



# ONE IN A MILLION

Annual Report 2022



A member of **ASC** **AMIR S.  
CHINOY  
GROUP**





## Annual Report 2022



# ABOUT THIS REPORT

We are pleased to present our Annual Report for the year ended June 30, 2022. The objective of this report is to provide all stakeholders with a transparent and balanced appraisal of the material events and challenges that the business faced during the year under review. This report should be read in conjunction with the full financial statements.

## SCOPE AND LIMITATION OF THIS REPORT

This annual report is for the period from July 1, 2021 to June 30, 2022 and provides an account of the Company's operational, financial, social, economic and environmental performance as well as corporate governance.

## ANNUAL FINANCIAL STATEMENTS

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

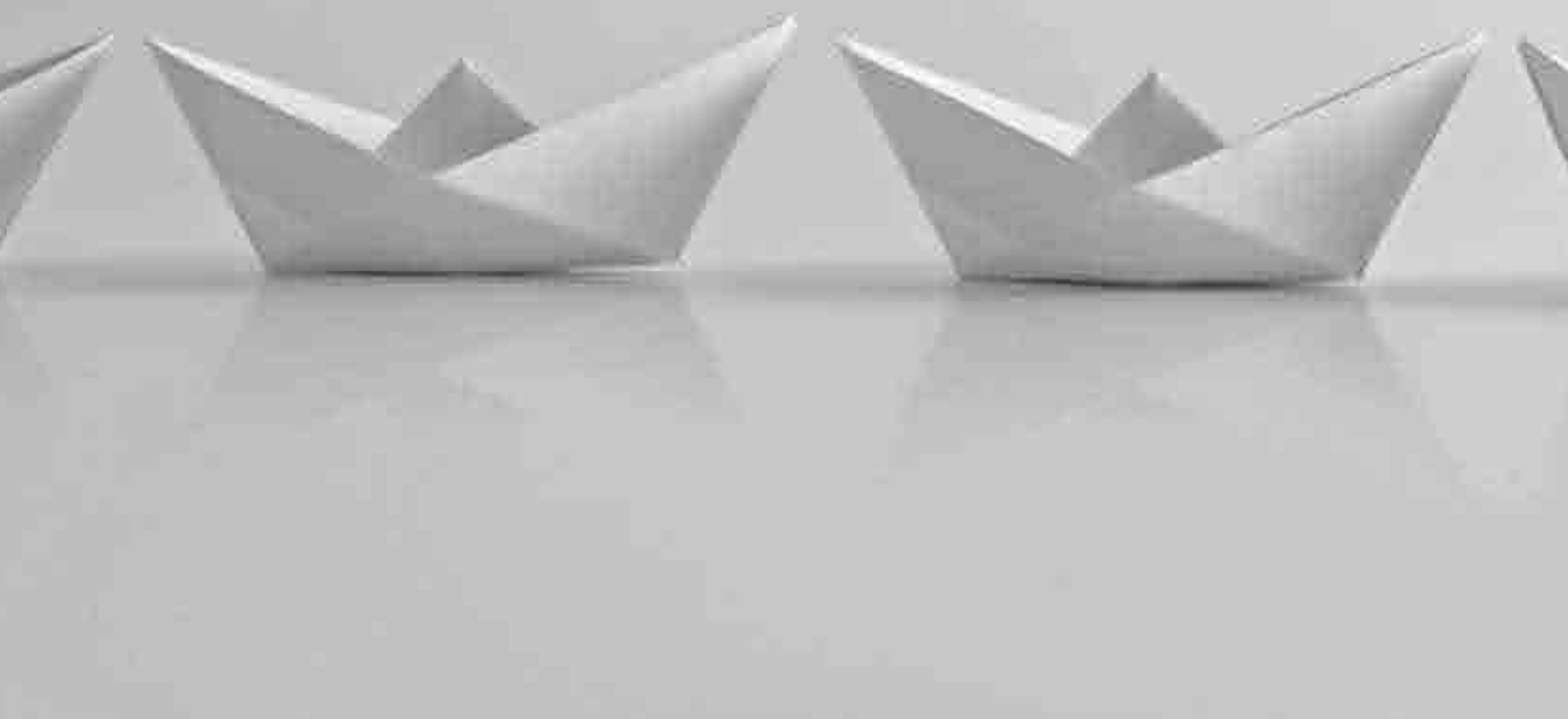
## FORWARD-LOOKING STATEMENTS

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

## FEEDBACK

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

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

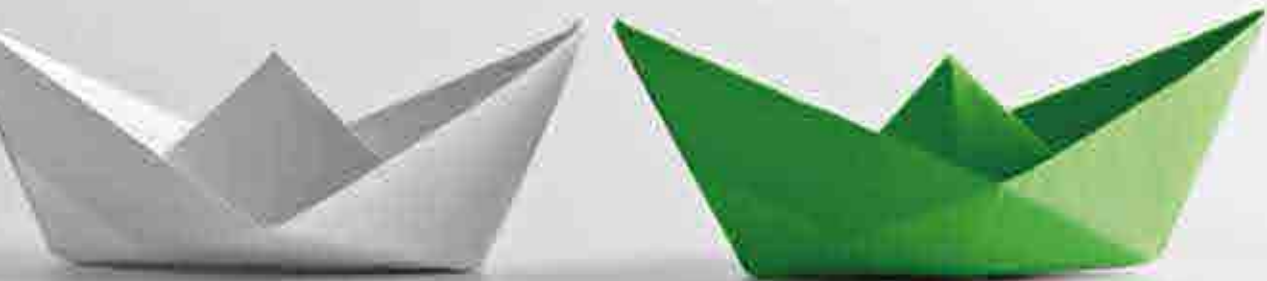




# ONE IN A MILLION

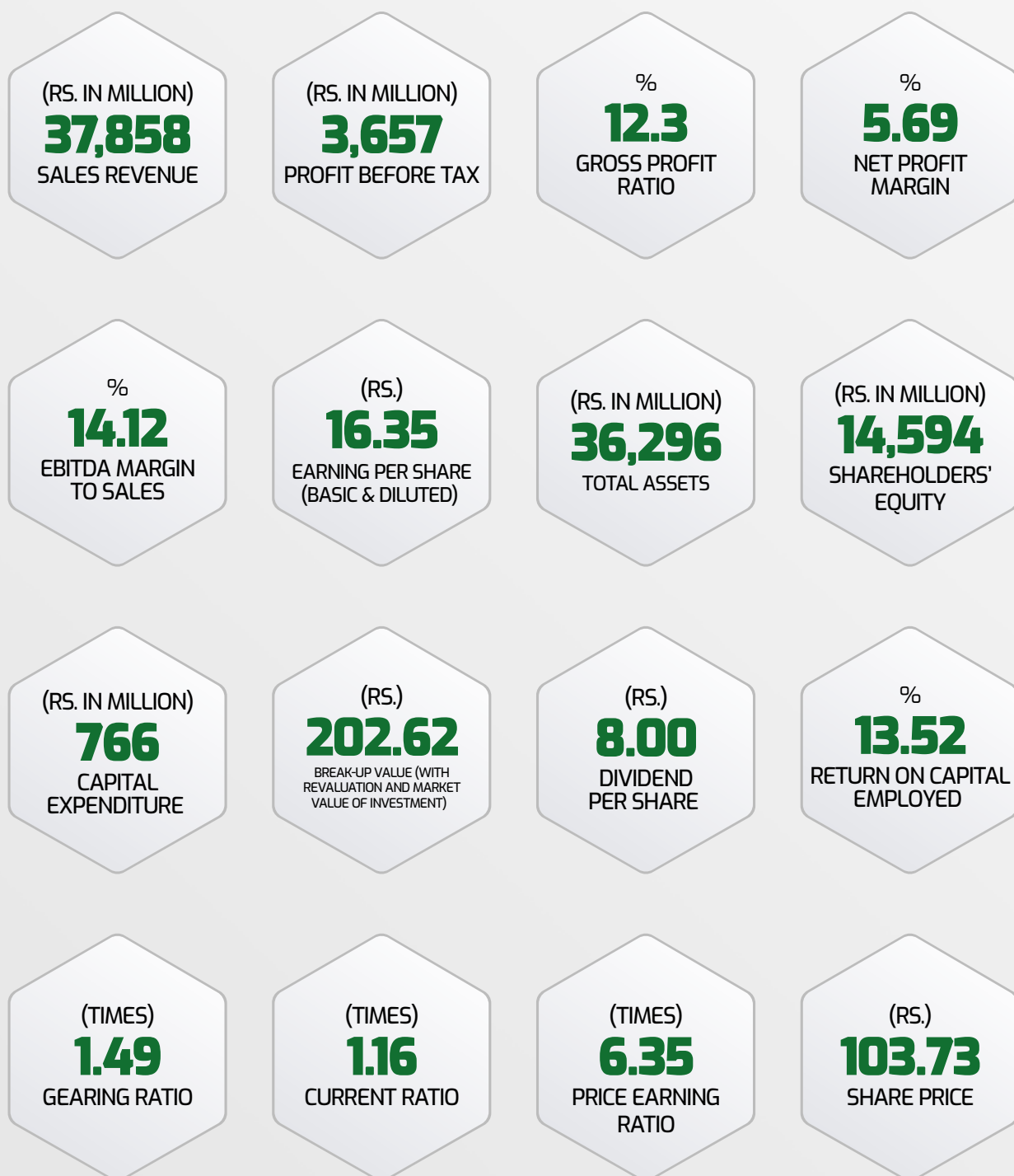
This year marks yet another accolade for us as we cross the export milestone of one million tons. Breaking barriers and seeking a level of success that reaches across continents makes us a company that leads in flying the flag of Pakistan abroad.

**Here is to celebrating an achievement long awaited and well pursued!**





# KEY PERFORMANCE HIGHLIGHTS



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# 74<sup>th</sup>

## ANNUAL GENERAL MEETING



Karachi at Beach Luxury Hotel and  
via Video Conferencing



Friday, September 30, 2022



11:00 AM

# COMPANY PROFILE

International Industries Limited (IIL) is Pakistan's largest manufacturer of steel and polymer pipes with an annual manufacturing capacity of 817,000 tons and annual revenues of PKR 37.8 billion. The Company was incorporated in Pakistan in 1948, is quoted on the Pakistan Stock Exchange, has an equity of PKR 14.5 billion and has featured on the listing of Pakistan's Top 25 Companies for the last 14 years.

We are a member of the Amir S. Chinoy Group which also includes:

**INTERNATIONAL STEELS LIMITED (ISL):** Pakistan's largest manufacturer of cold rolled, galvanized and colour coated steel coils and sheets. ISL has an annual manufacturing capacity of over 1 million tons and annual revenues of PKR 91.4 billion.

**PAKISTAN CABLES LIMITED (PCL):** Pakistan's premium manufacturer of electrical cables, wires, copper rods, PVC compound and aluminium sections with annual revenues of PKR 21.1 billion.

**IIL AUSTRALIA PTY LIMITED:** The Company's wholly-owned Australian subsidiary which represents the Group's interests in the Asia Pacific region, with annual revenues of AUD 42.5 million.

**IIL AMERICAS INC.:** The Company's wholly-owned Canadian subsidiary which represents the Group's interests in North and South America, with annual revenues of CAD 18.7 million.

**IIL CONSTRUCTION SOLUTIONS (PVT) LIMITED:** The Company's wholly-owned subsidiary which is at the forefront of developing the country's infrastructure using its modern construction solutions which include premium quality and internationally compliant hollow structural steel sections and scaffolding & formwork solutions.

We are proud recipients of numerous accolades including the Management Association of Pakistan's 'Corporate Excellence Award' for the Industrial Metals and Mining Sector, the National Forum for Environment & Earth's 'Environment Excellence Award' and the Employers Federation of Pakistan's 'OHSE Award'. The Company also has an excellent export pedigree with an ever-expanding footprint in 60 countries across 6 continents. In recognition, we have been awarded the 'FPCCI Export Performance Award' consecutively for 21 years. With an unshakeable focus on health, safety, environment and social responsibility, IIL is a reputable corporate citizen. The Company is ISO 9001, ISO 14001, ISO 45001, API 5L, PSQCA, UL and CE certified, manufacturing its products according to international standards and specifications. We are the first company in Pakistan to achieve ISO 45001 certified by Lloyds Register Quality Assurance. We are a proud member of International Tube Association (ITA), Galvanizers Associations of Australia (GAA), Australian Wire Industry Association (AWIA), Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM), Pakistan Steel Line Pipe Association (PSPA), Pakistan Business Council (PBC), Pakistan Institute of Corporate Governance (PICG), Management Association of Pakistan (MAP) and Association of Builders and Developers of Pakistan (ABAD). We are also accredited as an Australian Trusted Trader (ATT) & by the Australia Border Force (ABF).

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









# COMPANY INFORMATION

## CHAIRMAN (NON-EXECUTIVE)

Mr. Mustapha A. Chinoy

## INDEPENDENT DIRECTORS

Mr. Adnan Afridi

Mr. Asif Jooma

Mr. Haider Rashid

Mr. Jehangir Shah

Mr. Mansur Khan

## NON-EXECUTIVE DIRECTORS

Mr. Azam Faruque

Mr. Kamal A. Chinoy

Mrs. Saadia S. Rashid

## CHIEF EXECUTIVE OFFICER

Mr. Sohail R. Bhojani

## CHIEF FINANCIAL OFFICER

Mr. Muhammad Akhtar

## COMPANY SECRETARY & HEAD OF LEGAL AFFAIRS

Mr. Mohammad Irfan Bhatti

## GROUP CHIEF INTERNAL AUDITOR

Ms. Asema Tapal

## EXTERNAL AUDITORS

M/s A.F. Ferguson & Co.

## BANKERS

Allied Bank Ltd.

Askari Bank Ltd.

Bank AL Habib Ltd.

Bank Alfalah Ltd.

Bank Islami Pakistan Ltd.

Faysal Bank Ltd.

Habib Bank Ltd.

Habib Metropolitan Bank Ltd.

Industrial & Commercial Bank of China

MCB Bank Ltd.

Meezan Bank Ltd.

Samba Bank Ltd.

Soneri Bank Ltd.

Standard Chartered Bank (Pakistan) Ltd.

United Bank Ltd.

## LEGAL ADVISOR

KMS Law Associates

## NATIONAL TAX NUMBER

0710735-8

## SALES TAX REGISTRATION NUMBER

02-04-7306-001-82

## REGISTERED OFFICE

101, Beaumont Plaza, 10, Beaumont Road,

Karachi – 75530, Pakistan

Telephone: +9221-35680045-54,

UAN: 021-111-019-019

E-mail: irfan.bhatti@iil.com.pk

## LAHORE OFFICE

Chinoy House, 6, Bank Square,

Lahore - 54000, Pakistan

Telephone: +9242-37229752-55,

UAN: +9242-111-019-019

E-Mail: lahore@iil.com.pk

## ISLAMABAD OFFICE

Office # 303-A, 3rd Floor,

Evacuee Trust Complex,

Sir Aga Khan Road, F-5/1,

Islamabad, Pakistan

Telephone: +9251-2524650, +9251-4864601-2

## MULTAN OFFICE

1592, 2nd Floor, Quaid-e-Azam Shopping Centre No. 1,

Multan Cantt., Multan, Pakistan

Telephone: +9261-4583332

## FAISALABAD OFFICE

Office No.1/1, Wahab Centre,

Electrocity Plaza, Susan Road,

Faisalabad, Pakistan

Telephone: +9241-8720037

## PESHAWAR OFFICE

Office No.1 & 2, First Floor, Hurmaz Plaza, Opp.

