filed suits bearing # COS 22222/2019 and COS 67073/2019 before High Court against the Company for recovery of Rs. 887.812 million. The Company had filed counter suits against NBP, as below:

i) The Company had filed a suit bearing # COS 217367/2018 before the High Court against NBP's claims of certain facilities of letters of credit.

ii) The Company with other claimants filed a suit bearing # COS 18377/2019 before High Court for recovery of Rs. 942.50 million on account of damages. The said petition is pending adjudication.

iii) The Company had filed a suit before Banking Court IV, Lahore against NBP's attempt to include the name of the Company on 'electronic credit information bureau' ('E-CIB') of State Bank of Pakistan. The said court had allowed an interim relief to the Company by issuing a stay order. The matter is pending adjudication.

(d) The Company is in litigation with the Bank of Punjab(BOP') wherein BOP issued a notice for recovery of its debt along-with mark-up. The Company had filed a suit bearing # COS 24091/2020 before High Court and the Company had been allowed an interim relief through a stay order. BOP filed an appeal vide ICA 28178/2020 before the Division Bench of the High Court The matter is pending adjudication.

(e) Bank guarantees amounting to Rs. 96,727,562 (2019: Rs. 96,727,562) had been issued in favours of the Company by various financial institutions, no call notices have been received by the bank and the Company.

The compnay is contesting all these cases vigorously and legal consultants is of the view that the said matters would be decided in favor of the company, therefore no provision has been recognized as per IAS 37 in the financial statements.

	30 / Jun / 2020	30 / Jun / 2019
	Rupees	Rupees
19.2 Commitments		
Irrevocable letters of credit	**30,513,385**	151,000,000
Capital expenditure contracted for but not incurred	**26,994,876**	10,500,750

20 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	- note 20.1	**1,765,316,930**	1,691,741,237
Capital work-in-progress	- note 20.6	**103,005,124**	11,770,005
		1,868,322,054	1,703,511,242

20.1 Operating fixed assets

a) Reconciliation of carrying values at end of the year (as at 30 June 2020)

PARTICULARS	COST / REVALUATION				DEPRECIATION				BOOK VALUE	
	As on 01 July 2019	Additions / (Disposals) during the year	Transfers from capital work in progress	As on 30 June 2020	As on 01 July 2019	Adjustments on de-recognition of assets	Charge for the year	As on 30 June 2020	As on 30 June 2020	Annual rate of depre-ciation
	-------- Rupees --------									% age
Freehold land										
- Cost	33,322,002	-	-	33,322,002	-	-	-	-	33,322,002	-
- Revaluation	338,684,248	-	-	338,684,248	-	-	-	-	338,684,248	-
	372,006,250	-	-	372,006,250	-	-	-	-	372,006,250	
Buildings on freehold land										
- Cost	481,207,210	537,186	4,442,363	486,186,759	137,679,369	-	17,201,942	154,881,311	331,305,448	5
- Revaluation	45,357,943	-	-	45,357,943	17,470,053	-	1,394,395	18,864,448	26,493,495	5
	526,565,153	537,186	all 4,442,363	531,544,702	155,149,422	-	18,596,337	173,745,759	357,798,943	
Plant and machinery										
- Cost	916,918,402	24,438,744	135,888,007	1,077,245,153	460,885,825	-	46,830,159	507,715,984	569,529,169	10
- Revaluation	702,082,162	-	-	702,082,162	321,559,913	-	38,052,225	359,612,138	342,470,024	10
	1,619,000,564	24,438,744	135,888,007	1,779,327,315	782,445,738	-	84,882,384	867,328,122	911,999,193	
Grid station	57,279,039	-	-	57,279,039	41,910,612	-	1,536,843	43,447,455	13,831,584	10
Electric equipment	198,901,473	21,396,243	-	220,297,716	118,436,845	-	8,159,544	126,596,389	93,701,327	10
Laboratory equipment	11,232,088	-	-	11,232,088	8,218,428	-	301,366	8,519,794	2,712,294	10
Loose tools	302,509	-	-	302,509	221,343	-	8,117	229,460	73,049	10
Office equipment	6,392,608	2,327,831	-	8,720,439	3,591,389	-	807,332	4,398,721	4,321,718	20
Furniture and fixtures	6,446,497	289,536	-	6,736,033	3,732,327	-	286,945	4,019,272	2,716,761	10
Arms and ammunition	146,013	-	-	146,013	106,177	-	3,984	110,161	35,852	10
Motor vehicles	21,931,098	373,500 (205,000)	- -	22,099,598	14,649,774	(147,063)	1,476,928	15,979,639	6,119,959	20
	2,820,203,292	49,363,040 (205,000)	140,330,370	3,009,691,702	1,128,462,055	(147,063)	116,059,780	1,244,374,772	1,765,316,930	

20.1 Operating fixed assets

b) Reconciliation of carrying values at beginning of the year (as at 30 June 2019)

PARTICULARS	COST / REVALUATION				DEPRECIATION				BOOK VALUE	Annual rate of depre-ciation
	As on 01 July 2018	Additions / (Disposals) during the year	Transfers from capital work in progress	As on 30 June 2019	As on 01 July 2018	Adjustments on de-recognition of assets	Charge for the year	As on 30 June 2019	As on 30 June 2019	
	---------- Rupees ----------									% age
Freehold land										
- Cost	33,322,002	-	-	33,322,002	-	-	-	-	33,322,002	-
- Revaluation	338,684,248	-	-	338,684,248	-	-	-	-	338,684,248	-
	372,006,250	-	-	372,006,250	-	-	-	-	372,006,250	
Buildings on freehold land										
- Cost	464,933,293	-	16,273,917	481,207,210	119,998,184	-	17,681,185	137,679,369	343,527,841	5
- Revaluation	45,357,943	-	-	45,357,943	16,002,269	-	1,467,784	17,470,053	27,887,890	5
	510,291,236	-	16,273,917	526,565,153	136,000,453	-	19,148,969	155,149,422	371,415,731	
Plant and machinery										
- Cost	891,141,423	-	25,776,979	916,918,402	412,240,632	-	48,645,193	460,885,825	456,032,577	10
- Revaluation	702,082,162	-	-	702,082,162	279,279,663	-	42,280,250	321,559,913	380,522,249	10
	1,593,223,585	-	25,776,979	1,619,000,564	691,520,295	-	90,925,443	782,445,738	836,554,826	
Grid station	57,279,039	-	-	57,279,039	40,203,009	-	1,707,603	41,910,612	15,368,427	10
Electric equipment	198,785,973	-	115,500	198,901,473	109,509,094	-	8,927,751	118,436,845	80,464,628	10
Laboratory equipment	11,232,088	-	-	11,232,088	7,883,577	-	334,851	8,218,428	3,013,660	10
Loose tools	302,509	-	-	302,509	212,325	-	9,018	221,343	81,166	10
Office equipment	5,903,333	489,275	-	6,392,608	2,966,257	-	625,132	3,591,389	2,801,219	20
Furniture and fixtures	6,292,007	154,490	-	6,446,497	3,441,887	-	290,440	3,732,327	2,714,170	10
Arms and ammunition	146,013	-	-	146,013	101,751	-	4,426	106,177	39,836	10
Motor vehicles	28,460,421	110,900 (6,640,223)	-	21,931,098	19,278,658	(5,152,080)	523,196	14,649,774	7,281,324	20
	2,783,922,454	754,665 (6,640,223)	42,166,396	2,820,203,292	1,011,117,306	(5,152,080)	122,496,829	1,128,462,055	1,691,741,237	

20.2 Revaluation of property, plant and equipment

Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets would be as under:

	30 / June / 2020			30 / June / 2019		
	Cost	Accumulated Depreciation	Book value	Cost	Accumulated Depreciation	Book value
	---------------------- Rupees ----------------------			---------------------- Rupees ----------------------		
Freehold land	33,322,002	-	33,322,002	33,322,002	-	33,322,002
Buildings on freehold land	486,186,759	154,881,311	331,305,448	481,207,210	137,679,369	343,527,841
Plant and machinery	1,077,245,153	507,715,984	569,529,169	916,918,402	460,885,825	456,032,577
	1,596,753,914	662,597,295	934,156,619	1,431,447,614	598,565,194	832,882,420

20.3 Disposal of property, plant and equipment

This represents disposal of motor cycles having book value less than Rs. 500,000. These are disposed in lieu of the policy of the Company.