Airport, Main University Road, Peshawar, Pakistan

Telephone: +9291-5845068

### **IIL AUSTRALIA PTY LIMITED**

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

### **IIL AMERICAS INC.**

Suite 210 - 5800 Ambler Drive,  
Mississauga, ON L4W4J4, Canada  
Website: [www.iilamericas.com](http://www.iilamericas.com)

### **FACTORIES**

#### **FACTORY 1**

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

#### **FACTORY 2**

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

#### **FACTORY 3**

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

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

### **INVESTOR RELATIONS CONTACT**

#### **Shares Registrar**

CDC Share Registrar Services Limited  
CDC House, 99-B, Block "B", S.M.C.H.S,  
Shahrah-e-Faisal, Karachi, Pakistan  
Telephone: +92-080023275  
FAX: +9221-34326053  
E-mail : [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

# **BUSINESS AT A GLANCE**





# BUSINESS AT A GLANCE

## PRINCIPAL BUSINESS ACTIVITIES:

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

## Key Markets:

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

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

## Key Products:

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

These comprise of:

- 1- Steel Pipes & Tubes
- 2- Stainless Steel Tubes
- 3- Polymer Pipes & Fittings

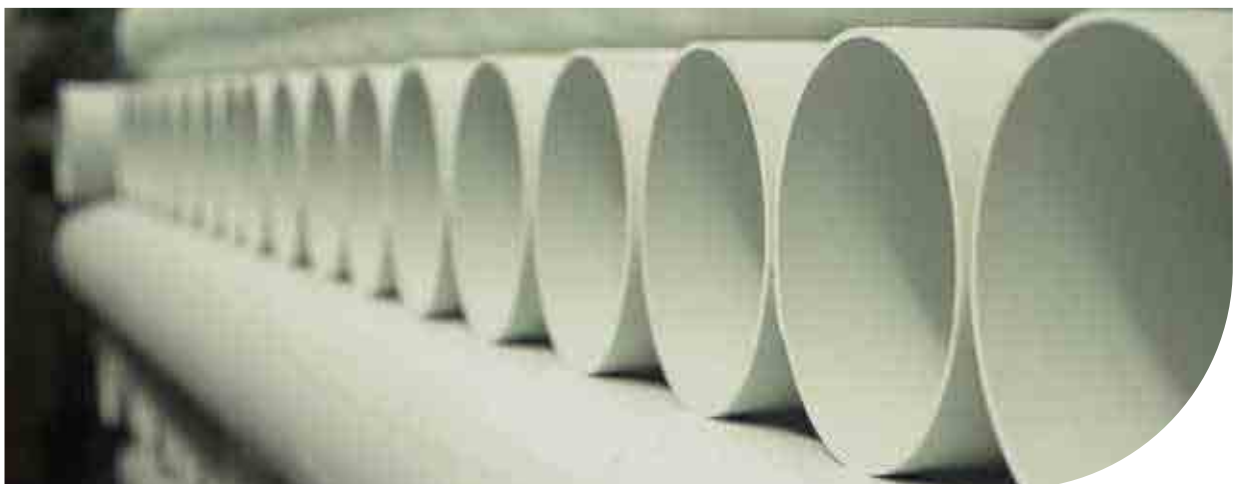
## STEEL PIPES & TUBES



## STAINLESS STEEL TUBES



## POLYMER PIPES & FITTINGS

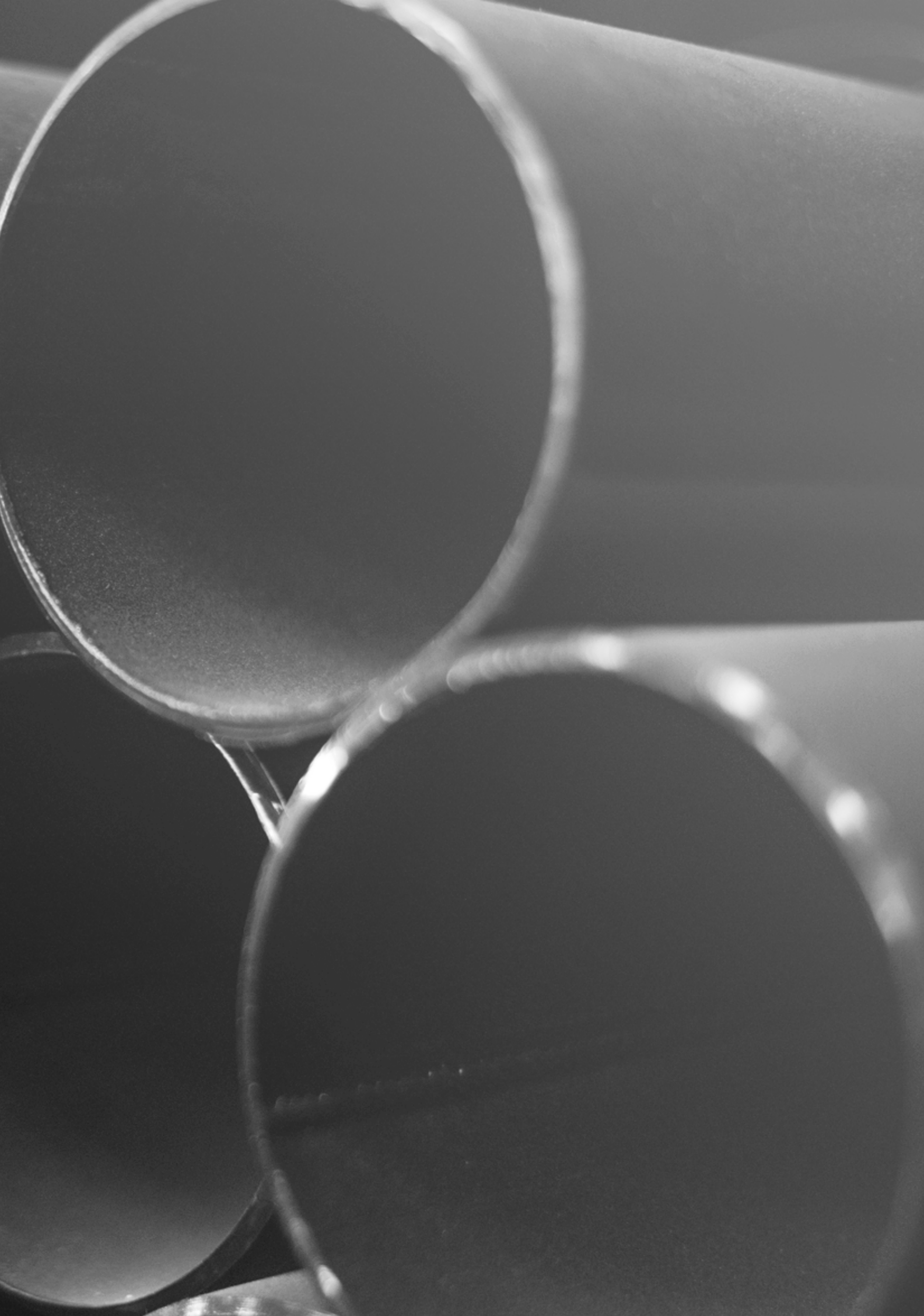




# **STEEL PIPES & TUBES**







# STEEL PIPES & TUBES



## III Galvanized Iron (GI) Pipes

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

III GI pipes are certified as European Conformity Standards (CE) and are manufactured in accordance with the highest international standards (BS EN 10255: 2004, ASTM A53, ASTM A795, EN39, SL5829:2009, AS 1074, AS 4792).

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



## III Hollow Structural Sections (HSS)

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

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

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



## III Cold Rolled (CR) Steel Tubes

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

III CR steel tubes are certified as European Conformity Standards (CE) and are manufactured in accordance with the highest international standards (BS 1717: 1983, BS EN 10305-3: 2010, BSEN 10305-5: 2010 and EN 10296-1:2003) They are available in round, square, rectangle, oval and elliptical shapes in various sizes with thicknesses ranging from 0.6mm to 2.00mm.



## III Scaffolding Pipes

III's high strength scaffolding pipes are sold under the brand name Safescaf and can be applied for scaffolding use in any construction project. III scaffolding pipes are manufactured in accordance with BS EN 39:2001 which is the highest international quality standard for such pipes.

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



## III Firefighting Pipes

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

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

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



### III L Pre-Galvanized (PG) Tubes

III L PG tubes have a variety of uses in general fabrication including fence framework and are manufactured in accordance with BS EN10305-3.

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



### III L CRS Tubes

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

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

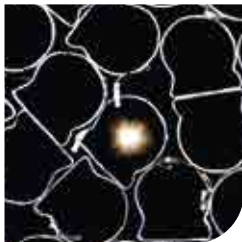


### III L American Petroleum Institute (API) Line Pipes

III L API Line pipes are used in the distribution of natural gas and petroleum.

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

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

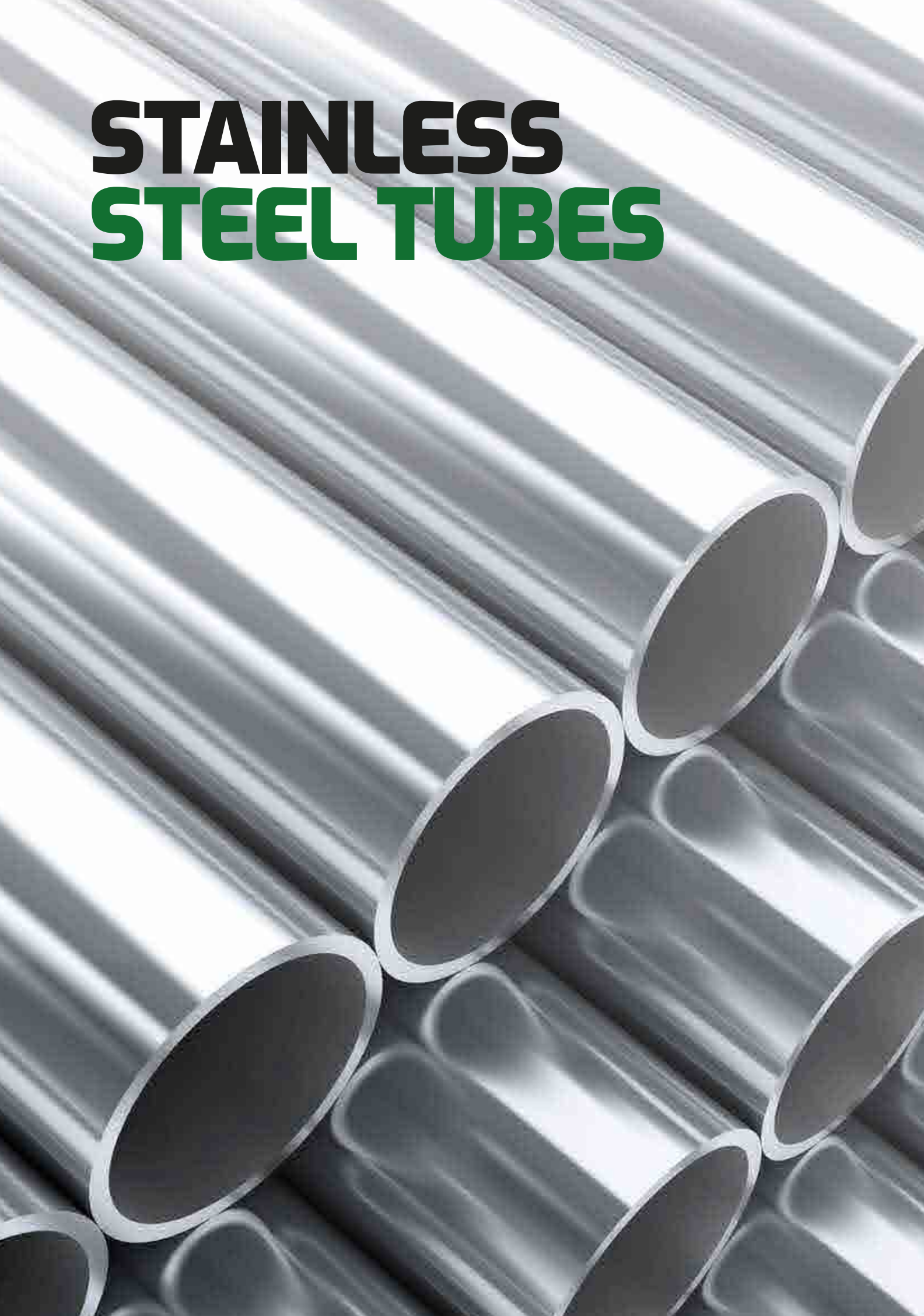


### III L L-T-Z-D Profiles

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

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

# STAINLESS STEEL TUBES







# STAINLESS STEEL TUBES



## IIL Cosmo (SS Grade 300 Series)

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

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

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



## IIL Forza (SS Grade 400 Series)

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

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

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



## IIL Econic (SS Grade 200 Series)

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

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

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







# **POLYMER PIPES & FITTINGS**



# POLYMER PIPES & FITTINGS



## III PPRC Pipes and Fittings

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

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

These pipes are available in PN-16, PN-20 and PN-25 with diameters ranging from 20mm to 110mm and thicknesses ranging from 2.8mm to 18.3mm, this being the widest range of PPRC pipes in Pakistan.



## III UPVC Pipes and Fittings

III UPVC pipes and fittings are excellent to fulfill need of customers around the globe for sewerage, soil, waste, and vent System. III UPVC Pipe & Fittings are especially designed and manufactured keeping in mind customer needs and expectations and are manufactured on state of the art automatic machinery with standardized raw material formulations.

III UPVC pipes are available in Medium Grade M, Medium Grade G1, Medium Grade G2, and Medium Grade G3 with diameters ranging from 2 inch to 8 inch and thicknesses ranging from 1.6mm to 5mm. III UPVC fittings are available from 2 inch to 6 inch.