	Particulars		Cost	Depreciation	Book Value	Sale	Gain / (Loss)	Mode of
	Asset	Buyer	(Rupees)	(Rupees)	(Rupees)	Proceeds	(Rupees)	Disposal
2020	Vehicles	Various	205,000	147,063	57,937	78,000	20,063	Company Policy
2019	Vehicles		6,640,223	5,152,081	1,488,142	2,373,000	884,858	

20.4 Particulars of immoveable property (freehold land and buildings on freehold land) in the name of the Company are as follows:

Location	Usage of Property	Total area (In Acres)	Covered area (In Square Feet)
8 KM, Manga Mandi, Raiwind Road, District Kasur	Manufacturing Facility	53.50 Acres	1,296,182
40 B/II, Gulberg III, M. M. Alam Road, Lahore	Head Office	0.21 Acres	7,513

20.5 Depreciation for the tax year has been allocated as follows:

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
Cost of sales	- note 31	**110,256,791**	116,371,988
Administrative expenses	- note 34	**5,802,989**	6,124,841
		116,059,780	122,496,829

20.6 Capital work-in-progress

	Buildings on freehold land	Plant and machinery	Electric equipment	Aggregate
	------------------------ Rupees ------------------------			
As at 30 June 2020				
Beginning balance	640,545	11,129,460	-	11,770,005
Additions	29,500,431	202,065,058	-	231,565,489
Transfers out	(4,442,363)	(135,888,007)	-	(140,330,370)
Closing balance	25,698,613	77,306,511	-	103,005,124
As at 30 June 2019				
Beginning balance	2,529,083	7,796,629	-	10,325,712
Additions	14,385,379	29,109,810	115,500	43,610,689
Transfers out	(16,273,917)	(25,776,979)	(115,500)	(42,166,396)
Closing balance	640,545	11,129,460	-	11,770,005

			30 / Jun / 2020	30 / Jun / 2019
			Rupees	Rupees
21	**RIGHT-OF-USE ASSETS**			
	Plant and machinery acquired on lease	- note 12.2	**72,280,000**	-
	Add: Further expense incurred by the Company		**5,934,573**	-
			78,214,573	-
	Less: Depreciation on right-of-use assets (On no. of days basis)	- note 31	**(21,429)**	
			78,193,144	
	Useful life		10 years	
22	**LONG-TERM DEPOSITS**			
	Deposits with various institutions	- note 22.1	**18,972,226**	18,972,226
	22.1 Movement during the year is as follows:			
	At beginning of the year		**18,972,226**	18,808,026
	Add: Deposits during the year		**-**	164,200
	At end of the year		**18,972,226**	18,972,226

These are interest free refundable deposits with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

23	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores	**256,170,407**	195,781,722
	Spare parts	**47,168,528**	27,668,268
	Loose tools	**1,961,979**	1,603,866
		305,300,914	225,053,856

			30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
24	**STOCK IN TRADE**			
	Raw material		**690,097,755**	1,653,171,564
	Finished goods		**929,357,859**	677,864,110
			1,619,455,614	2,331,035,674

24.1 Stocks are pledged with financial institutions against short-term borrowings availed by the Company.

25	**TRADE DEBTS**			
	Local - unsecured			
	Considered good		**461,590,104**	1,113,616,537
	Considered doubtful		**23,982,167**	1,393,763
			485,572,271	1,115,010,300
	Less: Provision for doubtful debts	- note 25.1	**(23,982,167)**	(1,393,763)
			461,590,104	1,113,616,537
	Local - secured and considered good	- note 25.2	**1,154,228,000**	-
			1,615,818,104	1,113,616,537

25.1 Provision for doubtful debts

Add: Provision for the year	- note 35	**23,982,167**	1,393,763
Less: Write off against provision		**(23,982,167)**	(1,393,763)
Balance at end of the year		**-**	-

25.2 Local - secured and considered good

These receivables are secured against cheques obtained from respective parties.

25.3 Ageing of trade debts

Past due 0 - 30 days	**414,311,435**	355,192,031
Past due 31 - 60 days	**741,969,748**	105,343,392
Past due 61 - 365 days	**255,178,472**	289,144,859
Past due over 365 days	**204,358,449**	363,936,255
	1,615,818,104	1,113,616,537

26	**LOANS AND ADVANCES**			
	Advances to: (unsecured but considered good)			
	- Employees			
	against salaries		**2,486,540**	3,237,158
	against expenses	- note 26.1	**2,776,515**	2,786,730
			5,263,055	6,023,888
	- Suppliers		**298,252,161**	150,937,318
			303,515,216	156,961,206
	Letters of credits		**85,773,241**	488,395,958
			389,288,457	645,357,164

26.1 Advances to employees against expenses

These advances are given to meet business expenses and are settled when expenses are incurred.

			30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
27	**TRADE DEPOSITS AND PREPAYMENTS**			
	Prepayments		**6,709,071**	6,995,165
	Trade deposits		**27,615,222**	21,316,189
	Guarantee margins		**96,727,562**	96,727,562
			131,051,855	125,038,916
28	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Income tax recoverable	- note 28.1	**140,127,688**	43,087,567
	Sales tax refundable	- note 28.2	**164,561,953**	72,973,315
			304,689,641	116,060,882
28.1	**Income tax recoverable**			
	At beginning of the year		**43,087,567**	4,511,423
	Add: Advance income tax / deductions during the year		**130,982,205**	131,590,898
			174,069,772	136,102,321
	Less: Provision for taxation -	- note 37		
	- Current year		**(34,744,194)**	(85,924,441)
	- Prior periods		**802,110**	468,136
			(33,942,084)	(85,456,305)
	Less: Workers' welfare fund	- note 35	**-**	(7,558,449)
	At end of the year		**140,127,688**	43,087,567

28.2 Sales tax refundable

It represents accumulated differences of input tax on purchases and sales tax payable.

29	**CASH AND BANK BALANCES**			
	In hand		**2,944,697**	2,649,980
	With banks			
	- On current accounts		**59,656,264**	102,402,843
	- On saving accounts	- note 29.1	**14,613,503**	30,997,363
			74,269,767	133,400,206
			77,214,464	136,050,186

29.1 The profit rate in respect of savings accounts ranges between 5.50% and 9.25% per annum (2019: 5.25% to 8.50% per annum).

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
30	**SALES - NET**		
	Gross sales	**3,889,858,804**	7,198,463,833
	Less: Sales tax	**(504,734,175)**	(388,677,372)
	Net sales	**3,385,124,629**	6,809,786,461

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
31 COST OF SALES			
Consumption			
- Raw material	- note 31.1	**2,343,007,580**	5,210,671,937
- Stores, spare parts and loose tools		**159,247,885**	134,974,191
		2,502,255,465	5,345,646,128
Salaries, wages, allowances and other benefits	- note 31.2	**191,301,461**	241,375,350
Fuel and power		**733,939,787**	502,138,817
Vehicle running and maintenance		**4,583,189**	3,584,031
Repairs and maintenance		**54,725,255**	67,881,378
Freight and forwarding		**6,213,112**	13,062,835
Insurance		**3,611,965**	6,130,548
Laboratory		**493,522**	566,960
Traveling and conveyance		**4,165,431**	6,328,025
Entertainment		**2,250,575**	2,461,212
Other manufacturing overheads		**5,244,859**	14,978,422
Depreciation on property, plant and equipment	- note 20.5	**110,256,791**	116,371,988
Depreciation on right-of-use assets	- note 21	**21,429**	-
Cost of goods manufactured		**3,619,062,841**	6,320,525,694
Adjustment of finished goods			
Opening stocks		**677,864,110**	527,593,981
Less: Closing stocks		**(929,357,859)**	(677,864,110)
		(251,493,749)	(150,270,129)
		3,367,569,092	6,170,255,565

31.1 Raw material consumed

Opening stocks		**1,653,171,564**	1,960,509,636
Add: Purchases and related direct / indirect cost		**1,379,933,771**	4,903,333,865
Less: Closing stocks		**(690,097,755)**	(1,653,171,564)
Raw material consumed		**2,343,007,580**	5,210,671,937

31.2 Salaries, wages, allowances and other benefits

Salaries, wages, allowances and other benefits includes employee retirement benefits amounting to Rs. 11,628,048 (2019: Rs. 11,127,355).

32 OTHER OPERATING INCOME			
On financial assets			
Return on bank deposits		**3,738,810**	1,728,156
On non-financial assets			
Gain on disposal of property, plant and equipment	- note 20.3	**20,063**	884,858
Others		**2,630**	2,685,147
		22,693	3,570,005
		3,761,503	5,298,161

			30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
33	**DISTRIBUTION AND SELLING COST**			
	Salaries and allowances	- note 33.1	**6,328,820**	5,829,121
	Packing materials		**4,120,092**	7,649,405
	Rebates and commission		**829,395**	5,159,698
	Handling and carriage		**4,878,825**	4,864,024
	Advertisement		**31,839,705**	5,268,113
	Others		**3,114,653**	2,739,030
			51,111,490	31,509,391

33.1 Salaries and allowances

Salaries and allowances includes employee retirement benefits amounting to Rs. 704,730 (2019: Rs. 674,385).

34	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and allowances	- note 34.1	**43,031,405**	55,241,677
	Travelling and conveyance		**1,661,478**	1,369,007
	Entertainment		**555,600**	447,609
	Vehicle running and maintenance		**5,604,923**	4,273,331
	Printing and stationary		**837,766**	1,161,751
	Communication		**1,396,219**	880,700
	Electricity and sui gas		**3,716,926**	1,126,520
	Legal and professional		**5,452,074**	4,868,899
	Fee and subscription		**2,438,181**	3,825,820
	Insurance expenses		**622,802**	605,178
	Other expenses		**364,065**	456,920
	Depreciation on property, plant and equipment	- note 20.5	**5,802,989**	6,124,841
			71,484,428	80,382,253

34.1 Salaries and allowances

Salaries and allowances includes employee retirement benefits amounting to Rs. 5,285,476 (2019: Rs. 5,057,889) and salaries of diectors and executives.

35	**OTHER OPERATING COST**			
	Charity and donation	- note 35.1	**850,000**	324,000
	Auditor's remuneration	- note 35.2	**1,870,000**	1,870,000
	Fines and penalties		**50,000**	-
	Provision for workers' profit participation fund	- note 15.2	**-**	15,995,701
	Provision for workers' welfare fund	- note 28.1	**-**	7,558,449
	Provision for doubtful debts	- note 25.1	**23,982,167**	1,393,763
			26,752,167	27,141,913

35.1 Charity and donation

This represents donations to various individuals and none of the directors are interested in the donee.

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
35.2 Auditor's remuneration			
Audit fee		**1,600,000**	1,540,000
Fee for review of half yearly financial statements		**220,000**	220,000
Certifications and other advisory services		**30,000**	90,000
Out of pocket expenses		**20,000**	20,000
		1,870,000	1,870,000

36 FINANCE COST

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
Mark-up on:			
- Short-term borrowings		**22,296,866**	144,132,905
- Lease liabilities		**8,570,743**	-
		30,867,609	144,132,905
Unwinding of interest free loans from directors	- note 11	**26,118,927**	23,962,317
Foreign currency translation loss		**1,655,487**	6,745,115
Bank charges and commission		**4,445,873**	8,320,150
		63,087,896	183,160,487

37 TAXATION

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
Current	- note 28.1	**34,744,194**	85,924,441
Prior periods	- note 28.1	**(802,110)**	(468,136)
Deferred	- note 13	**13,864,767**	38,987,864
		47,806,851	124,444,169

37.1 Current

Provision for current year's taxation has been made in accordance with the relevant provisions of the Income Tax Ordinance, 2001.

37.2 Prior periods assessments

Income tax assessments of the Company have been finalized up to tax year2019 in accordance with the deeming provisions under section 120 (1) of the Ordinance.

37.3 Numerical reconciliation between average and applicable tax rate

	30 / Jun / 2020	30 / Jun / 2019
Applicable tax rate	**29.00%**	29.00%

No reconcilliation has been provided as the company has charged provsion for taxation on minimum tax basis as per section 113 of Income Tax Ordinance, 2001.

37.4 Sufficiency of tax provision

As per management's assessment, sufficient tax provision is made in the financial statements. The comparison of provision as per financial statements and tax assessments for last 3 years is as follows:

	30 / Jun / 2019	30 / Jun / 2018	30 / Jun / 2017
		--------------- Rupees ---------------	
Provision as per financial statements	85,924,441	116,355,735	89,069,663
Tax assessments	85,122,331	115,877,599	82,902,375

38 (LOSS) / EARNINGS PER SHARE (BASIC AND DILUTED)

		30 / Jun / 2020	30 / Jun / 2019
(Loss) / Profit attributable to ordinary equity holders	Rs.	**(238,925,792)**	198,190,844
Weighted average number of outstanding ordinary shares	No.	**144,343,364**	144,343,364
(Loss) / Earnings per share - basic	Rs.	**(1.66)**	1.37

38.1 There is no anti-dilutive / dilutive effect on the basic earnings per share of the Company. Moreover, there are no anti-dilutive / dilutive potential ordinary shares outstanding as at 30 June 2020 and 2019.

39 CASH GENERATED FROM OPERATIONS

		30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
(Loss) / Profit before tax		**(191,118,941)**	322,635,013
Adjustments for non-cash expenses and other items:			
Depreciation on property and equipment	- note 20.5	**116,059,780**	122,496,829
Depreciation on right-to-use assets	- note 21	**21,429**	-
Provision for staff retirement benefits	- note 14.2.1	**17,618,254**	16,859,629
Gain on disposal of property and equipment	- note 20.3	**(20,063)**	(884,858)
Finance cost	- note 36	**63,087,896**	183,160,487
Provision for workers' profit participation	- note 15.2	**-**	15,995,701
Provision for workers' welfare		**-**	7,558,449
Provision for doubtful debts	- note 25.1	**23,982,167**	1,393,763
		220,749,463	346,580,000
Operating profit before working capital changes		**29,630,522**	669,215,013
Working capital changes			
(Increase) / Decrease in current assets:			
Stores, spare parts and loose tools		**(80,247,058)**	23,941,869
Stock in trade		**711,580,060**	157,067,943
Trade debts		**(526,183,734)**	(288,243,747)
Loans and advances		**256,068,707**	(399,639,764)
Trade deposits and prepayments		**(6,012,939)**	(5,828,986)
Tax refunds due from government		**(91,588,638)**	63,819,204
(Decrease) / Increase in trade and other payables		**1,975,556**	112,749,987
		265,591,954	(336,133,494)
Cash generated from operations		**295,222,476**	333,081,519

40 FINANCIAL RISK MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the finance related risks to the entity. The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk;
b) Liquidity risk; and
c) Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

40.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company’s risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors of the Company.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

40.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored.

40.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

At amortized cost	**30 / Jun / 2020 Rupees**	30 / Jun / 2019 Rupees
Trade debts - unsecured	**1,615,818,104**	1,113,616,537
Bank balances	**74,269,767**	133,400,206
Loans and advances	**389,288,457**	645,357,164
Trade deposits	**124,342,784**	118,043,751
	2,203,719,112	2,010,417,658

40.2.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

(a) Counterparties without external credit ratings

The aging of trade debts at the reporting date is reported in note 25.3 to the financial statements.

The Company has a policy to provide for impairment of expected credit loss based upon the age analysis which is being implemented. Based on past experience the management believes that no further impairment allowance is necessary in respect of trade debts as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

(b) Other financial assets

Based on past experience the management believes that no impairment allowance is necessary in respect of receivables from related parties, security deposits and advances, loan from directors and accrued interest on loan to director as there are reasonable grounds to believe that these balances will be recovered.