## III HDPE Water Pipes

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

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

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

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



## III MDPE Gas Pipes

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

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

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



### III HDPE Duct Pipes

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

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

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



### III HDPE CorruDuct Pipes

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

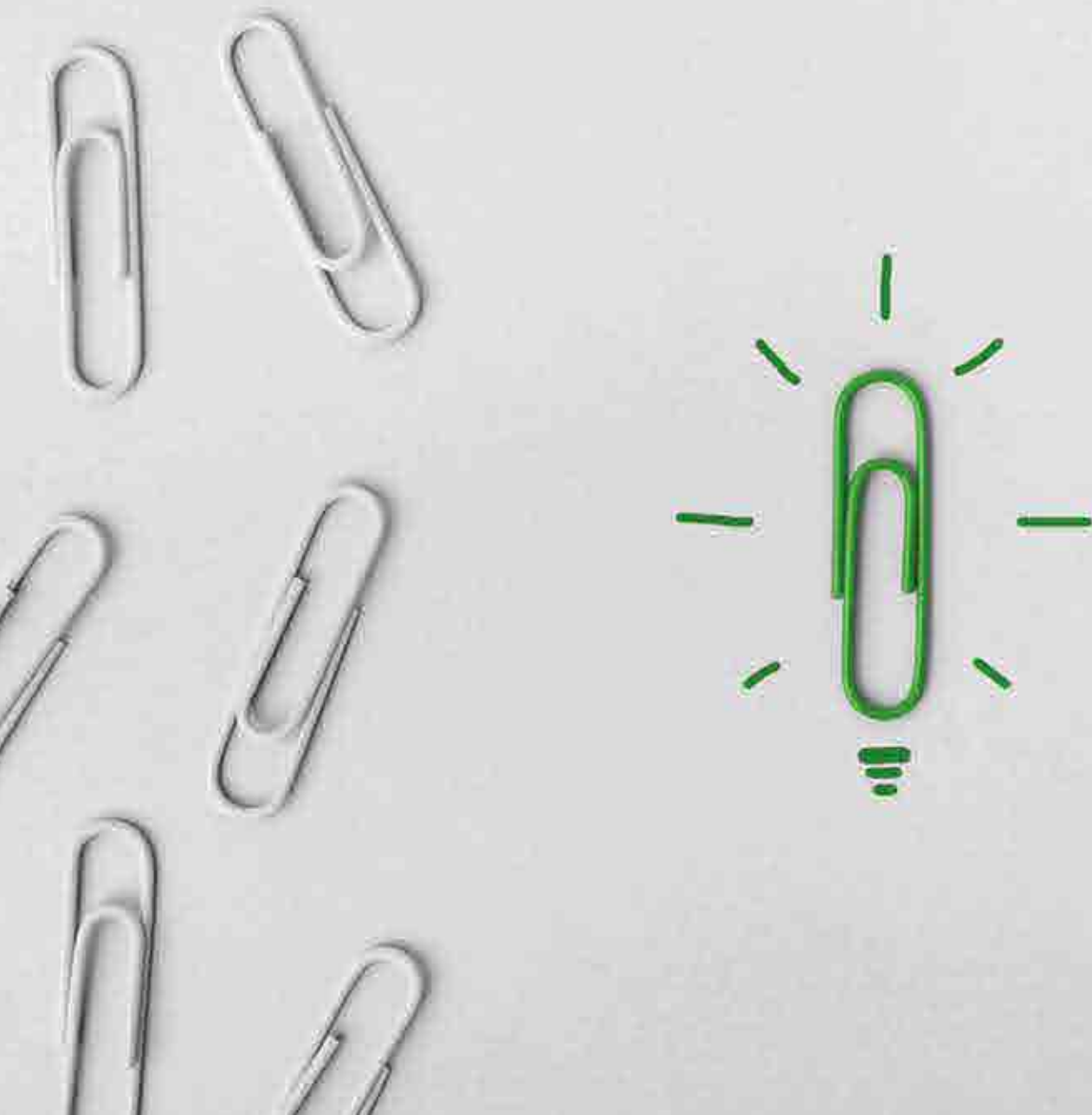
III HDPE CorruDuct pipes are made in accordance with the highest quality international standards (ASTM D638, ISO 1183, ASTM F-2160, ISO 2505, Bell Core GR-456).

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



# **PINNING DOWN THE PASSION**

Living a New Commitment



# VISION

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

# MISSION

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

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

# VALUES

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

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

# ETHICS, CULTURE AND VALUES

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



## ETHICAL

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



## EXCELLENCE

IIL endeavours to exceed the expectations of all stakeholders.



## FAIRNESS

IIL believes in fairness towards all stakeholders.



## INNOVATION

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



## RELIABILITY

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



## RESPECT

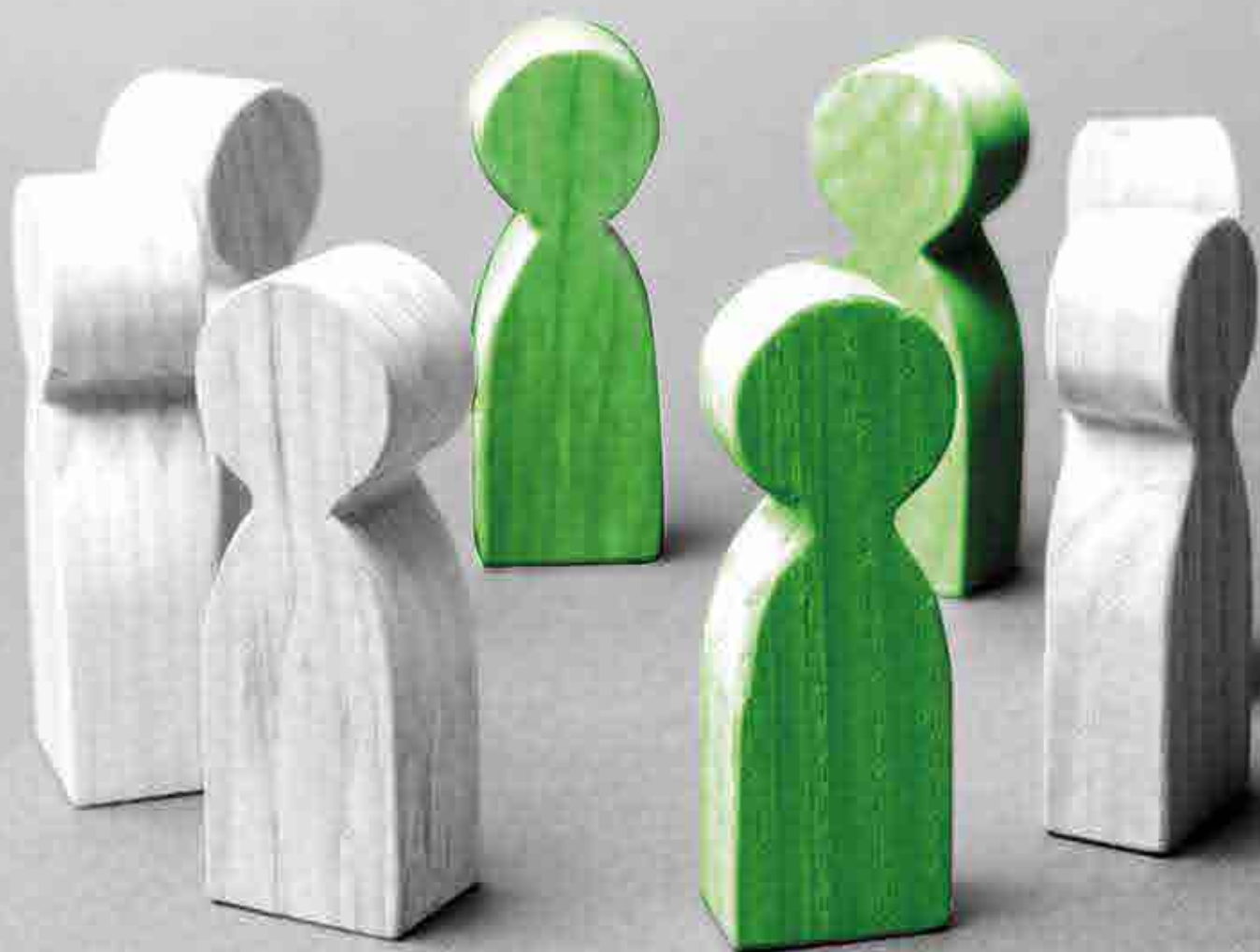
IIL values the self-esteem of all stakeholders, be they employees, suppliers, customers or shareholders.



## RESPONSIBILITY

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









**ASC** AMIR S.  
CHINYOY  
GROUP



# AMIR S. CHINYO GROUP



The Amir S. Chinoy Group (ASC Group) has been at the forefront of Pakistan's industrial development since the founding of the country 75 years ago. Our founder, Mr. Amir S. Chinoy, a pioneer of industrialization in Pakistan, laid the foundation of the ASC Group by setting up manufacturing concerns in heavy chemicals (Pak Chemicals Ltd, 1951), steel, and galvanized pipes (International Industries Limited, 1948) and electrical wires and cables (Pakistan Cables Limited, 1953). His commercial interests also extended to trading, electrical contracting, and the representation of major European and international companies in South Asia. As flag bearers of determination and innovation, the group later invested in a green field project for the manufacture of Cold Rolled, Galvanized and Colour Coated steel coils and sheet (International Steels Limited, 2007).

Today, the ASC Group is one of the leading industrial groups in Pakistan with proven expertise in manufacturing, trading, and industrial services. The Group companies enjoy a credible export pedigree with combined export revenues in excess of USD 150 million. The ASC Group growing global footprint is further represented by an on-ground presence in Australia and Canada through its wholly owned subsidiaries IIL Australia Pty. Ltd. and IIL Americans Inc. which collectively contribute USD 50 million in export revenues.

In Pakistan, the ASC Group has an extensive distribution network through 1600+ outlets in over 450 cities and towns across the country.

The broad range of products manufactured by the Group companies includes:

- Cold rolled steel
- Galvanized steel
- Colour coated steel
- Steel Pipes (CR, HR, Galvanized, Stainless Steel)
- Polymer Pipes (UPVC, PPRC, PE)
- Hollow Structural Sections (Steel)
- Scaffolding systems and Formwork
- Electric Wires & Cables (LV & MV)
- Electric Overhead Conductors of Aluminium & Copper
- Special Cables
- PVC Compound
- Copper rod
- Wiring Accessories
- Extruded Aluminium Sections for Architectural applications

ASC Group companies have attached international equity partners of repute, which have further enriched technical expertise and best practices across its companies. The leading equity partners, the ASC Group has been associated with, include:

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

## GROUP HIGHLIGHTS



**150**

PKR in Billion  
Sales Turnover  
(USD 844 Mn.)



**44.4**

PKR in Billion  
Market Capitalisation  
(USD 215 Mn.)



**30.6**

PKR in Billion  
Contribution to  
National Exchequer  
(USD 172 Mn.)



**30**

PKR in Billion  
Export Sales  
(USD 169 Mn.)



**634,159**

(Metric Tons)  
Total Metals  
Produced



**69**

Years of  
Production



**2,549**

Number of  
Employees



**60**

Number of  
Export Destinations  
(including USA, Canada, Europe)



**1,670**

Number of  
Dealers and  
Distributors



**450**

Geographical Footprint  
in Pakistan  
(Cities and Towns)

# MEMBER COMPANIES



Promising Reliability, For Now and Tomorrow



TRUSTED NOT TO COMPROMISE



Shaping Tomorrow

Incorporated in 1948  
Listed on PSX since 1984  
Credit Rating AA/A-1

## PRODUCTS

Steel Pipes and Tubes  
Polymer Pipes and Fittings  
Stainless Steel Tubes

Incorporated in 1953  
Listed on PSX since 1955  
Credit Rating A/A-1

## PRODUCTS

Wires and Cables  
Conductors, Alumex  
Wiring Accessories  
Copper Rod, PVC Compounds

Incorporated in 2007  
Listed on PSX since 2011  
Credit Rating A+ /A-1

## PRODUCTS

Cold Rolled Steel  
Hot Dip Galvanized Steel  
Color Coated Steel

2022 TURNOVER  
**PKR 38 BILLION**



2022 TURNOVER  
**PKR 21 BILLION**



2022 TURNOVER  
**PKR 91 BILLION**







ASC Group Participation in Project Qatar Expo, Doha



Group Companies at the Annual MAP Convention 2022



Group Companies Management Team Visit at ISL Factory and Service Centre

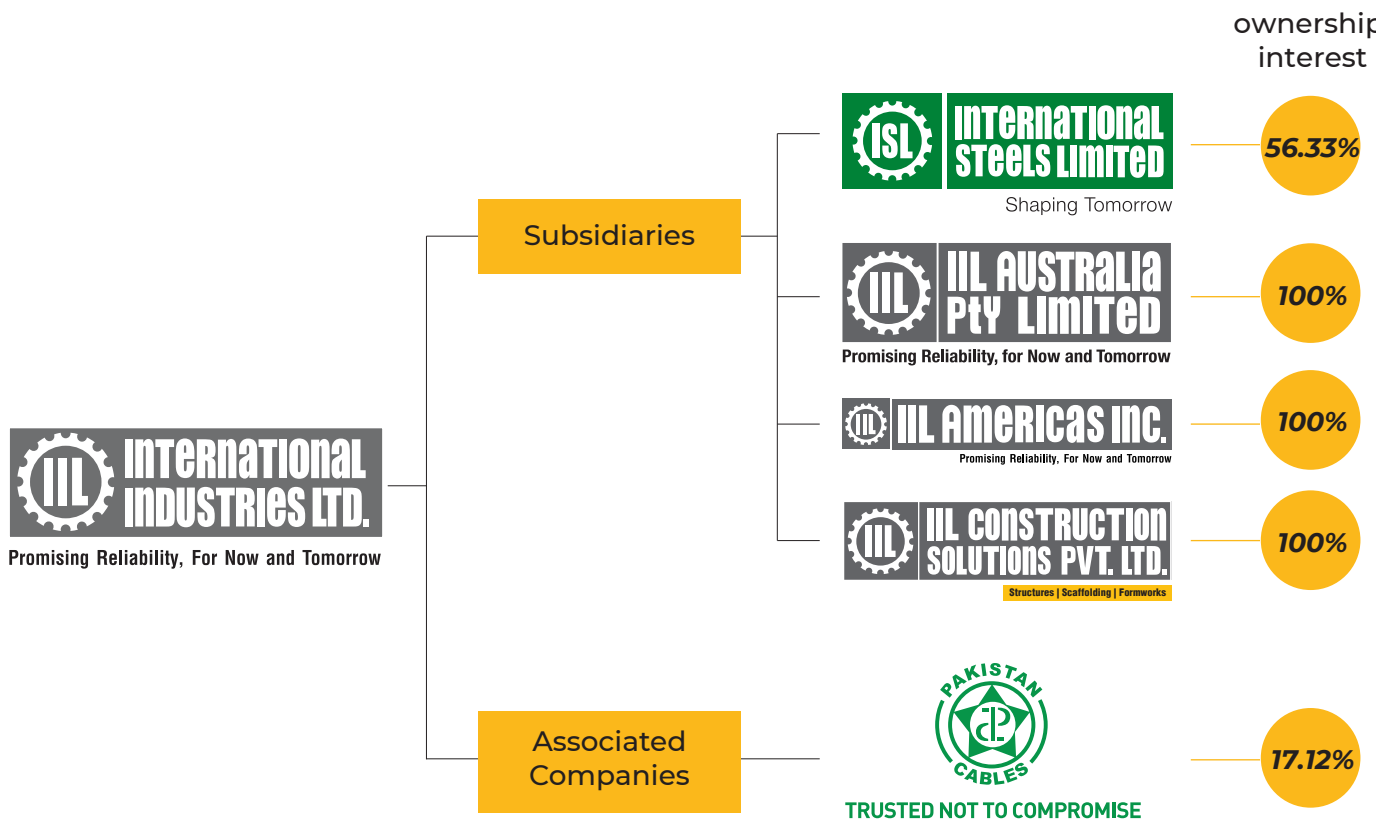


Group Companies Management Team Visit at the PCL Urban Forest, Nooriabad



ASC Group Cricket Team at the Last Man Stands Cricket Tournament

# INVESTMENT IN GROUP COMPANIES



# DOMESTIC PRESENCE



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

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

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

ILL has the largest dealer network in the industry comprising

**450 dealers & distributors across 150 cities in Pakistan.**







# TAKING PAKISTAN TO THE WORLD

As a truly international company with an ever-expanding global footprint, IIL has an on-ground presence in Australia, Canada & Sri Lanka. Our global footprint spans 60 countries across 6 continents with over

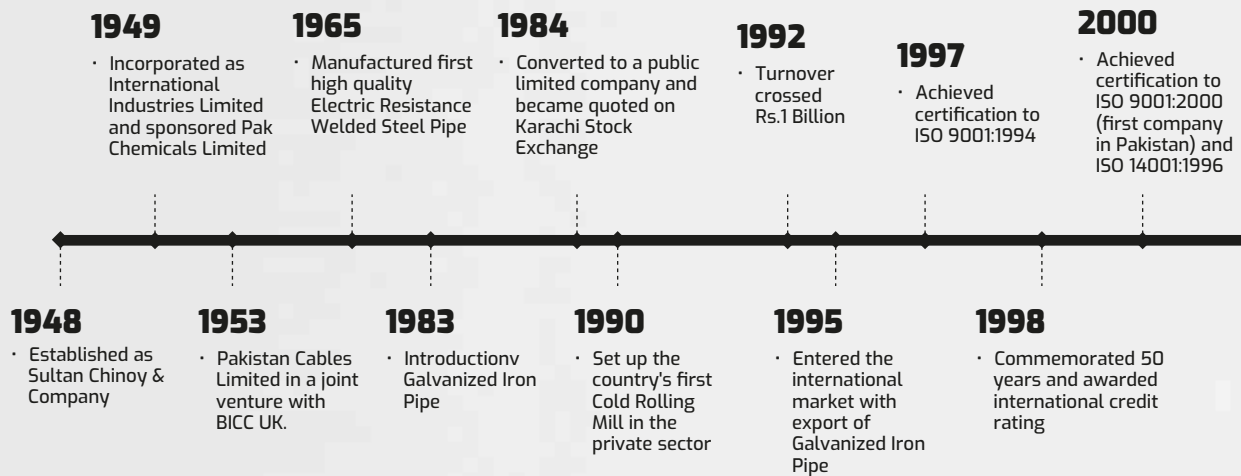
**1 MILLION TONS**  
of exports to date.