(a) Counterparties with external credit ratings

Due to the Company’s long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly credit risk is minimal. The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

	Rating as of 2020			**30/Jun/20**	30/Jun/19
	Short-term	Long-term	Agency	**Rupees**	Rupees
Habib Bank Limited	A-1+	AAA	JCR-VIS	**7,174,396**	(5,372,357)
MCB Bank Limited	A-1+	AAA	PACRA	**295,820**	5,403,273
United Bank Limited	A-1+	AAA	JCR-VIS	**9,091,555**	5,071,134
Bank Alfalah Limited	A-1+	AA+	JCR-VIS	**17,398**	(1,118,765)
Faysal Bank Limited	A-1+	AA	JCR-VIS	**1,991,232**	4,049,170
The Bank of Punjab	A-1+	AA	PACRA	**10,000,937**	9,799,374
JS Bank Limited	A-1+	AA-	PACRA	**1,040,117**	69,229
Soneri Bank Limited	A-1+	AA-	PACRA	**3,418,182**	2,508,898
Bank Islami Limited	A-1	A+	PACRA	**487,030**	487,030
Askari Bank Limited	A-1+	AA+	PACRA	**17,333,422**	29,846,915
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**592**	1,516,324
Samba Bank Limited	A-1	AA	JCR-VIS	**37,691**	37,691
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	**10,005**	8,421,391
Meezan Bank Limited	A-1+	AA+	JCR-VIS	**7,036,858**	35,960,630
Apna Microfinance Bank Limited	A-3	BBB+	PACRA	**463,352**	-
Allied Bank Limited	A-1+	AAA	PACRA	**15,863,935**	35,112,444
Summit Bank Limited	--- rating suspended ---		JCR-VIS	**1,397**	1,601,977
Silk Bank Limited	A-2	A-	JCR-VIS	**5,848**	5,848
				74,269,767	133,400,206

40.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets is broadly diversified and all transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

	30 / Jun / 2020 Rupees	30 / Jun / 2019 Rupees
Customers	**1,615,818,104**	1,113,616,537
Banks	**74,269,767**	133,400,206
Others	**513,631,241**	763,400,915
	2,203,719,112	2,010,417,658

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 25

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

The Company has established a credit policy for its industrial and retail customers under which each new customer is analyzed individually for credit worthiness before the Company enters into a commercial transaction. The Company's review includes identity checks, minimum security deposits, bank guarantees and in some cases bank references. Credit limits are established for each customer in accordance with the security deposit or bank guarantee received, which represents the maximum open amount without requiring approval from the higher management; customer limits are reviewed on a regular basis and once the credit limits of individual customers are exhausted, further transactions are discontinued.
The Company recognises ECL for trade debts using the simplified approach described in note no. 25.3.

ECL on other receivables is calculated using general approach.
As at the reporting date, Company envisages that default risk on account of non-realisation of other receivables and advances is minimal and thus based on historical trends adjusted to reflect current and forward looking information, loss allowance has been estimated by the Company using a range of probable recovery pattern of related other receivables and assigning a time value of money to same. As per the aforementioned approach, the loss allowance for other receivables was determined as follows:

	2020 Rupees	2019 Rupees
Gross carrying amount	**513,631,241**	763,400,915
Loss allowance		

The credit risk related to balances with banks, in term deposits, savings accounts and current accounts, is managed in accordance with the Company's policy of placing funds with approved financial institutions and within the limits assigned in accordance with the counter party risk policy. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counter party failure.

40.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

40.3.1 Exposure to liquidity risk

- (a) Contractual maturities of financial liabilities, including estimated interest payments
The following are the remaining contractual maturities of financial liabilities:

Financial liabilities	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year
	30 / Jun / 2020			
	------------------------------ Rupees ------------------------------			
Long-term finances	316,329,215	316,329,215	-	316,329,215
Lease obligations	58,644,134	84,878,790	19,971,480	64,907,310
Short-term borrowings	1,378,552,864	1,378,552,864	1,393,110,869	-
Un-claimed dividends	9,286,705	9,286,705	9,286,705	-
Trade payables	497,057,235	497,057,235	497,057,235	-
Accrued mark-up	66,092,112	66,092,112	66,092,112	-
	2,325,962,265	2,352,196,921	1,985,518,401	381,236,525

Financial liabilities	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year
	30 / Jun / 2019			
	------------------------------ Rupees ------------------------------			
Long-term finances	316,329,215	316,329,215	-	316,329,215
Short-term borrowings	1,232,283,431	1,232,283,431	1,232,283,431	-
Un-claimed dividends	15,589,883	15,589,883	15,589,883	-
Trade payables	499,173,189	499,173,189	499,173,189	-
Accrued mark-up	72,150,897	72,150,897	72,150,897	-
	2,135,526,615	2,135,526,615	1,819,197,400	316,329,215

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

40.4 Market risk

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and equity prices will effect 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 optimizing return.

40.4.1 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. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies.

- Exposure to foreign currency risk

Exposure to foreign currency risk (as denominated in US $) was as follows based on notional amounts:

	30 / Jun / 2020	30 / Jun / 2019
Outstanding letters and credit (in US $)	**508,286**	2,968,972

Commitments outstanding at year end amounted to US$ 180,820 (2019: US $ 917,933) relating to letter of credits for imports. The significant exchange rates applied during the year:

	Average rate		**Reporting date mid spot rate**	
	30 / Jun / 2020	30 / Jun / 2019	**30 / Jun / 2020**	30 / Jun / 2019
	---- Rupees ----		**------------- Rupees -------------**	
USD 1	166.63	143.05	168.75	164.50

- Sensitivity analysis

1% strengthening of Pak Rupee against US $ at reporting date would have varied profit or loss as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Decrease in profit and loss account	**857,733**	4,883,959

40.4.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. THe effect of consequential risk is subject to note no. 19. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

- Fixed rate financial instruments

The Company do not have any financial instrument bearing fixed rate of interest (2019: Nil).

- 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 profit and loss. Therefore change in interest rates at reporting date would not affect profit and loss.

- Variable rate financial assets and liabilities

	30 / Jun / 2020		30 / Jun / 2019	
	Assets	Liabilities	Assets	Liabilities
	-------------------------- Rupees --------------------------			
Cash with banks	14,613,503	-	30,997,363	-
Lease liabilities	-	58,644,134	-	-
Short-term borrowings	-	1,378,552,864	-	1,232,283,431
	14,613,503	1,437,196,998	30,997,363	1,232,283,431

- Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have varied profit before tax as shown below. Analysis assumes that all other variables, in particular foreign exchange rates, remain constant.

	Variation in basis points (% age)	Effect on profit before tax **30 / Jun / 2020** **Rupees**	30 / Jun / 2019 Rupees
- Variable rate financial instruments			
Cash with banks	100 bps or 1.00%	**146,135**	309,974
Lease liabilities		**586,441**	-
Short-term borrowings		**13,785,529**	12,322,834
		14,371,970	12,322,834

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

40.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

41 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment in associates are carried using equity method. The carrying values of all other financial assets and liabilities reflected in these financial statements approximate their fair values. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Company has not disclosed the fair values for some financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Financial instruments on reporting date	Carrying Amount				Fair Value			
	---------------------------------- As at 30 June 2020 ----------------------------------							
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---------------------------------- Rupees ----------------------------------							
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade debts	-	1,615,818,104	-	1,615,818,104	-	1,615,818,104	-	1,615,818,104
Loans and advances	-	389,288,457	-	389,288,457	-	389,288,457	-	389,288,457
Trade deposits	-	124,342,784	-	124,342,784	-	124,342,784	-	
Bank balances	-	74,269,767	-	74,269,767	-	74,269,767	-	74,269,767
	-	2,203,719,112	-	2,203,719,112	-	2,203,719,112	-	2,079,376,328
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term finances	-	-	199,706,959	199,706,959	-	-	-	-
Equity portion of loans	-	-	116,622,256	116,622,256	-	-	-	-
Lease liabilities			58,644,134	58,644,134	-	-	-	-
Trade payables	-	-	497,057,235	497,057,235	-	-	-	-
Unclaimed dividends	-	-	9,286,705	9,286,705	-	-	-	-
Accrued mark-up	-	-	66,092,112	66,092,112	-	-	-	-
Short term borrowings	-	-	1,378,552,864	1,378,552,864	-	-	-	-
	-	-	2,325,962,265	2,325,962,265	-	-	-	-

Financial instruments on reporting date	Carrying Amount				Fair Value			
	---------------------------------- As at 30 June 2019 ----------------------------------							
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	---------------------------------- Rupees ----------------------------------							
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade debts	-	1,113,616,537	-	1,113,616,537	-	1,113,616,537	-	1,113,616,537
Loans and advances	-	645,357,164	-	645,357,164	-	645,357,164	-	645,357,164
Trade deposits	-	118,043,751	-	118,043,751	-	118,043,751	-	
Bank balances	-	133,400,206	-	133,400,206	-	133,400,206	-	133,400,206
	-	2,010,417,658	-	2,010,417,658	-	2,010,417,658	-	1,892,373,907
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term finances	-	-	290,210,289	290,210,289	-	-	-	-
Equity portion of loans	-	-	26,118,926	26,118,926	-	-	-	-
Trade payables	-	-	499,173,189	499,173,189	-	-	-	-
Unclaimed dividends	-	-	15,589,883	15,589,883	-	-	-	-
Accrued mark-up	-	-	72,150,897	72,150,897	-	-	-	-
Short term borrowings	-	-	1,232,283,431	1,232,283,431	-	-	-	-
	-	-	2,135,526,615	2,135,526,615	-	-	-	-

42 CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on basis of the debt-to-equity ratio calculated as ratio of total debt to equity.