# GLOBAL PRESENCE



# MOVING FORWARD THE LEGACY



## 2001

- Achieved certification to API 01 & 5L (2000) and completed phase 1 of a major expansion enhancing the pipe and tube manufacturing range

## 2003

- Crossed 100,000 tons in production and sales

## 2002

- Best Exports Performance Trophy for export of Engineering Products-Mechanical.
- Recipient of Top-25 Companies Award of Pakistan at KSE

## 2007

- Added 1 MW to the existing 3 MW Co-generation Power Plant.
- Commissioned the fourth Galvanizing Plant.
- Addition of 3 tube mills and a plastic extruder.
- Achieved Certification to OHSAS 18001:1999
- Best Exports Performance Trophy for export of Engineering Products-Mechanical.
- Recipient of Top-25 Companies Award of Pakistan at KSE.

## 2010

- Re-Certification - Quality Management System - ISO 9001:2008.
- Re-Certification Environment Management System - ISO 14001:2001

## 2013

- Turnover crossed 20 billion

## 2015

- Incorporated IIL Stainless Steel Pvt. Ltd.
- Launched 3 new brands for Stainless Steel tubes

## 2004

- Best Exports Performance Trophy for export of Engineering Products-Mechanical.
- Recipient of Top-25 Companies Award of Pakistan at KSE.

## 2005

- Completed phase 2 of major expansion with the addition of four tube mills and a splitter
- Crossed 150,000 tons in production and sales

## 2006

- Commissioned 3 MW Co-generation Power Plant.
- Commenced manufacture of Polyethylene Line Pipe

## 2008

- Commenced project to produce Cold Rolled & Galvanized Steel Flat Products.
- Commissioned 19.2 MW gas fired power plant for the new project.
- Turnover crossed Rs. 13 billion.
- Annual Environmental Excellence Award

## 2009

- Best Export Performance Award - Engineering Products - Mechanical.
- Annual Environmental Excellence Award.
- CSR National Excellence Award

## 2011

- Hive-down of Steel Unit as ISL with 25% Foreign Direct Investment.
- Gross sales crossed 200,000 tons

## 2012

- Certification of recognition from Pakistan Centre of Philanthropy.
- CE certification of Cold Rolled Tubes and Galvanized Iron Pipes.
- Addition of 2 tube mills and 1 plastic extruder

## 2014

- Incorporated IIL Australia Pty Limited.
- Launched new brand for hot and cold-water distribution - the finest IIL PPRC Pipes

## 2022

- Record Turnover PKR 37.8 billion
- IIL UPVC Pipes and Fittings Factory Inauguration
- Joint venture of IIL Construction Solutions with MEVA GmbH
- Robotics Manufacturing Process at Factory-3

## 2021

- Incorporated IIL Construction Solutions Pvt. Ltd.
- Record PAT of PKR 2.31 billion

## 2020

- Incorporated IIL Americas Inc.
- Supplied Pakistan's first ever HDPE 1600mm water pipe to a water project in Hyderabad

## 2019

- VIS reaffirmed AA- /A-One entity rating

## 2018

- Highest ever sales volume at 270,000 tons
- First Company in Pakistan to achieve ISO 45001:2018 certification
- First and only PSQCA certified company for PPRC Pipes & Fittings

## 2017

- Inaugurated PPRC pipes & fittings factory in Sheikhpura
- Record Profit-after-tax (PAT) of Rs. 1,842 million
- IIL Australia records highest ever net turnover at Rs. 1.1 billion
- Largest single order of API line pipes in Company's history

## 2016

- Inaugurated large diameter tube mill for hollow structural sections and API line pipe up to 12"
- Commissioned large diameter HDPE extruder, allowing IIL to produce the Largest HDPE pipe in Pakistan at 1600mm (64") in diameter
- Record profit from operations



# REWARDED FOR ENDEAVOUR RECOGNIZED FOR ACHIEVEMENTS





# AWARDS AND ACCOLADES

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

Year	Awards And Accolades
2022	Top 25 Companies Award by PSX Award for the Best Corporate Report 2021 by ICAP and ICMAP Certificate of Merit for the Best Sustainability Report 2021 by ICAP and ICMAP Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI
2021	Top 25 Companies Award by PSX Award for the Best Corporate Report 2020 by ICAP and ICMAP Certificate of Merit for the Best Sustainability Report 2020 by ICAP and ICMAP Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI
2020	Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI IAPEX Karachi 2019 Award for 2nd best stall Award for the Best Corporate Report 2019 by ICAP and ICMAP
2019	Top 25 Companies of Pakistan Award by PSX Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Award for the Best Corporate Report 2018 by ICAP and ICMAP Living the Global Compact Business Sustainability Award 2018
2018	Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI City of Casey Best Business Award - Melbourne, Australia
2017	Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Employers' Federation of Pakistan OHSE Award Best Corporate and Sustainability Report Award by jointly by ICAP and ICMAP IAPEX Karachi 2017 Award for 2nd best stall
2016	Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Employers' Federation of Pakistan OHSE Award
2015	Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Annual Environment Excellence Award by National Forum for Environmental Health (NFEH) Best Corporate and Sustainability Report by jointly by ICAP and ICMAP Employers' Federation of Pakistan OHSE Award Top 25 Companies of Pakistan Award by KSE Prime Minister's Export and Innovation Award
2014	Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI
2013	Best Corporate and Sustainability Report Award by jointly by ICAP and ICMAP MAP 'Corporate Excellence Award' for the Industrial Metals and Mining Sector IAPEX Karachi 2013 Award for 2nd best stall
2012	Top 25 Companies Award Position (Karachi Stock Exchange). Certification of recognition from Pakistan Centre of Philanthropy. Best Presented Accounts South Asian Federation of Accountants Award for the year 2011. Best Corporate and Sustainability Report Award by jointly by ICAP and ICMAP (2nd overall for 2011). Best Corporate and Sustainability Report Award by jointly by ICAP and ICMAP (1st position in Engineering Sector) for 2011. Best Export Performance Trophy for Export of Engineering Products - Mechanical by FPCCI Environment Excellence Award for 2011 from National Forum for Environment & Health.

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



# CERTIFICATIONS

Standard	Description	Certified by	Since	License #
ISO 9001	Quality Management System	Lloyds Register Quality Assurance (United Kingdom)	1997	ISO 9001 – 0049981
ISO 14001	Environment Management System		2000	ISO 14001 – 0049980
ISO 45001	Occupational Health & Safety Management Systems		2000	ISO 45001 – 0049979
API Specification Q1® & 5L	FACTORY-1 Manufacturer of Line Pipe Plain End as PSL 1	American Petroleum Institute - API (United States)	2000	5L-0391
	FACTORY-2 Manufacturer of Line Pipe Plain End as PSL 1 & PSL 2		2016	5L-1104
BS EN 10255, BS EN10266	CE Mark for Hot Dip Galvanized ERW Carbon Steel Pipes	CNC Services (Germany)	2011	CNC/EEC/4112/11
BS EN 10296-1, BS EN 10305-5 & BS 1717	CE Mark for ERW Tubes from Cold Rolled Carbon Steel		2011	CNC/EEC/4113/11
BS EN 10219, BS EN 39, BS EN 10240, ASTM A-500, ASTM A-252, ASTM A-53, AS/NZS 1163 AS/NZS 4792	CE Mark for Cold Formed Welded Structural Hollow Sections (HSS)		2018	CNC/EEC/4525/18
UL-852 ASTM 795	UL Certification (ERW & Galvanized Pipes for Fire Sprinkler System)	Underwriter Laboratories UL (United States)	2017	EX27362
UL-852 (UAE)	UL UAE Certification (Metallic Sprinkler Pipe For Fire Protection Service)	Underwriter Laboratories UL (United States)	2017	VIZY - EX27362



PS:4533-34	License for the use of Pakistan Standard Mark for PPRC Pipe - FACTORY-3	Pakistan Standards Quality Control Authority (PSQCA)	2018	CML/N/1287/2018
DIN 16962	License for the use of Pakistan Standard Mark for PPRC Fittings - FACTORY-3		2018	CML/N/1288/2018
PS:3580	Polyethylene Pipe for water Supply "MEGAFLO" Brand		2015	CSDC/L-170/2015 (R)
ASTM A53	MS Pipe (Mild Steel Pipe) - FACTORY-1		2017	CSDC/L-205/2017 (R)
ASTM A53	MS Pipe (Mild Steel Pipe) - FACTORY-2		2017	CSDC/L-206/2017 (R)



# SWOT ANALYSIS



## STRENGTHS

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



## WEAKNESSES

- High labor & freight cost
- Lead time of raw material for export customers
- Space constraints for expansion at older factories
- Lack of awareness of IIL brand in advanced markets



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## OPPORTUNITIES

- Growth in key market segments
- Mega-projects and infrastructural growth in Pakistan
- CPEC and ancillary projects
- Demand for new products within existing product range
- Export opportunities in various near-home markets
- Government's construction centre incentive package



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## THREATS

- International price competition
- Mushrooming cottage industry and unethical practices therein
- Subsidies to Chinese and Indian exporters
- Imported products dumping into Pakistan
- Uncertain regional geopolitical situation
- Domestic security and economy
- Anti-dumping and protectionism in export markets

# STEEPLE ANALYSIS

Social, Technological, Environmental, Economic, Political, Legal & Ethical factors that impact IIL's business environment



## **SOCIAL**

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



## **TECHNOLOGICAL**

- Industry 4.0
- Digital marketing growth
- Low cost industrial equipment
- Growth in fintech, ecommerce and alternate energy sectors
- Growth of big data and AI



## **ENVIRONMENTAL**

- Compliance with NEQS on a self-monitoring and reporting basis
- Drive towards net zero emission
- Possibility of more COVID type pandemics in the future
- General apathy and lack of will to implement environmental standards
- Steel is totally recyclable
- Scarcity of water
- Renewable/alternate energy is an imperative



## **ECONOMIC**

- Economic volatility in Pakistan; risk of default
- Rising energy cost
- Circular debt
- Supply chain chaos
- Rupee depreciation
- IMF/ other lenders' dependence
- New world order, shifting of economic power, the rise of China, counter-rise of India
- Low barrier to entry in traditional markets leading to increased competition
- Uncertain economic conditions / high inflation-high interest rate environment globally



## **POLITICAL**

- VUCA World: Volatility, Uncertainty, Complexity and Ambiguity
- Highly fluid and uncertain national political landscape
- Implications of security uncertainty in the region
- Growing Chinese influence
- Global and regional geopolitical developments e.g., Ukraine



## **LEGAL**

- Business un-friendly, politically motivated legislation
- Anti-dumping challenges for exports
- Poorly implemented labor laws
- Increasing environmental protection regulation
- Slow judicial process/ rule of law issues
- Inadequate legal protection of assets



## **ETHICAL**

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



# CALENDAR OF MAJOR EVENTS

## QUARTER-1

IIL AGM & Corporate Briefing 2021  
OHSE Trainings  
Townhall-1  
IIL PPRC Dealers / Plumbers Events  
350th Board of Directors Meeting – August 26, 2021  
73rd Annual General Meeting – September 30, 2021  
Corporate Briefing Session – September 30, 2021

## QUARTER-2

Single Country – Nigeria Exhibition  
Safety Week Campaign  
IIL Next Gen – Factory Event  
IIL PPRC Dealers / Plumbers Events  
ASB 2000 Sponsorship  
OHSE Trainings  
351st Board of Directors Meeting – October 28, 2021

## QUARTER-3

Pak Iraq – Baghdad Trade Fair  
IIL & Maersk – MoU Signing  
MAP Sponsorship  
Pak Water Summit Expo  
Sales Conference 2022  
Risalpur Exhibition  
IIL Construction Solutions Launch events  
IIL PPRC Dealers / Plumbers Events  
ASC Last Man Standing Tournaments  
33rd MAP Convention Sponsorship  
Women's Day Celebration – Head Office Event  
Women's Day Celebration – PC Hotel Event  
Townhall-2  
352nd Board of Directors Meeting - February 3, 2021  
Employee of the Year Awards  
IIL Long Service Awards  
Safety Walks & Trainings  
OHSE Trainings

## QUARTER-4

Partnering for Growth (Lahore & Karachi)  
Strategy Retreat  
Tube Dusseldorf  
Project Qatar Expo  
IIL PPRC Dealers / Plumbers Events  
9th International Conference on Renewable Energy Efficiency  
Safety Walks & Trainings  
353rd Board of Directors Meeting, April 26, 2022  
354th Board of Directors Meeting, May 30, 2022  
355th Board of Directors Meeting, June 2, 2022  
356th Board of Directors Meeting, June 14, 2022



OHSE Trainings



Long Service Award



Nigeria Expo



Sales Conference



PPRC Customer Events



Tube Dusseldorf



MAP Convention



OHSE Training Factory 3



Women's Day



Risalpur Expo



Partnering for Growth



Project Qatar Expo



Pak Iraq Expo

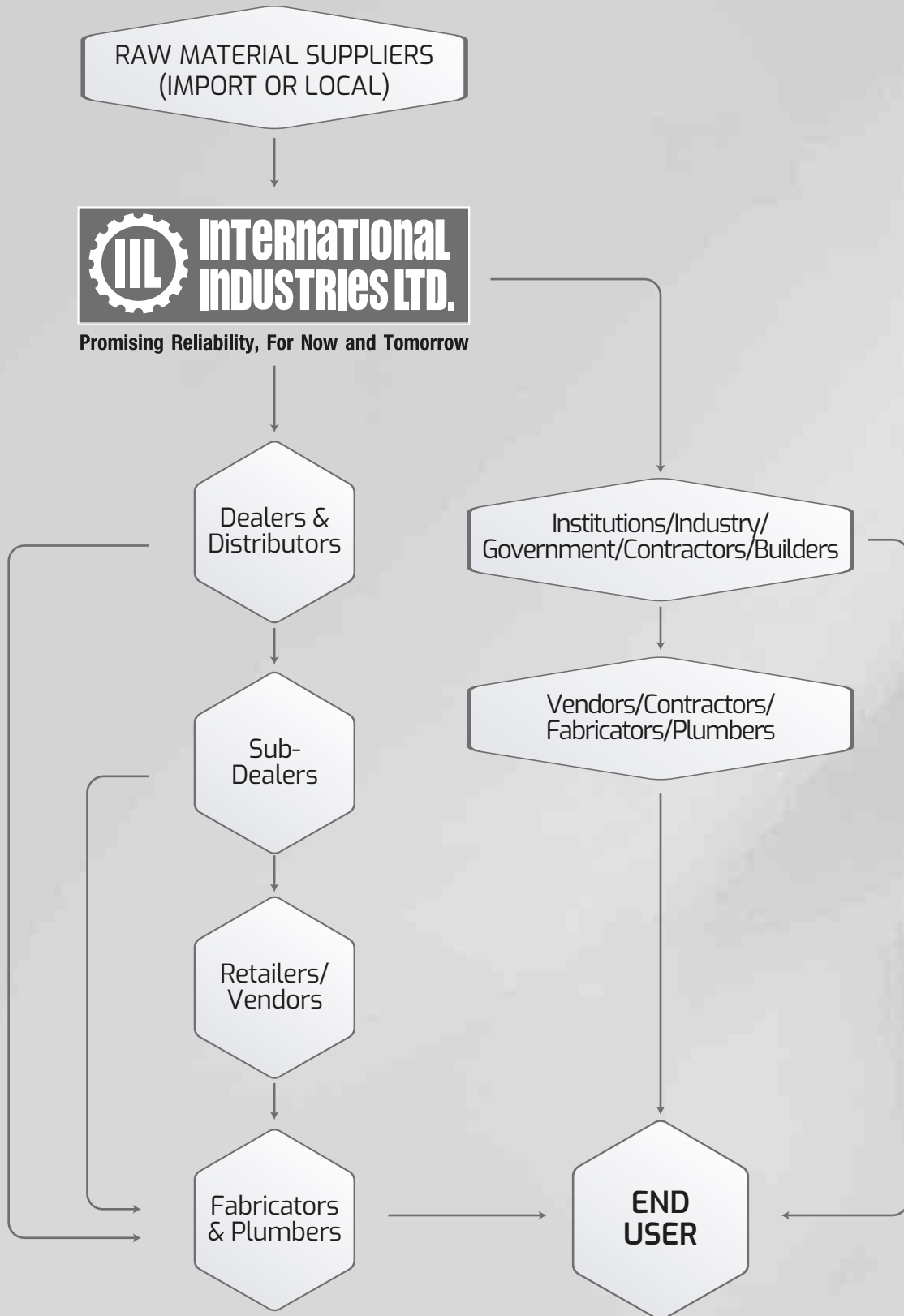


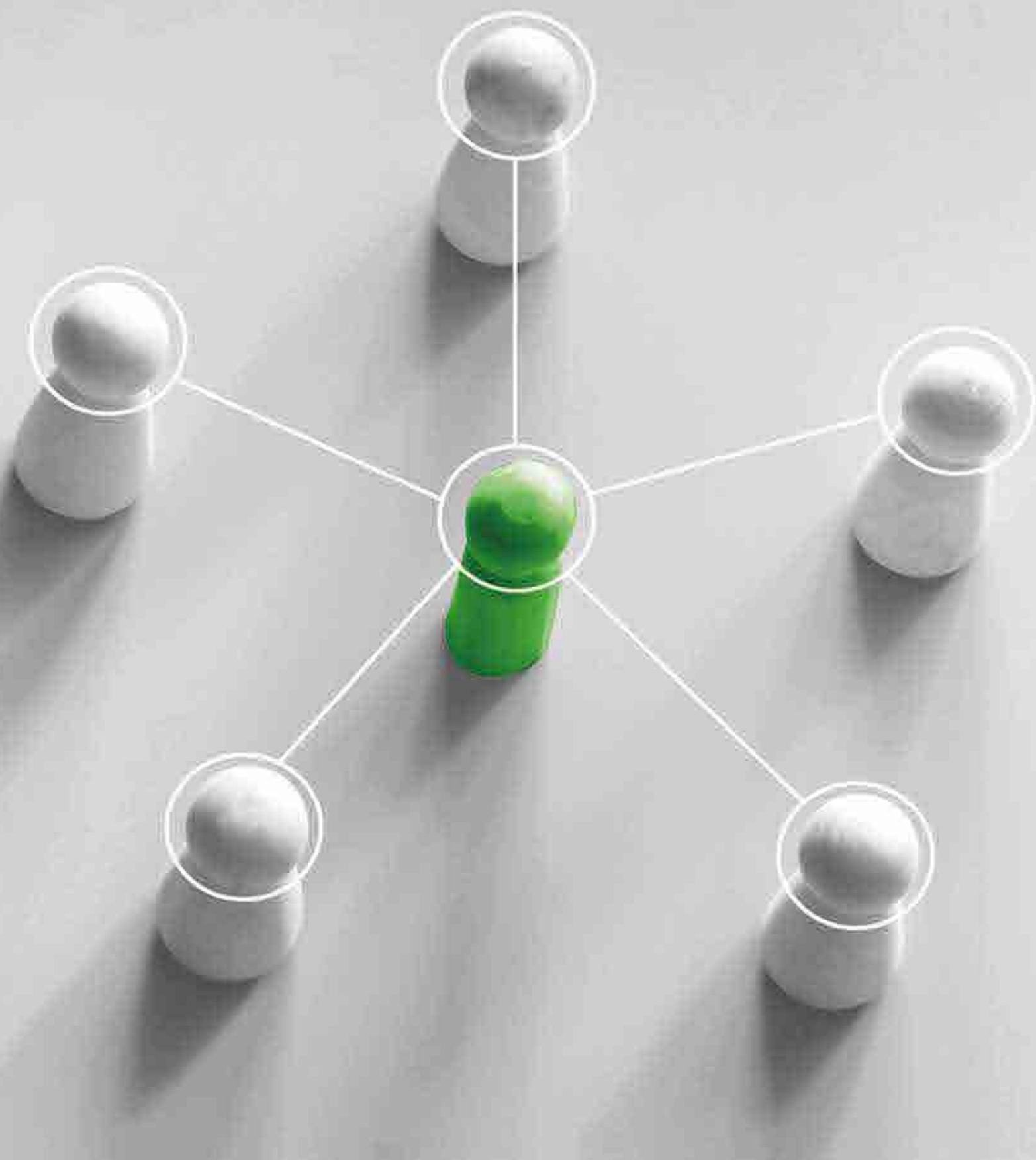
Pak Water Summit



Town Hall

# COMPANY'S POSITION IN THE VALUE CHAIN





# STRATEGIC OBJECTIVES AND KEY PERFORMANCE INDICATORS

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

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

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

Strategic Objectives	Strategies & Key Performance Indicators
Customer Focus	<ul style="list-style-type: none"> <li>• Continue to increase customer connect</li> <li>• Maintain steadfast focus on value proposition to consumers</li> <li>• Continue to develop culture of external and internal customer centricity throughout organization</li> <li>• Implement research and product development set-up</li> </ul>
III Brand Focus	<ul style="list-style-type: none"> <li>• Increase brand visibility</li> <li>• Invest in marketing</li> <li>• Continue to keep quality as a cornerstone of our value proposition</li> </ul>
Balance Sheet Stability	<ul style="list-style-type: none"> <li>• Increase inventory turns</li> <li>• Reduce debtor days / steadily convert to cash where possible</li> <li>• Reconfigure overseas subsidiaries' business models</li> <li>• Maximize profit retention</li> </ul>
Operational Excellence & Digital Transformation	<ul style="list-style-type: none"> <li>• Drive safety culture</li> <li>• Align Business and Operational models through process reforms</li> <li>• Implement data-driven decision-making and process efficiency monitoring across the organization</li> <li>• Embark on digital transformation</li> </ul>
Organisational Transformation & Talent Management	<ul style="list-style-type: none"> <li>• Invest in the right talent from hiring to development to rewarding</li> <li>• Succession planning</li> <li>• Transparent performance management mechanism</li> <li>• Continue to nurture the culture of diversity, equity, inclusiveness and belonging</li> <li>• Improve vertical, cross-functional and cross-ASC group collaboration &amp; communication</li> </ul>
Build Sustainable Business	<ul style="list-style-type: none"> <li>• Deliver value and remain a source of pride to our shareholders and other stakeholders</li> <li>• Focus on ESH and respond to trends with agility</li> <li>• Remain aligned with best practices of corporate governance, sustainability objectives and ethical standards</li> <li>• Invest in green/renewable energy to reduce dependency on the external supply</li> <li>• Diversify into associated products/business areas</li> <li>• Develop Business Continuity Plan</li> </ul>



## Resource allocation plans

ILL ensures that appropriate resources are available to assist with the implementation of its strategic objectives.

Appropriate investments have been made in land and production facilities to ensure that demand for our core products can be met efficiently.

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

## Relationship between Company's results and managements objectives

The Company's results and its objectives, as outlined above, are very strongly aligned.

Various certifications including UL certification for our ERW pipe, PSQCA for PPRC and the fact that ILL has become the first company in Pakistan to achieve ISO 45001:2018 certification is testament to our commitment to quality.

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

# UPWARDS & ONWARDS SUSTAINABLY



# TOMORROW BEGINS TODAY

Our concern stays with the planet as we transition to more sustainable processes, alternate power generation including but not limited to solar, efficient waste management and selection of instruments and machinery that consume less power. From basics like automatic lights switches to variable frequency drives on different machinery, and so much more... we are always reengineering our business operations to be friendlier to the environment with improved health and safety standards.



Steel is derived from iron ore, a natural substance obtained from the earth itself and hence, has a minimal detrimental impact on the earth's environment.



Steel is the most widely recycled material in the World. The steel industry has been actively recycling for more than 150 years.





Zinc is one of the few materials that can be recycled indefinitely. Approximately 30% of the zinc produced globally comes from recycling. The only reason this figure isn't higher is because the durability of galvanized steel and other zinc products means they remain in service for much longer and therefore have not been returned yet. 80% of the zinc available for recycling is recycled.

Today, steel is one of the most common materials in the world and is a major component in buildings, infrastructure, tools, ships, automobiles, machines, and appliances.

# Steel, the sustainable material

Steel is a uniquely sustainable material because once it is made it can be used, as steel, forever. Steel is infinitely recycled, so the investment in making steel is never wasted and can be capitalized on by future generations.

Steel is a material that is used, not consumed. Hence, the investment of resources in making steel is not wasted.

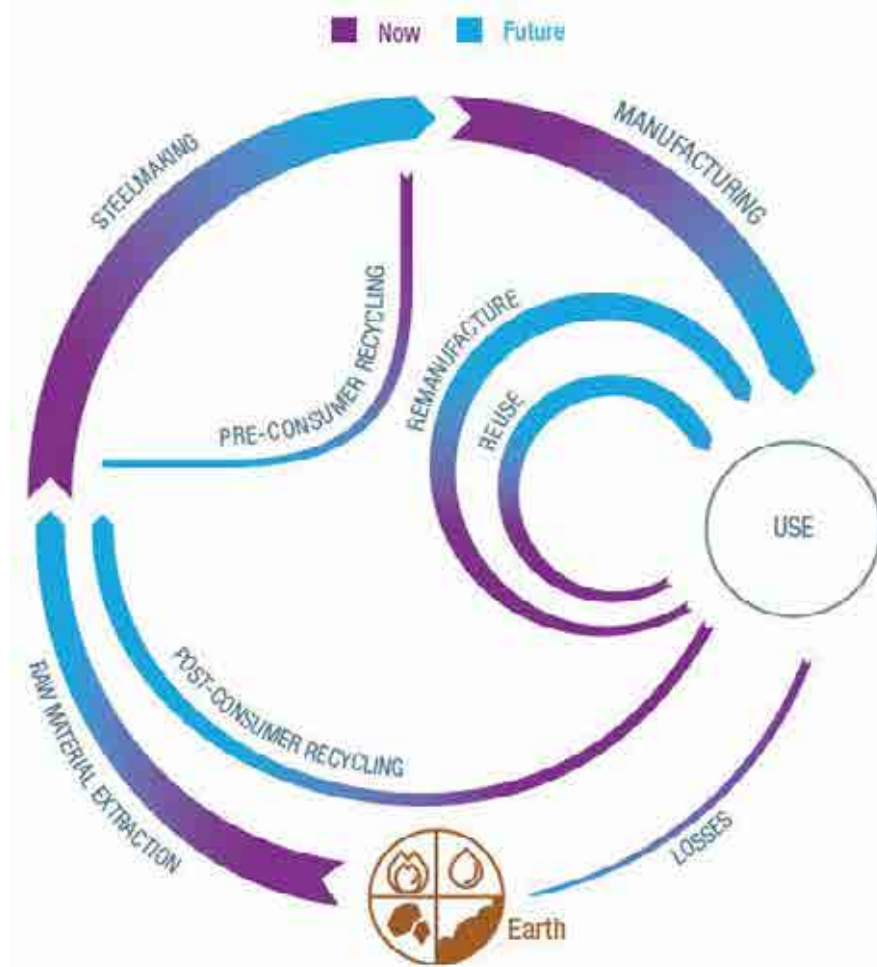
Steel can uniquely claim to be the only truly recyclable material because when steel is recycled, there is no down-grading. The steel recycling loop is a true closed loop. It is recycled and used again, without any loss of quality, time after time.

Only truly recycled materials, which are never down-graded, but are used again and again with no loss of properties, can enable a sustainable future.

The non-renewable resources used to make steel, like minerals and fossil fuels, are not wasted because the steel will be used forever. This is truly sustainable.

## A sustainable future for steel

In the sustainable future, new economic models will maximise the value of raw materials by encouraging practices such as reuse and remanufacturing. The weight of many steel products will be reduced, losses will be minimised, and the already high recycling rate for steel will increase, resulting in more recycled steel to make new steel products.



# All About Steel

- Steel is world's most recycled material.
- Steel is very friendly to the environment.
- The life cycle of steel is potentially continuous as its properties remain unchanged no matter how many times you recycle it.
- Steel possesses great durability, and, compared to other materials, requires relatively low amounts of energy to produce.
- The steel industry has made immense efforts to limit environmental pollution in the last decades. Energy consumption and carbon dioxide emissions have decreased by one-half of what they were in the 1960s. Dust emissions have been reduced by even more.
- Almost 65% of new steel is today produced from old steel.
- The recycling rate of steel depends on the end-use, but on average around 85% of steel, at the end of its first useful life, is recycled.
- Over 99% of steel from scrap cars is recycled.
- A UK study showed that 94% of steel is recycled when a building is demolished.
- 99% of structural steel is recycled or re-used when a building is demolished.
- In Europe, over 70% of steel packaging is recycled, which is far more than any other packaging material.
- The world's average steel consumption is 233 kg per capita (for 2021).
- The Steel consumption of China is 666 kg per capita (for 2021).
- The Steel consumption of USA is 291 kg per capita (for 2021).
- The Steel consumption of Pakistan is 46 kg per capita (estimated for 2021).