	30 / June / 2020	30 / June / 2019
	--- Rupees in '000 ---	
Total debt	**1,753,526**	1,548,613
Total equity and debt (including surplus on revaluation of operating assets)	**3,864,491**	4,074,361
Debt-to-equity ratio	**45%**	38%

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

42.1 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities			
	2020			
	Unclaimed dividends	**Lease obligations**	**Short-term borrowings**	**Accrued mark-up**
Balance as at June 30, 2019	15,589,883	-	1,232,283,431	72,150,897
Finances repaid	-	-	(350,481,397)	-
Finance obtained	-	-	496,750,810	-
Mark-up accrued	-	-	-	22,296,866
Mark-up repaid	-	-	-	(28,355,651)
Finance lease obtained	-	72,280,000	-	-
Lease rentals paid	-	(6,407,866)	-	-
Down payment paid	-	(7,228,000)	-	-
Dividend paid	(6,303,178)	-	-	-
Balance as at June 30, 2020	9,286,705	58,644,134	1,378,552,844	66,092,112

43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	30 / June / 2020	30 / June / 2019	30 / June / 2020	30 / June / 2019	30 / June / 2020	30 / June / 2019
	Rupees					
Remuneration	4,654,017	4,654,017	2,530,168	2,530,168	6,085,195	5,137,853
Other allowances	1,875,499	1,875,499	1,019,620	1,019,620	2,452,243	2,070,478
Retirement benefits	416,778	416,778	226,582	226,582	544,943	460,106
	6,946,294	6,946,294	3,776,370	3,776,370	9,082,381	7,668,437
Number of persons	1	1	1	1	6	6

43.1 The Company has also provided Chief Executive and working Director with the Company maintained cars. No

44 NUMBER OF EMPLOYEES

	At end of the year		Average during the year	
	30 / June / 2020	30 / June / 2019	30 / June / 2020	30 / June / 2019
	Number of Employees			
Company employees	515	478	497	449
Manpower at factory	471	458	465	441

45 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated undertakings, key management personnel and entities under common directorship. Balances are disclosed elsewhere in the financial statements. Significant transactions with related parties other than disclosed elsewhere in the financial statements are as follows.

Related Party	Nature of relationship	Basis of relationship	Nature of transaction	Transaction Value		Outstanding Balance	
				30 / June / 2019	30 / June / 2019	30 / June / 2020	30 / June / 2019
				------------------ Rupees ------------------			
Chief Executive	CEO	Shareholder	Remuneration	6,946,294	6,946,294	-	-
Directors							
Key management	Directors	Shareholders	Directors loan	-	-	316,329,215	316,329,215
personnel	Directors	Shareholders	Remuneration	3,776,370	3,776,370	-	-
Executives							
Key management	Executives	Related parties	Remuneration	9,082,381	7,668,437	-	-

46 PLANT CAPACITY AND PRODUCTION

	30 / June / 2020	**30 / June / 2019**	**30 / June / 2020**	**30 / June / 2019**
	--- % age ---		--- Metric Tons ---	
Plant capacity				
Rolling Mill	100%	100%	120,000	120,000
Melting and Structure Mill	100%	100%	218,400	160,000
Actual utilization of production capacity				
Rolling Mill	28%	62%	33,386	74,620
Melting and Structure Mill	18%	23%	40,039	36,953

46.1 Actual production was sufficient to meet the demand.

46.2 The Company operated the plant considering the market demand and supply of the product.

47 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

- All the sales of the Company are made to customers located in Pakistan.
- All non-current assets of the Company at 30 June 2020 are located in Pakistan.

48 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING YEAR

As reported in note 3 to the financial statements, the Company's financial position and performance was particularly affected during the reporting period:

- Sales during the year have decreased by 50% (as compared to last year increase of 10%) approximately. As a result of which sales have decreased by Rs. 3,425 million.
- The recovery of trade debts remained significantly affected and the receivables increased by 44% as compared to last year. However, subsequent to post-panademic shut down the Company has recovered Rs. 300 million on account of trade receivables.
- Dispute with the Bank of Punjab Limited and continuing dispute with National Bank of Pakistan over the payment of borrowing and related mark-up / cost of funds. Filing of suits by National Bank of Pakistan and The Bank of Punjab Limited against the Company and the Company has filed counter suits against these financial institutions (also refer note 19 to the financial statements).

49 RE-CLASSIFICATIONS AND RE-ARRANGEMENTS OF CORRESPONDING FIGURES

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-classification and re-arrangements are made in the financial statements except as detailed below:

From	To	Reason	Amount
Workers' welfare fund Trade and other payables	Advance income tax	Better presentation	7,558,449
Trade deposits	Advances to employees (against salary)	Better presentation	2,358,531
Advances to employees (against expenses)	Advances to suppliers	Better presentation	10,283,232

50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 30 September 2020.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

پراویڈنٹ فنڈ اور نفع میں حصہ کا فنڈ قائم کیا ہے۔عملہ کی بہبود کے لئے بھاری سرمایہ داری کی گئی ہے تا کہ انہیں محفوظ اور دوستانہ ماحول مل سکے۔

23. گریجوایٹی فنڈز میں سرمایہ داری

کمپنی گریجوایٹی فنڈ قواعد کے تحت اپنے تمام مستقل ملازمین پر محیط گریجوایٹی فنڈ بھی چلاتی ہے۔

24. متعلقہ فریق سے لین دین

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کی پیروی میں کاروباری امور کے سلسلہ میں کمپنی اعلیٰ ترین اخلاقی معیار کو ترجیح دیتی ہے۔متعلقہ پارٹی لین دین پر کمپنی کی پالیسی بورڈ آف ڈائریکٹرز نے منظور کی ہے۔

25. بیرونی آڈیٹرز

سال کے دوران، میسرز سرورز چارٹرڈ اکاؤنٹنٹس نے میسرز کامران اینڈ کو، چارٹرڈ اکاؤنٹنٹس کے استعفیٰ کے باعث، ان کی جگہ بطور بیرونی آڈیٹر کام کیا۔میسرز سرورز چارٹرڈ اکاؤنٹنٹس، نے 30 جون 2020 کو ختم ہونے والی سال کا سالانہ آڈٹ مکمل کرلیا ہے اور سالانہ جنرل اجلاس کے اختتام پر ریٹائرڈ ہوجائیں گے۔کارپوریٹ گورننس کے اچھے طریقوں کے پیش نظر، بورڈ نے آڈٹ کمپنی کے ذریعے تائید شدہ شیئر ہولڈرز کی منظوری کے لیے 30 جون 2021 کو اختتام پذیر ہونے کے لیے کمپنی کے بیرونی آڈیٹر کی حیثیت سے میسرز سرورز چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے اور کمپنی کو رفاقت منشاء محسن دُوسانی معصوم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس شادمان، لاہور اور رضوان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، 114 ٹیپو بلاک گارڈن ٹاؤن لاہور سے بھی رضامندی موصول ہوئی ہے۔

26. سماجی ماحولیاتی پالیسی

IIIL کاروباری امور میں ہر ممکن حد تک بہترین اخلاقی معیار پر عمل کرتا ہے۔اسی طرح سے، بورڈ آف ڈائریکٹرز سے حسب ضابطہ منظور شدہ کمپنی کی سماجی ماحولیاتی پالیسی کمپنی کی ویب سائٹ پر رکھ دی گئی ہے۔موجودہ سال کے دوران ہم نے سگریٹ نوشی/دھوے کی آلودگی پر قابو پانے کے لیے اسکربر لگایا۔

27. وسل بلوئنگ پالیسی

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کی پیروی میں IIIL سالمیت، اخلاقی اقدار اور احتساب کے اعلیٰ معیار کو حاصل کرنے کے لئے پرعزم ہے۔اسی طرح سے وسل بلوئنگ پالیسی بورڈ آف ڈائریکٹرز نے منظور کی ہے اور اسے کمپنی کی ویب سائٹ پر رکھ دیا گیا ہے۔جس کی وجہ سے افسران اور ملازمین ضروری تادیبی اقدامات کے ذریعے سامنے لاکر اپنے تحفظات کا اظہار کرتے ہیں۔