# STEEL - THE PERMANENT MATERIAL IN THE CIRCULAR ECONOMY



## Reduce

Decreasing the amount of material, energy and other resources used to create steel and reducing the weight of steel used in products.



## Reuse

Reuse is using an object or material again, either for its original purpose or for a similar purpose, without significantly altering the physical form of the object or material.



## Remanufacture

The process of restoring durable used steel products to as-new condition.

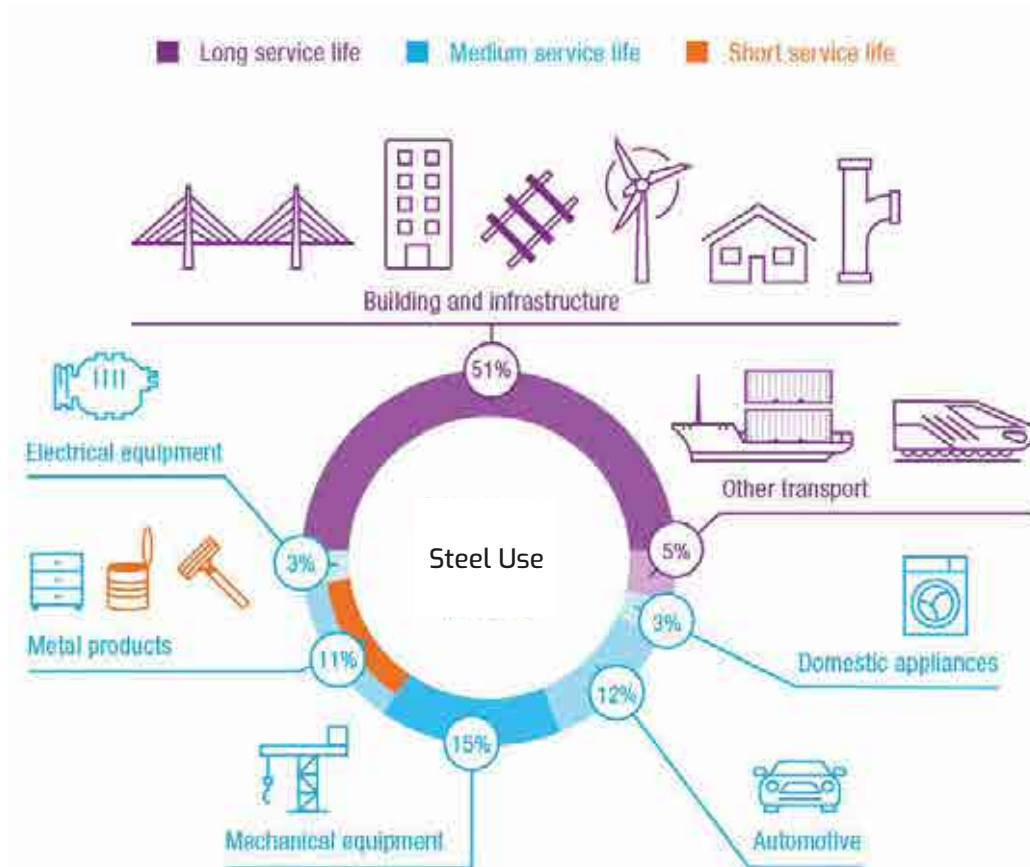


## Recycle

Melting steel products at the end of their useful life to create new steels. Recycling alters the physical form of the steel object so that a new application can be created from the recycled material.

## Steel markets and durability

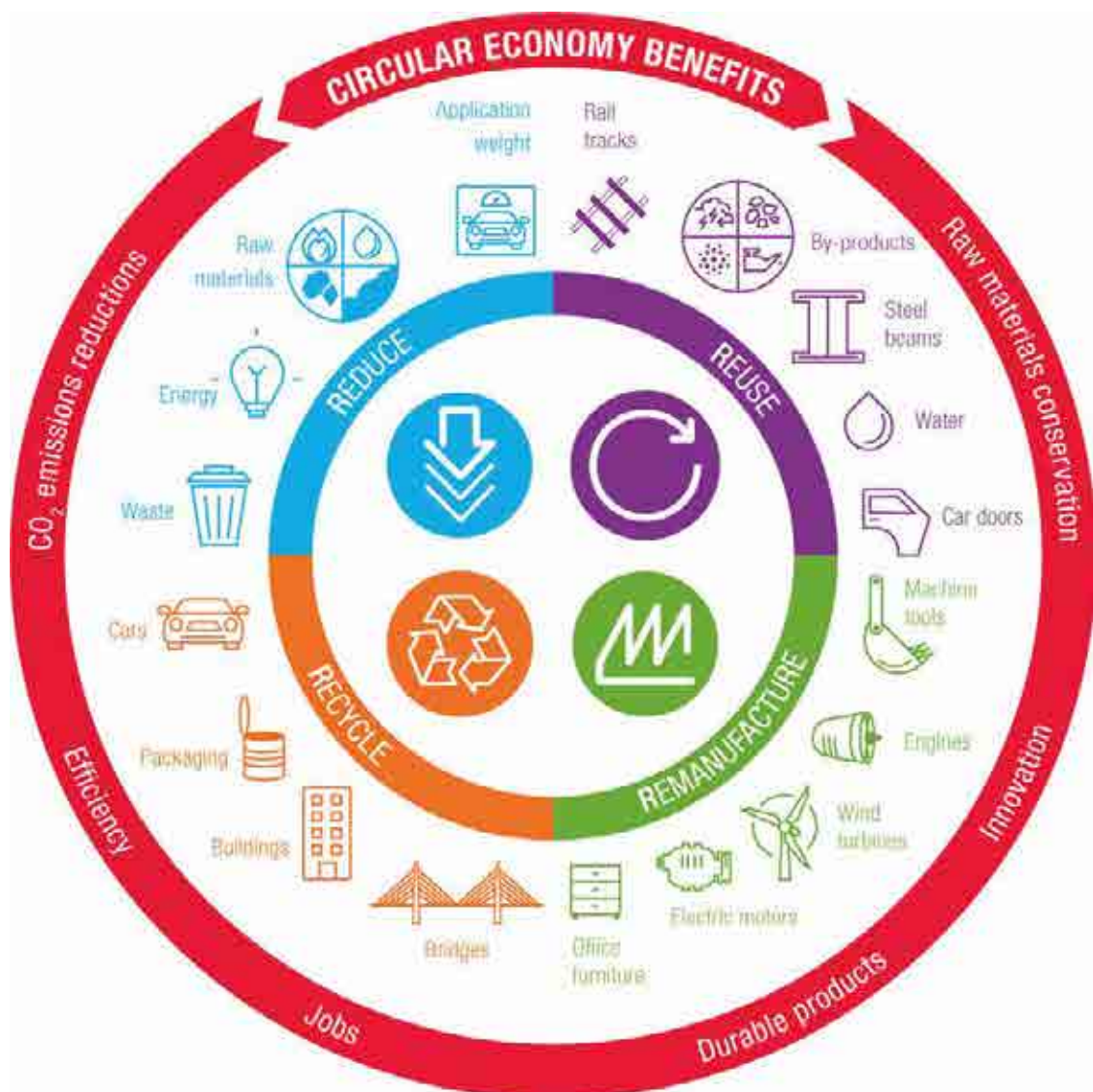
Whether it is for transport systems, infrastructure, housing, manufacturing, agriculture, or energy, steel is a vital material in our modern world. In applications with a long service life, we will need to wait a hundred years or more to recycle the steel they contain. But every piece of steel can eventually be recycled to meet the growing global need for new steel.





# Steel in the circular economy

A sustainable circular economy is one in which society reduces the burden on nature by ensuring resources remain in use for as long as possible. As a permanent material, steel is fundamental to achieving a circular economy. It is easy to reduce the weight of steel products, and steel components can be effectively reused, remanufactured, or recycled.

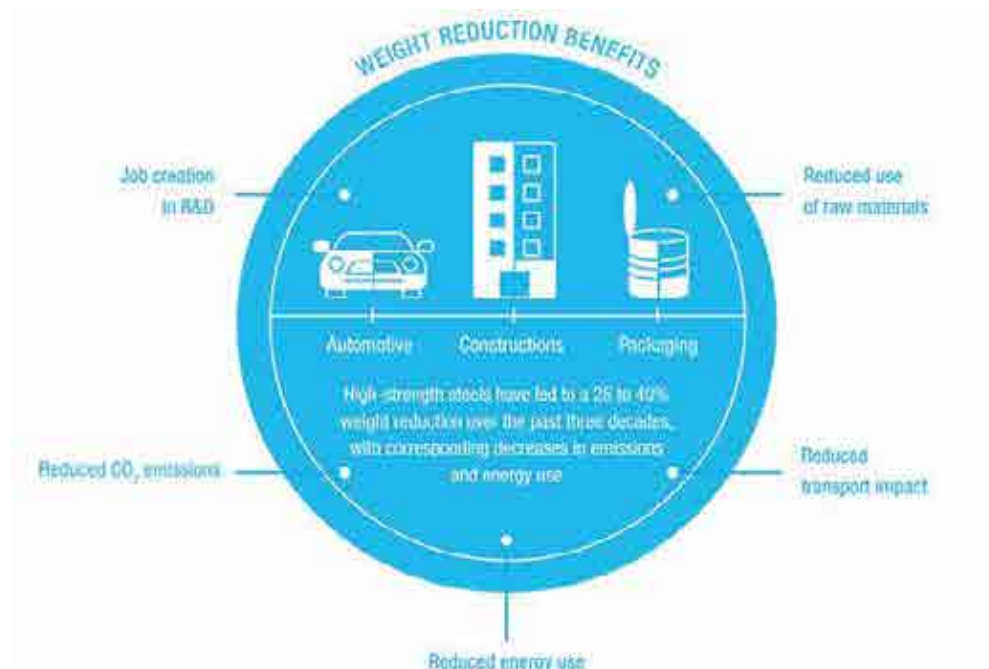


Source: World Steel Association (WSA)

# REDUCE

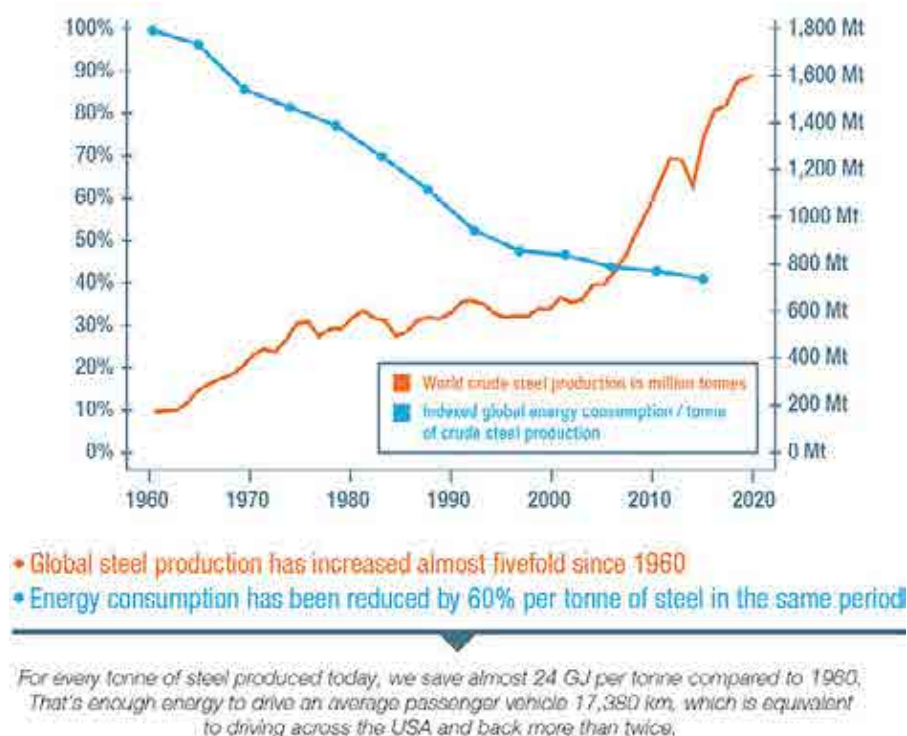
Decreasing the amount of material, energy and other resources used to create steel and reducing the weight of steel used in products.

## Reduce in steel applications



Over the past 50 years, the steel industry has invested in research and technology to create new grades of advanced and ultra-high-strength steels. These grades have reduced the weight of many steel applications by up to 40%. Optimising the weight of products is an integral part of a circular economy.

## Reduce during steel production



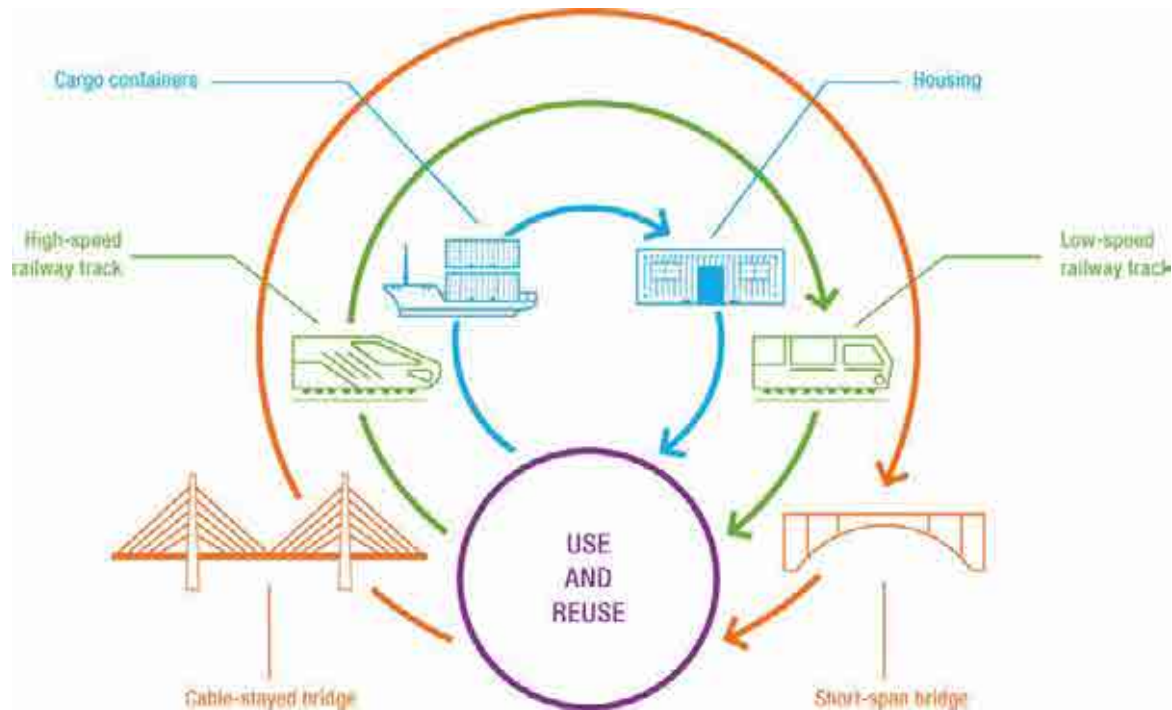
The industry has also dramatically reduced the use of energy. Producing one tonne of steel today requires just 40% of the energy it did in 1960. Over the same period, production has increased almost five times.

Source: World Steel Association (WSA)

# USE AND REUSE

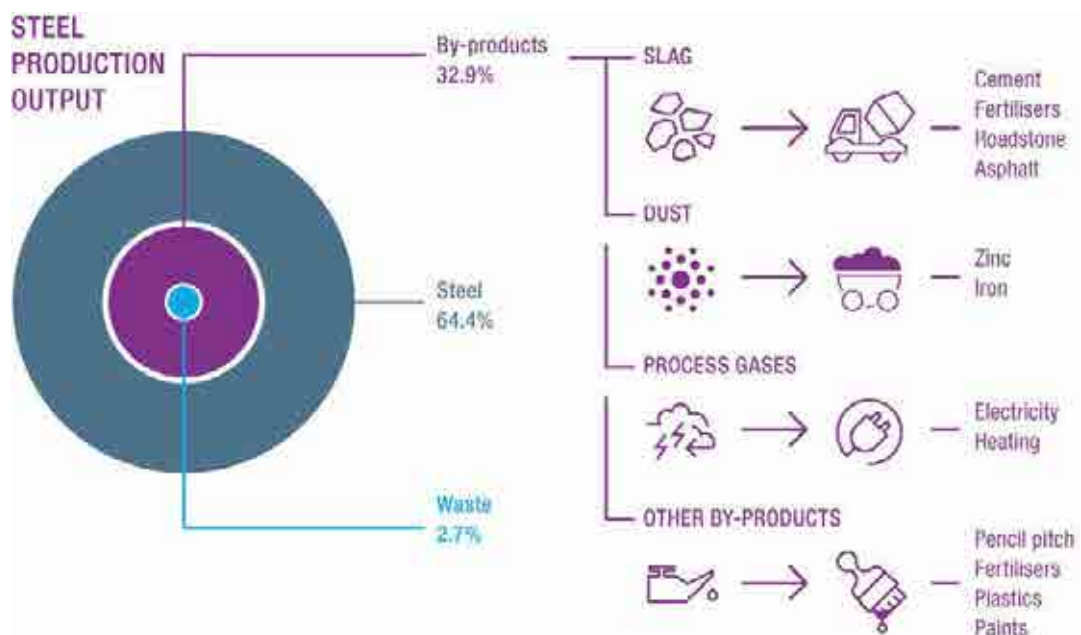
Reuse is using an object or material again, either for its original purpose or for a similar purpose, without significantly altering the physical form of the object or material.

## Reuse in steel applications



In a fully circular economy, the reuse of a manufactured product is considered in the earliest design phases of its creation. This allows both small- and large-scale products to be repurposed for another use quickly and efficiently once their initial use is fulfilled.

## Main steelmaking by-products and their uses



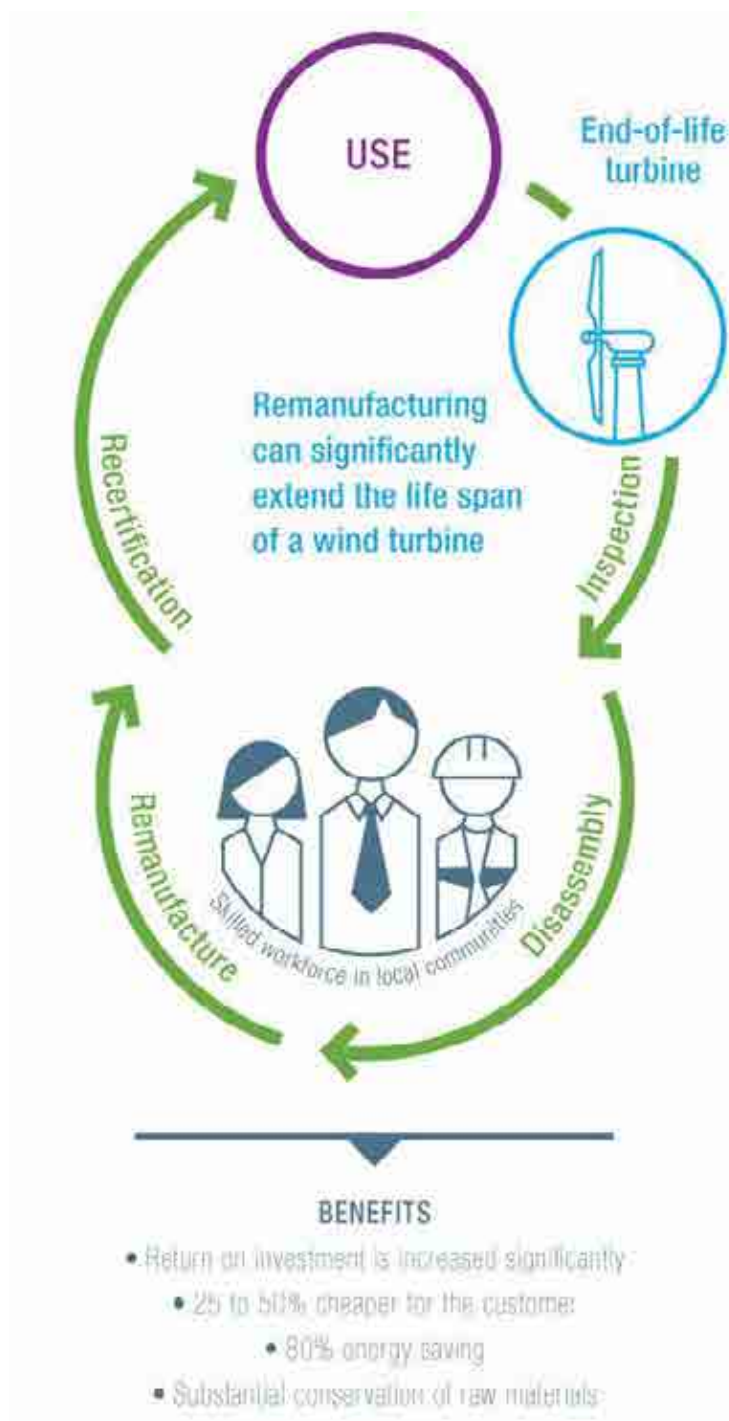
Today, almost every by-product formed during steelmaking is used in new products. This approach minimises the amount of waste sent to landfill, reduces emissions, and preserves raw materials.

Source: World Steel Association (WSA)

# REMANUFACTURE

The process of restoring durable used steel products to as-new condition.

## Remanufacture of steel applications: Wind turbine



In a truly circular economy, products which stop working are restored to as-new condition in a process known as remanufacturing. Many steel products such as construction and farm machinery, truck and car engines, electrical motors, domestic appliances, and wind turbines are already remanufactured. Remanufacturing takes advantage of the durability of steel components and guarantees that the energy used to create the components is preserved.

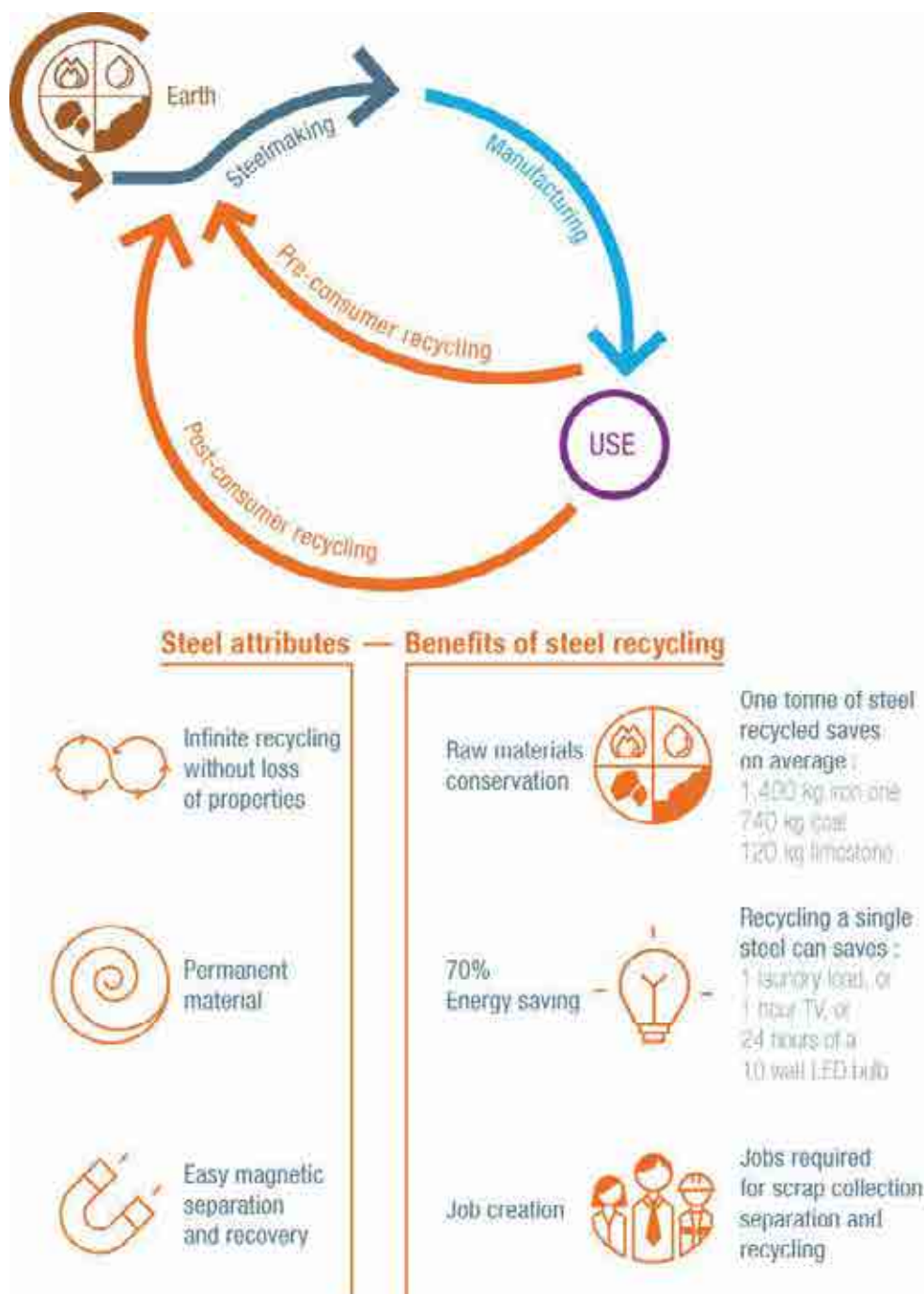
Source: World Steel Association (WSA)



# RECYCLE

Melting steel products at the end of their useful life to create new steels. Recycling alters the physical form of the steel object so that a new application can be created from the recycled material.

## Steel recycling: Attributes and benefits



Steel has been recycled ever since it was first made. All available steel scrap is recycled, over and over again to create new steel products in a closed material loop. Recycled steel maintains the inherent properties of the original steel.

Source: World Steel Association (WSA)



# SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs, set in 2015 by the United Nations General Assembly and intended to be achieved by the year 2030, are part of UN Resolution 70/1, the 2030 Agenda.





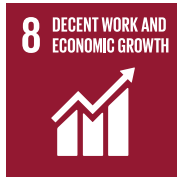
# UNDP Sustainable Development Goals

ILL takes great pride in being responsible corporate citizens. By aligning with and measuring our activities against the United Nation's Sustainable Development Goals (SDG's), we reaffirm our commitment to adopting sustainable practices and providing multi-faceted, positive contributions to the communities in which we operate and in society at large.

We have aligned 14 SDGs against 7 broader sustainability principles as outlined in the figure below:



# 1. Health & Safety



## SDG 3

- IIL is ISO 45001 (Occupational Health and Safety) certified.
- IIL factories & offices provide more than adequate basic services such as well-managed water and sanitation services, safe work environments, separate dining & prayer areas and recreational facilities.
- A doctor and a paramedical assistant are available at the factory.
- Monthly safety walks are conducted and trophies are distributed to winning departments. Sessions on road and fire safety are routinely conducted.
- Lost Time Injury Frequency Rate (LTIFR) recorded during the year was 1.73 per one million worked hours.
- No infectious disease reported in the factory or office premises.
- During the year 1077 health and safety trainings were organized by the IIL OHSE Department.
- Anti-mosquito spray conducted twice daily to reduce the chance of mosquito borne diseases.
- Various recreational activities are conducted on an annual basis: Long Service Awards, Managers Dinners, Employee Theatre Nights, Corporate Family Days Out, Employees Picnic, Participation in ASC Group Cricket Tournaments.
- For creating HSE awareness, the Company organizes guest speaker sessions for employees.

## SDG 8

- IIL provides a secure workplace with canteens, parking facilities, medical and incidental insurance cover and freedom for people to express their concerns and/or grievances.
- Human resources policies are available on company intranet and are regularly reviewed, updated and circulated to employees.

## SDG 12

- Installation of a zinc reclamation unit in 2008 ensures zero generation of smoke and dust during the zinc recovery process, hence reducing the emission impact on workers and the environment.
- IIL has upgraded its galvanizing plants to control zinc powder in the environment and thereby secure the health of workers. By making this modification, zinc powder collection has already increased by 2%.
- Our policy on Health & Safety regarding the use of personal protective equipment such as safety gloves, shoes, and helmets for factory workers and staff is rigorously enforced.

## 2. Value for Stakeholders



### SDG 3

- IIL provides medical leaves, casual leaves and earned annual leaves for the welfare of its employees.
- IIL provides medical facilities to all employees through the Social Security Scheme and the Health Insurance Scheme.
- Clean, filtered water is available to employees at all locations and 3rd party testing of all drinking water is done periodically.

### SDG 4

- IIL's adult education program assists in improving the reading and writing skills of employees.
- Regular skill development trainings are undertaken in order to enhance overall productivity and safety.
- An apprentice training program is in place at IIL factory locations to provide vocational training to deserving individuals. The program enables youths to develop skills and knowledge of manufacturing processes.
- At IIL, during 2021-22, 59 training sessions were attended by over 914 employees on various topics (Total Training Hours = 3864).
- During the year, health and safety trainings were organized by the IIL OHSE Department. (Internal Trainings: 1077 and Total Training Hours = 6600)
- At present IIL has more than 150 apprentices on board under training at different manufacturing facilities.
- 914 employees attended trainings at reputable institutions such as Employers Federation of Pakistan, Institute of Business Administration, Institute of Chartered Accountants of Pakistan, Institute of Chartered Management Accountants of Pakistan, Lahore University of Management Sciences, Management Association of Pakistan, Pakistan Business Council, Delfino Group Dubai, Pakistan Institute of Management Sciences, Institute of Business Management, NED University, Softax Private Ltd., Terrabiz, Bloom Asia and Appanage during FY 2021-22.

### SDG 8

- IIL provides employment to more than 1,600 individuals thereby contributing to economic growth. Expansions undertaken at IIL in recent years have contributed to the creation of additional employment opportunities.
- IIL exported goods worth Rs. 11.1 billion in FY 2021-22.
- IIL contribution to the National Exchequer during the year was Rs. 6.5 billion.