28. اظہارات

ہمارے بہترین علم کے مطابق، ڈائریکٹرز (ماسوائے شیئر ہولڈنگ کی وضع رپورٹ میں ظاہر کئے گئے)، چیف ایگزیکٹو/ مینجنگ ڈائریکٹر، CFO، کمپنی سیکریٹری، کمپنی آڈیٹرز، اُن کے ازدواج اور اُن کے نابالغ بچے مالی سال 2019-2020 کے دوران کمپنی کے حصص کی کسی قسم کی تجارت میں شامل نہیں ہوئے۔

اچھی طرح سے طے شدہ مقصد کے ذریعہ کارفرما ہے۔اور یہ ہمارے آج کے کاروبار میں فیصلہ سازی کے معیار کو پورا کرتی ہے۔

19. ضابطہ اخلاق

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 کے مطابق، IIIL کاروبار کے سلسلے میں بہترین اخلاقی معیار پر عمل پیرا ہے۔اس کے مطابق، کمپنی کے ضابطہ اخلاق کو بورڈ آف ڈائریکٹرز نے منظور کرلیا ہے۔اور اسے کمپنی کی ویب سائٹ پر ڈال/رکھ دیا ہے۔

20. لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء:

سال میں، سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے درج کمپنیوں کے لیے گذشتہ ضوابطہ میں ترمیم کر کے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 جاری کیا۔بورڈ آف ڈائریکٹرز اس نظر ثانی شدہ کو ضروریات سے پوری طرح واقف ہے۔جو 25 ستمبر 2019 سے لاگو ہوا۔اور اس کی تعمیل کو یقینی بنانے کے لیے ضروری اقدامات کر رہا ہے۔ضابطہ کی تعمیل کے طور پر ہم حسب ذیل توثیق کرتے ہیں:

a۔ کمپنی انتظامیہ کی جانب سے تیار کی گئی مالیاتی اسٹیٹمنٹس کمپنی کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو بہترین انداز میں ظاہر کرتی ہیں۔

b۔ مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہے اور محاسبہ کا تخمینہ معقول اور محتاط فیصلوں پر مبنی ہوتا ہے۔

c۔ پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ معیارات کو مالیاتی اسٹیٹمنٹس کی تیاری کو مدنظر رکھا جاتا ہے۔

d۔ انٹرنل کنٹرول کے نظام کی ٹھوس بنیادیں ہیں اور اس کو مؤثر انداز میں نافذ کیا جاتا ہے۔اور اس کی نگرانی کی جاتی ہے۔

e۔ کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی ابہام نہ ہے۔

21. کمپنی کے کنٹرول اور رپورٹنگ کی نمایاں خصوصیات:

کمپنیز ایکٹ 2017ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء کے تمام معیارات کی تعمیل کرتی ہے۔اس مقصد کو پورا کرنے کے لئے، بورڈ کمپنی میں کارپوریٹ گورننس کی مجموعی ہدایات کو نافذ کرنے کا ذمہ دار ہے۔جس میں انتظامیہ کی سفارش پر حکمت عملی کی منظوری، سرمایہ کے استعمال کی منظوری اور نگرانی، اعلیٰ انتظامیہ کی تقرری، معطّلی اور تبدیلی کی پالیساں مرتب کرنا، انتظامیہ کے اہداف کی نگرانی اور اس کے حصول میں رہنمائی کرنا اور انٹرنل کنٹرول اینڈ مینجمنٹ انفارمیشن سسٹمز کی سالمیت کو یقینی بنانا شامل ہیں۔بورڈ مالیاتی اور دیگر رپورٹنگ کی منظوری اور نگرانی کا بھی ذمہ دار ہے۔

22. کمپنی اہلکاروں سے تعلقات

انتظامیہ اور مزدوروں کے درمیان تعلقات باہمی عزت اور اعتماد کی بنیاد پر ہمیشہ خوش گوار رہتے ہیں۔کمپنی نے اپنے ملازمین کے لئے

لئے ایک جامع نظام منظور کیا۔ ہیومن ریسورس کمیٹی مجموعی طور پر بورڈ اوراس کی کمیٹیوں کی کارکردگی کے جائزہ کے لیے باضابطہ عمل شروع کرے گی۔

.13 بورڈ آف ڈائریکٹرز کا اجلاس

بورڈ کے اجلاس ہر سہ ماہی میں کمپنی کے مالی معاملات پر نظر ثانی اور منظوری کے لیے ہوتے ہیں جس میں جائزہ اور کاروباری مسودے کو اپنانے کے عمل بھی شامل ہیں۔اس سال کے دوران بورڈ آف ڈائریکٹر کے 6 اجلاس ہوئے۔

.14 بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز کی رہنمائی میں مندرجہ ذیل کمیٹیاں تشکیل دی گئی ہیں۔

(a) آڈٹ کمیٹی:

کمیٹی چیئر مین سمیت پانچ ممبران پر مشتمل ہے۔ تین ممبران ایگزیکٹو ممبر ہیں جبکہ کمیٹی کا چیئر مین خودمختار ڈائریکٹر ہے۔اس سال آڈٹ کمیٹی کے پانچ اجلاس ہوئے۔

.15 بورڈ آف ڈائریکٹرز کا مشاہدہ/معاوضہ

منظورشدہ پالیسی کے مطابق ڈائریکٹر کو بورڈ/ کمیٹی کے اجلاس میں شرکت کرنے کا معاوضہ دیا جاتا ہے۔ متعلقہ تفصیلات نوٹس میں ظاہر کی گئی ہیں۔

.16 سی ایف او اور اندرونی آڈٹ کے سربراہ کی اہلیت:

چیف فنانشل آفیسر اور ہیڈ آف انٹرنل آڈٹ مطلوبہ اہلیت رکھتے ہیں جیسا کہ لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ضابطہ ریگولیشن، 2019 میں درج ہے۔

.17 بورڈ اراکین کی تربیت

کمپنی اپنے بورڈ ممبران کی پیشہ ورانہ ترقی میں گہری دلچسپی رکھتی ہے اور لسٹڈ کمپنیوں (بورڈ آف کارپوریٹ گورننس) ریگولیشن 2019 کے تقاضوں کے مطابق ضروری تربیت کا انتظام کرتی ہے۔

.18 **بورڈ کے ذریعہ وژن، مشن اور کارپوریٹ حکمت عملی کی منظوری**

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2019 کے تحت ، بورڈ آف ڈائریکٹرز نے کمپنی کی وژن، من اور کارپوریٹ حکمت عملی کا بغور جائزہ لیا ہے اوراس کی منظوری دی ہے۔اس میں آئی آئی ایل کو تعمیر/ تعمیل کرے کی آئیڈیالوجی کو واضح طور پر بتایا گیا ہے۔ہم یقینی بناتے ہیں کہ ہماراوزن اور مشن ہماری مجموعی کارپوریٹ حکمت عملی کی سمت طے کرے گا۔ پوری تنظیم منسلک اور ایک

(a) شیئر ہولڈنگ کی وضع

درج کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2019 اور کمپنیز ایکٹ 2017 کے مطابق کمپنی کے شیئر ہولڈنگ کا نمونہ 30 جون کو 2019 کے مطابق، رپورٹ کے آخر میں منسلک ہے۔

(b) حصص یافتگان کی معلومات

حصص یافتگان کو کمپنی کی کاروائیوں، نمو اور امور کی صورتحال کے بارے میں تازہ ترین معلومات فراہم کرنے کے لیے، انتظامیہ فوری طور پر تمام مادی معلومات کو پاکستان اسٹاک ایکسچینج میں عبوری اور آخری نتائج کے اعلان سمیت ترسیل کرتی ہے۔ سہ ماہی، نصف سالانہ اور سالانہ مالیاتی اسٹیٹمنٹس تمام متعلقہ افراد کو ارسال کی جاتی ہیں۔ اسی طرح سے، نوٹس اور منافع منقسمہ کے اعلانات لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء اور کمپنیز ایکٹ 2017 میں بیان کردہ مدت میں تمام سٹیک ہولڈرز اور ریگولیٹرز کو ارسال کئے جاتے ہیں۔ یہ تمام معلومات کمپنی کی ویب سائٹ پر بھی فوری اپ لوڈ کر دیئے جاتے ہیں۔

.9 ہیومن ریسورس کمیٹی

کمپنی تین اراکین بشمول چیئر مین پر مشتمل ہوتی ہے۔ تینوں اراکین نان ایگزیکٹو ڈائریکٹرز ہوتے ہیں جب کہ کمیٹی کا چیئر مین آزاد ڈائریکٹر ہوتا ہے۔ اس سال کے دوران ہیومن ریسورس کمیٹی کے دو اجلاس بمعہ حاضری منعقد ہوئے۔

.10 چیئرمین کا کردار

بورڈ آف ڈائریکٹرز کی رہنمائی کرتا ہے، گروپ کی نمائندگی کرتا ہے۔ اور بورڈ اور اسٹیک ہولڈرز کی جانب سے گروپ کے مجموعی محافظ کی حیثیت سے کام کرتا ہے۔ بورڈ کی بہتری کو یقینی بنانے کے لیے ذمہ دار ہونے کے ناطے، وہ بورڈ کو کمپنی کی حکمت عملی اور مجموعی مقاصد کے عزم اور ترقی میں مجموعی طور پر تعمیری کردار ادا کرنے کی قوت دیتا ہے۔

.11 بورڈ کی ترغیب

بورڈ ایک آزاد ڈائریکٹر، دو ایگزیکٹو ڈائریکٹرز (چیئر مین اور سی۔ای۔او/ایم ڈی سمیت) اور چار نان ایگزیکٹو ڈائریکٹرز (تین خواتین ڈائریکٹر سمیت) پر مشتمل ہے۔ بورڈ کی تشکیل ہر قسم کے حصص یافتگان کے مفادات کے تحفظ کی ضمانت دیتا ہے۔

.12 بورڈ کی کارکردگی کا یقین

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019 کی پیروی میں بورڈ آف ڈائریکٹرز نے اپنی کارکردگی کے جائزہ کے

3. عمومی بیان

30 جون 2020 کو اختتام پذیر سال کے لیے اتفاق آئرن انڈسٹریز لمیٹڈ (IIIL) کے ڈائریکٹرز سالانہ رپورٹ کے ہمراہ پڑتال شدہ مالیاتی سٹیٹمنٹ اور آڈیٹرز کی رپورٹ پیش کرنے میں فخر محسوس کرتے ہیں۔

4. مالیاتی سٹیٹمنٹس کی پیشکش

انتظامیہ کی جانب سے تیار کی گئی مالیاتی اسٹیٹمنٹس کمپنی کے امور کی صورت حال، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو موزوں اور درست انداز میں پیش کرتی ہیں۔

5. اکاؤنٹنگ پالیسیاں

مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

6. کھاتوں کی کتابیں

کھاتوں کی باضابطہ کتابیں تیار کی گئی ہیں بین الاقوامی اکاؤنٹنگ معیارات (IA) اور پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات (IFRS) کی تعمیل، مالی بیانات کی تیاری میں یقینی بنائی گئی ہے۔

7. انٹرنل کنٹرول سسٹم

قابل بھروسہ یقین دہانی کے لئے انٹرنل کنٹرول سسٹم مرتب کیا گیا ہے۔ پالیسیوں، منصوبوں اور قوانین، وسائل کا بہترین استعمال، اہداف کو عبور کرنا اور مالیاتی اور انتظامی معلومات کی دیانت کو کمپنی یقینی بناتی ہے۔ آئی۔ آئی۔ ایل کا اندرونی کنٹرول سسٹم بہت جامع، موثر انداز میں نافذ اور مستقل طور پر مانیٹر کیا جارہا ہے۔ کمپنی مکمل طور پر بزنس یونٹ کے کنٹرول کے طریقہ کار پر مرکوز ہے تاکہ یہ یقینی بنائے کہ کارپوریٹ پالیسیاں عمل میں آئیں اور جب بھی ضرورت ہو اصلاحات کا اطلاق ہوتا ہے۔

8. کارپوریٹ گورننس کی بہترین عمل داری

ماڈل کاروباری ادارہ کے طور پر IIIL بہترین کاروباری اور اخلاقی عمل دار کے اطلاق سے عزائم کی تکمیل حاصل کرتی ہے۔ کارپوریٹ گورننس کے بہترین عمل، جیسا کہ کمپنیز ایکٹ 2017 میں دیا گیا ہے، اس پر عمل درآمد اور من وعن لاگو کیا ہے۔ چیف فائینشنل آفیسر سے حسب ضابطہ تائید کے بعد کمپنی کی تمام دوری مالیاتی اسٹیٹمنس اشاعت سے قبل ڈائریکٹرز کو بھیجی جاتی ہیں۔ غیر پڑتال شدہ سہ ماہی مالیاتی سٹیٹمنٹس اور ڈائریکٹرز کا تجزیہ شائع کیا گیا اور شیئر ہولڈرز اور ریگولیٹرز کو ارسال کیا گیا۔ اختتامی تاریخ کے بعد بورڈ کے زیر جائزہ نصف سالانہ بیانات حتمی منظور کے لیے 2 نومبر کو 15 ویں سالانہ عمومی اجلاس میں حصص یافتگان کے سامنے پیش کیے جائیں گے۔

ڈائریکٹرز کی رپورٹ:

میں اس سے متعلق مختصر کارکردگی رپورٹ پیش کرتا ہوں جو کہ مالی سال 30 جون، 2020 کی ہے۔
یہ سال کافی چیلنجنگ ثابت ہوا سب سے بڑی وجہ کرونا وائرس 2019 کے اثرات اور اس کے منفی اثرات جو کہ اسٹیل کے شعبہ پر اثر انداز ہوئے۔
لاک ڈاؤن کی وجہ سے ہماری فروخت آمدنی کا ایک بہت بڑا حصہ متاثر ہوا جس کے نتیجے میں ہمارے لئے لیکویڈیٹی کے سنگین مسائل رہے۔
مزید برآں، نئی حکومت کی آمد کے ساتھ ہی اسٹیل کے شعبے سے متعلق بہت سے ٹیکسز لگائے گئے اور انضباطی تقاضوں نے اس صنعت میں کاروبار کو بہت مشکل بنا دیا ہے۔ سرکاری انڈسٹری کے تعمیر و ترقی میں کمی گورنمنٹ کی طرف سے جس میں بہت ہی زیادہ اسٹیل کی مصنوعات کی مانگ کو بہت زیادہ کم کر دیا۔ ہم کوشش کریں گے کہ ان تمام درپیش مشکلات کو خوش اسلوبی کے ساتھ مقابلہ کریں۔ ہم اپنے کاروبار کو بڑھاتے ہوئے ایک عدد نئی 25 ٹن کی فرنس لگانے جا رہے ہیں جو کہ ہماری پیداواری صلاحیت کو مستقبل میں اضافہ کرے گی۔ ہم اپنی گارڈر مِل کو چلانے جا رہے ہیں جو کہ اسٹیل مصنوعات کی بڑھتی ہوئی طلب اور حکومت کے اعلان کردہ منصوبوں میں ترقی کا باعث بنے گی۔ ہم اپنی مصنوعات کو ڈسٹری بیوٹر کے ساتھ ساتھ کارپوریٹ کی سطح پر بھی بیچنے جا رہے ہیں جو کہ ہمارے فروخت کا حجم بڑھائے گی۔

1. منافع منقسمہ

بورڈ نے 30 جون 2020 کو ختم ہونے والے سال کے لئے کوئی نقد منافع یا بونس تجویز نہیں کئے۔

2. چیف ایگزیکٹو آفیسر (سی ای او) / مینجنگ ڈائریکٹر (ایم ڈی) کا کردار:

سی۔ای۔او/ایم ڈی حصص یافتگان کی قدر پیدا کرنے کے نظریہ سے کمپنی کی طویل مدتی حکمت عملی پر عمل درآمد کے ذمہ دار ہیں۔
سی ای او/ایم ڈی کمپنی کے مختصر اور طویل مدتی مقاصد/منصوبوں کو پورا کرنے کے لیے روزمرۃ کے فیصلے کرتے ہیں۔ ہ بورڈ اور کمپنی کی انتظامیہ کے درمیان براہ راست رابطہ کا ذریعہ ہیں۔ وہ بورڈ اور کمپنی منیجمنٹ کی طرف سے حصص یافتگان، ملازمین، حکومتی ملازمین/حکام دوسرے سٹیک ہولڈرز اور عوام سے رابطے/بات چیت کرتا ہے۔ سی ای او/ایم ڈی ایک ڈائریکٹر، فیصلہ ساز اور رہنما کی حیثیت سے کام کرتا ہے۔ رابطہ ساز کے فعل میں بیرونی دنیا، ادارے ادارے کی انتظامیہ اور ملازمین سے رابطہ، فیصلہ سازی کے فعل میں پالیسی اور حکمت عملی سے متعلقہ اعلیٰ سطحی فیصلے شامل ہیں۔ کمپنی کے قائد کی حیثیت سے وہ ملازمین کو تحریک دیتا ہے اور ان میں مطلوبہ جوش و جذبہ پیدا کرتا ہے۔

Form of Proxy / E-Voting

Ittefaq Iron Industries Limited

40-B-II, Gulberg-III, Lahore. Tel: 042-35765021-26 Fax: 042-35759546

Option 1

Appointing other person as Proxy

I/We ______________________________ of__________________________, being member(s) of Ittefaq Iron Industries Limited, holder of_______Ordinary Share(s) as per Registered Folio/CDC Account No. ____ hereby appoint Mr.__________________________Folio / CDC Account No.____________(if member) of __________________ or failing him, Mr.___________________Folio / CDC Account No. __________ (if member) of____________, as my / our Proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 15th Annual General Meeting of the Company to be held on November 2, 2020 and at any adjournment thereof.

Signed under my / our hand(s) this______day of_______2020.

Option 2

E-voting as per the Companies (E-Voting) Regulations, 2016

I/We_______________________________of____________________________, being member(s) of Ittefaq Iron Industries Limited, holder of__________Ordinary Share(s) as per Registered Folio/CDC Account No. __________ hereby opt for e-voting through intermediary and hereby consent the appointment of Execution Officer ______________________ as Proxy and will exercise e-voting as per the Companies (e-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is____________________________. Please send login details, password and electronic signature through email.

Signature of Proxy

Signature of Member
(Signatures should agree with specimen signature registered with the Company)

Signed in the presence of:

Signature of witnesses ______________________
Name : ______________________
Address: ______________________
____
CNIC No.______________________

Signature of witnesses ______________________
Name : ______________________
Address: ______________________
____
CNIC No. ______________________

NOTES FOR APPOINTING PROXY:

This instrument appointing a proxy under option 1 shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized.

The instrument appointing a proxy under option 1 and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

The instrument of e-voting under option 2 shall be deposited in advance in writing at least ten days before holding of general meeting at the registered office of the company at 40-B-II, Gulberg-III, Lahore or through e-mail: info@ittefaqsteel.com.

The Company will arrange for e-voting if the company receives demand for poll from at least five members or by any member or members having not less than one tenth of the voting power.

FORM FOR VIDEO CONFERENCE FACILITY

I/We________________________________of______________________________, being meember(s) of Ittefaq Iron Industries Limited, holder of__________Share(s) as per Registered Folio/CDC Account No.__________hereby opt for video conference facility at__________________________.

Signature of member(s)

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The Company Secretary

ITTEFAQ IRON INDUSTRIES LIMITED
40-B-II, Gulberg-III, Lahore
Tel: 042-35765021-26

پراکسی/ای ووٹنگ فارم

اتفاق آئرن انڈسٹریز لمیٹڈ

40۔بی۔II، گلبرگ III، لاہور۔ ٹیلی فون: 26-042-35765021 فیکس: 042-35759546

اختیار۔Option-1

کسی دوسرے شخص کوبطور نمائندہ (پراکسی) مقرر کرنے کے لیے

میں/ہم ________ ساکن ________ بطور ممبر(ز)

اتفاق آئرن انڈسٹریز لمیٹڈ حامل ________ عام حصص، رجسٹرڈ فولیو/ سی ڈی سی اکاؤنٹ نمبر ________ محترم

________ فولیو/ سی ڈی سی اکاؤنٹ نمبر (اگر ممبر ہو) ساکن ________ یاان کے حاضر نہ

ہونے کی صورت میں محترم ________ فولیو/ سی ڈی سی اکاؤنٹ نمبر ________ (اگر ممبر ہو)

ساکن ________ کو اپنے/ہمارے ایماء پر کمپنی کے 2 نومبر 2020ء کو ہونے والے 15 ویں سالانہ

اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کرنے کے لیے یا کسی بھی التوا کی صورت میں اپنا/ ہمارا نمائندہ (پراکسی) مقرر کرتا ہوں/ کرتے ہیں۔

اختیار۔Option-2

کمپنیز (ای ووٹنگ) قوانین 2016ء کے مطابق کسی دوسرے شخص کوبطور نمائندہ (پراکسی) مقرر کرنے کیلئے

میں/ہم ________ ساکن ________ بطور ممبر(ز)

اتفاق آئرن انڈسٹریز لمیٹڈ حامل ________ عام حصص، رجسٹرڈ فولیو/ سی ڈی سی اکاؤنٹ نمبر ________ انٹرمیڈری کے ذریعے ای

ووٹنگ کا اختیار دیتا/دیتے ہیں اور اس کے ذریعے Executive Officer (________) کی بطور نمائندہ پراکسی) کی تقرری کی منظوری

دیتا ہوں/دیتے ہیں۔ مزید یہ کہ میں/ہم کمپنیز (ای ووٹنگ) قوانین، 2016، کے مطابق ای ووٹنگ کا استقبال کروں گا/ کریں گے اور اسکے ذریعے قراردادوں کے انتخاب کا مطالبہ کرتا ہوں/ کرتے ہیں۔

________ ________

نمائندے (پراکسی) کے دستخط | پانچ روپے کے رسیدی ٹکٹ پر ممبر کے دستخط

گواہان۔

1) دستخط ________ 2) دستخط ________

نام ________ نام ________

پتہ ________ پتہ ________

________ ________

شناختی کارڈ نمبر ________ شناختی کارڈ نمبر ________

پاسپورٹ نمبر ________ پاسپورٹ نمبر ________

نمائندہ (پراکسی) کی تقرری سے متعلق نکات:

اختیار۔1 (option) کے تحت مقرر کردہ نمائندہ (پراکسی) کی دستاویز تحریری طور پر مقرر کرنے والے کے ہاتھ سے لکھی گئی ہو یا اس کے اختیار کے تحت مقرر کردہ وکیل کی طرف ہونی چاہیے۔ اگر مقرر کردہ کمپنی ہے تو نمائندہ کی دستاویز کمپنی کی عام مہر (Common Seal) کے ساتھ مجاز افسر یا ان کے مقرر کردہ وکیل کی طرف ہونی چاہیے۔

اختیار۔1 (option) کے تحت ہر لحاظ سے مکمل اور دستخط شدہ (پراکسی) کی تقرری کی دستاویز عام اجلاس کے وقت سے کم از کم 48 گھنٹے قبل موصول ہو جانی چاہیے۔ بصورت دیگر پراکسی کی دستاویز درست تصور نہیں ہوگی۔

اختیار۔2 (option) کے تحت ای ووٹنگ کی دستاویز عام اجلاس کے دن سے کم از کم دس یوم قبل کمپنی کے رجسٹرڈ آفس واقع 40۔بی۔II گلبرگ III، لاہور میں جمع کرادی جائے یا ای میل کے ذریعے info@ittefaqsteel.com پر بھیجی جائے۔

اگر کمپنی کو کم از کم پانچ اراکین یا کسی ایک رکن یا اراکین جن کی ووٹنگ کی طاقت دس فیصد سے کم نہ ہو، کی طرف سے انتخاب کی درخواست موصول ہوگی تو کمپنی ای ووٹنگ کا بندوبست کرے گی۔

ویڈیو کانفرنس کی سہولت کیلئے فارم

کسی دوسرے شخص کوبطور نمائندہ (پراکسی) مقرر کرنے کیلئے میں/ہم ________ ساکن ________ بطور

ممبر(ز) اتفاق آئرن انڈسٹریز لمیٹڈ حامل ________ عام حصص، رجسٹرڈ فولیو/ سی ڈی سی اکاؤنٹ نمبر ویڈیو کانفرنس کی

سہولت بمقام ________ چاہیں گے۔

رکن کے دستخط

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The Company Secretary

ITTEFAQ IRON INDUSTRIES LIMITED
40-B-II, Gulberg-III, Lahore
Tel: 042-35765021-26

Head Office
40-B II Gulberg III, Lahore (Pakistan)
Phone: +92-42-35765021-26
info@ittefaqsteel.com