## SDG 9

- IIL's Hollow Structural Sections (HSS) were used in infrastructure projects across Pakistan including Orange Line & Green Line bus stations. These products lower environmental impact through quicker construction and 100% salvage value.
- IIL's HSS have been used to build Pakistan's first ever steel structure residence as we strive to revolutionize the construction industry by not only increasing up the speed of construction but also by ensuring greater flexibility in allowing modifications.
- IIL has also constructed warehouses with HSS in spans as large as 120 ft both with and without overhead traveling cranes. These are not only cheaper but faster to construct than pre-engineered steel buildings.
- IIL launched its low-cost housing scheme whereby, a complete architectural plan and transparent cost structure were made publicly available, along with built-up model houses in Karachi and Lahore which were constructed to engage the public and concerned ministries. Under this scheme individual houses can be constructed in as little as 7 days, and at a cost that can be borne by the common man.
- IIL has partnered with the Association of Builders and Developers (ABAD) which allows ABAD members to access an exclusive price list of IIL products that are widely used in the construction and building sector.
- IIL conducted various events at the IAP House for students, architects and customers to educate them on the benefits and proper usage of our HSS products.
- IIL sponsored the Architects and Builders Sourcebook 2021. The ASB is Pakistan's leading directory for construction materials and is widely used by Architect and industry professionals across the country.

## SDG 11

- IIL HSS allows quicker construction which aid with Pakistan's increasing urbanization. Furthermore, the material is 100% recyclable and reusable.
- Our electricity generation is synchronized with the National Grid which allows us to operate the generators very efficiently at full capacity. Excess electricity generated is sold to the grid. Hence, there is full utilization of installed generation capacity and generation whilst contributing towards alleviation of the chronic power shortages faced by the country.

## SDG 17

- IIL a founding member of The Pakistan Business Council which strives to work with the government to propagate Industrial growth.

### 3. Environmental Protection



#### SDG 6

- Our Reverse Osmosis (RO) Plant helps meet our water requirements at the factory premises while reducing reliance on municipal water systems, thereby assisting in the reduction of water scarcity in Pakistan. IIL continuously monitors the consumption of water through the installation of flow meters.
- Our employees benefit from higher water quality.
- All solid waste that is not recycled is responsibly transferred to designated landfill sites through EPA certified contractors.

#### SDG 7

- IIL generates electricity through co-generation from natural gas. Natural gas is the cleanest fossil fuels with considerably less CO<sub>2</sub> and methane emissions. Furthermore, compared to conventional electrical or thermal power plants co-generation is far more efficient and cost effective.
- IIL is continuously monitoring the usage of electricity, natural gas and air. We have installed energy meters, gas analyzers and recorders to measure efficiency. By doing this we have also controlled the misuse and wastage of energy by shutting down auxiliary loads when plants are not operational.
- IIL has a considerable lighting load. Initially all lights were 400W SON high pressure sodium bulbs. We have started to replace bulbs with LED 160W, helping us save energy with increased illumination.
- Our factories have been retro-fitted with sky lights where possible in order to reduce dependence on conventional electricity. We have installed automatic on/off systems for lighting where required to further save energy.
- We utilize waste heat generated from our co-generation gas engines to operate hot water absorption chillers and boilers and a steam turbine engine to generate more electricity while minimizing environmental impact.
- Variable frequency drives (VFDs) on pumps & cranes are installed to reduce power requirements.

#### SDG 12

- IIL is the first ISO 14001 (Environmental Management System) certified company in Pakistan.
- Steel, by nature, is one of the most aggressively recycled materials in the world. All steel & zinc scrap at IIL is recycled.
- IIL has dedicated forecasting and production planning departments that work to optimize production & storage and minimize wastage of any kind.
- IIL's polymer division uses polyethylene & polypropylene. Both these materials are 100% recycled in-house.
- All effluent waste is neutralized through treatment at our Effluent Treatment Plant (ETP) prior to drainage.
- IIL has targeted a 25% reduction in paper and printer ink consumption via reduction of excess paper usage, double sided printing, paperless Board meetings & annual reports.
- IIL has commissioned a third party environment management audit of its manufacturing facility to ensure that all pre-requisite environmental effluents, emissions, noise and waste disposal is carried out as per law and to determine any gaps in its EMS system.



### SDG 13

- Testing of factory and vehicular emissions carried out through recognised independent laboratories for compliance with the National Environmental Quality Standards (NEQS).
- Fume scrubbers are in-place at IIL factories for acid fume exhaust chimneys which neutralize emissions prior to discharge using 100 feet high fume scrubbers.
- Boiler & generator emissions undergo regular testing to ensure compliance with NEQS.
- Annual targets to reduce electricity and natural gas consumption in line with international standards.
- All IIL factories have dedicated green belts with plantations.

### SDG 14

- Daily in-house effluent testing.
- Testing of factory effluents through 3rd parties and recognized laboratories for compliance with the National Environmental Quality Standards (NEQS).

### SDG 15

- Sludge generated from the effluent treatment plant (ETP) is transferred responsibly to designated landfill sites for environment-friendly disposal through EPA certified contractors.





## 4. Disclosure & Transparency



- Audited annual and un-audited quarterly results are published on company and PSX website.
- IIL is registered with the Ministry of Environment under the Self-Monitoring and Report Tool (SMART) program.
- IIL partnered with local utility companies to co-scrutinize electricity generation.
- 'Meri Awaz' policies are in place to report any corrupt or unethical behavior if employees feel that they are not able to use the normal management routes. This policy is reviewed and refreshed on a periodic basis.
- IIL follows an open-door policy and employees are free to send emails, phone or talk directly to the senior management. Employees can give suggestions and raise grievances, concerns or any matter related to the Company. In case the matter is of a significant nature, the same is addressed in the meetings of the Management Team (MT) or the Board of Directors or the relevant Board Committees.
- IIL conducts regular Town Hall Meetings led by the CEO, to have clear disclosure and communication of the Company's current situation and strategic direction to its management employees. Town Hall is also a platform for the employees to communicate with the CEO directly and openly.
- Our quarterly newsletter, "Pipeline" is circulated to all employees to highlight the latest events and developments at IIL.



## 5. Local Communities



### SDG 1

- IIL contributes 2.5% of its Profit after Tax (PAT) towards CSR activities, the primary focus of which centers around education, health and welfare for the underprivileged particularly in the areas around our factories.
- IIL prefers to hire from the local communities in the surrounding factory locations in order to generate livelihoods.
- Direct employment provided to more than 1,600 people by IIL. Indirect impact on job creation by the steel industry is estimated at 7X by the American Iron & Steel Institute (AISI). We contribute to indirect employment through the supply of essential raw materials to downstream industries and provision of credit to our dealers and distributors.

### SDG 2

- IIL recognizes that poverty is a major cause of hunger & malnutrition. Therefore, IIL strives to ensure commensurate compensation to all employees & workers. IIL also ensures that none of our service providers pay their employees less than minimum wage.
- Subsidized food is provided to IIL employees at factories. Food & water wastage is discouraged through on-site signage.

### SDG 3

- IIL has a legacy of donating to medical & health facilities such as: SIUT, LRBT, Baitul Sukoon Cancer Hospital, LHWS, Indus Hospital, MALC, Al Rehmat Hospital & SINA Health Education amongst others.
- IIL has also established the IIL-SINA Childlife clinic near the IIL factory where over 30,000 patients are given free or heavily subsidized medical care every year. The land purchase, construction and running costs of the SINA Clinic – IIL Centre were funded by IIL.
- IIL made a substantial contribution towards the "Amir Sultan Chinoy Chair" at the Aga Khan University Hospital in Karachi – a permanent endowment fund.
- IIL has contributed completely free of cost structures to the Indus Hospital, Jinnah Medical Center, The Society for Rehabilitation of Special Children, a mental illness rehab center for the Caravan of Life Trust.

### SDG 4

- IIL contributed a structure to Hunar Foundation (one of Pakistan's foremost technical & vocational training institutes).
- IIL donated an entirely free of cost structure to the Charter for Compassion, an NGO, for a 'school under the bridge' built for underprivileged children in Karachi.
- IIL has linked up with The Citizens Foundation (TCF) and continues to support all operating expenses for a TCF primary school in the vicinity of the IIL factory. The TCF-IIL Campus provides free/affordable education to almost 400 students.
- IIL sponsors scholarships at NED University of Engineering & Technology.
- IIL's donation to the Amir Sultan Chinoy Foundation has been used to support various educational and healthcare causes.
- We regularly sponsor student seminars for NED Architectural Students.
- IIL recycles most of its paper waste and the proceedings are used for the education of under-privileged children.
- We have also made a major contribution in construction of the Institute of Architects of Pakistan's new IAP House building in Karachi.

## **SDG 5**

- IIL is a equal opportunity employer.
- IIL encourages gender diversity and acknowledges the role of women at the workplace
- Zero gender-based cases reported during the year.
- Special facilities have been provided for the comfort of female staff at our locations.
- The IIL TCF campus has a 41% female enrolment.

## **SDG 6**

- IIL helped fund and install water hand pumps in a deserted part of Sindh which provides clean water to approximately 150 people in an underprivileged community with limited access to clean water.
- IIL's PPRC print and media campaigns are designed to educate our dealers and customers about the potential risks posed by water leakages. We held multiple plumbers training events to educate our partners on proper usage of material and equipment.
- A large proportion of IIL's products are used in water transmission and distribution. We continue to educate our customers on the importance of using high quality, non-carcinogenic materials for the supply of potable water.

## **SDG 10**

- IIL provides equal opportunity to all employees.
- IIL workforce also contains differently-abled employees in various positions.
- No complaints of gender insensitivity or other inequalities have been raised.
- IIL is a merit based organization where no preference or special treatment is given to any individual.
- IIL has constructed a shed for The Society for Rehabilitation of Special Children. This shed was built using IIL Hollow Structural Sections (HSS) and provided the children with a safe play and learning area.

## 6. Ethical Standards



### SDG 12

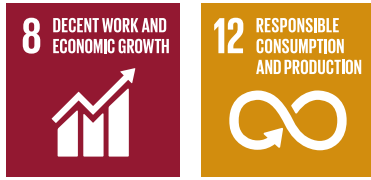
- IIL is certified by international and local certification companies including, Lloyds Register Quality Assurance (UK), American Petroleum Institute (API), CNC Services, UL, PNAC and PSQCA.

### SDG 16

- IIL adherence to human rights is enshrined in the Code of Conduct and confirms its commitment to respecting fundamental human rights and treating employees, customers and all internal & external stakeholders with fairness, equality and respect in order to foster an open, transparent, and trusting environment which is free from prejudice, discrimination, bias, harassment and violation.
- For IIL, the policy on Code of Conduct and Ethical Practices is reviewed and acknowledged each year by all Directors and employees. This ensures that respect for human rights remains fully integrated into its business activities.
- The Code of Conduct covers business ethics, respect for rights of stakeholders, conflicts of interests, environment, regulatory compliance and personal conduct.
- Grievance Policies are in place for all employees to raise concerns so that these can be addressed.
- Once every two years, IIL's Management and CBA enter bilateral negotiations on Charters of Demands raised by both parties. IIL's Industrial Relations Department is dedicated to address all and any worker related issues and is constantly in communication with the CBA and unions with the objective to maintaining industrial peace. Good relations were maintained with CBA and no strike or unrest witnessed during the year.
- No case of tax evasion/corruption were reported during the year.



## 7. Stakeholder Engagement



Our stakeholders including, employees, customers, suppliers, contractors & agents, bankers, lawyers and shareholders are continuously engaged by dedicated departments in IIL to educate them on our sustainable development targets.

Over the years, we have also engaged the following third parties to ensure our sustainable development goals are met:

1. The Citizens Foundation
2. Amir Sultan Chinoy Foundation
3. Aga Khan University Hospital
4. Sindh Institute of Urology and Transplantation (SIUT)
5. Layton Rahmatullah Benevolent Trust (LRBT)
6. Baitul Sukoon Cancer Hospital
7. Cancer Care Hospital
8. Caravan of Life Trust Pakistan
9. Indus Hospital
10. Marie Adelaide Leprosy Centre (MALC)
11. Al Rehmat Hospital
12. SINA Health, Education & Welfare Trust
13. Hunar Foundation
14. The Charter for Compassion
15. Pakistan Business Council (PBC)
16. Centre of Excellence in Responsible Business (CERB)
17. National Steel Advisory Council (NSAC)
18. Pakistan Institute of Corporate Governance (PICG)
19. Institute of Business Administration (IBA)
20. Lahore University of Management Sciences (LUMS)
21. Institute of Chartered Accountants of Pakistan (ICAP)
22. The Institute of Cost & Management Accountants of Pakistan (ICMAP)
23. NED University of Engineering & Technology
24. Institute of Architects, Pakistan (IAP)
25. Literate Pakistan
26. Management Association of Pakistan (MAP)
27. Pakistan Society for Training and Development (PSTD)
28. National Environmental Quality Standards (NEQS)
29. Sindh Environmental Protection Agency (SEPA)
30. Pakistan Environmental Protection Agency (Pak. EPA)

# VIS Ratings

VIS Credit Rating Company Limited (VIS), approved by Securities and Exchange Commission of Pakistan and State Bank of Pakistan, is operating as a 'Full Service' rating agency providing independent rating services in Pakistan. In 2019, we were awarded high ratings from VIS, further underlining our financial credibility.

Long Term Credit Rating	AA- (Double A Minus)
	High credit quality, protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.
Short Term Credit Rating	A-1 (A-One)
	High certainty of timely payments; liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.
Rating Outlook	Stable
Rating Rationale	The assigned ratings incorporate the IIL's position as the largest tube and pipe manufacturer in the country. Moreover, the extensive experience and track record of sponsors in the steel sector is also a key rating driver. Ratings also reflect stable and improving financial profile of IIL and strong corporate governance framework.



# Environmental Impact

At the core of our business is the production process, our operations therefore naturally have an impact on the environment. As Pakistan faces energy, pollution and water scarcity issues, we believe that the most direct and visible impact of our efforts will come from our environmental efficiencies. As responsible corporate citizens we have provided a transparent examination of our environmental impact.

Although our primary raw materials, steel, zinc and polymers do not have a direct impact on our immediate environment, our Company strongly believes in minimizing environmental damage that might result from any of our production processes. Most of the technology and equipment in our operations is environmentally efficient and compliant with international and national environmental standards.

Environmental considerations are taken into account by us at the time of project costing and purchasing. Furthermore, all future investments are preceded by an environmental impact assessment.

Achievement	Action	Benefit
In-house power plant – Electricity Generation	ILL has installed a natural gas burning power plant with 4 generators that creates 4 Megawatts of Energy by co-generation	Increase in self-sufficiency. Reduction on dependence on local electricity providers.
Excess Energy Production	Any excess electricity produced is constantly sold to local electric providers through the integrated electric grid system.	Assist in the reduction of energy shortage of Pakistan. Ensure optimum energy consumption by ensuring stable and constant generation.
Excess Heat Waste Utilization	We utilize all waste heat from the gas burning process by redirecting it to our chilling facilities. Furthermore, the steam created is used in our galvanizing process, thus eliminating the need for the gas fired burner that was used before.	Reduction in external energy demands as air-conditioning and operational processes are powered without additional cost or the dependence on local electricity and gas.



Achievement	Action	Benefit
Effluent Water Treatment Plant	Treats contaminated water waste during our production stage. The water is treated and released into the sewage system.	Treated water released into the local sewage systems is not harmful to local water bodies or biodiversity.
Fume Scrubbers	ILL has installed five fume scrubbers for acid fume exhaust chimneys.	Fume Scrubbers are pollution control devices designed for the removal of industrial fumes and odors, particularly acid fumes, chemical fumes and toxic gasses. This decreases impact from our industrial fumes.
Reverse Osmosis Plant	All water used for internal processes is filtered.	The Reduction in reliance on municipal water systems, thereby assisting in the reduction of water scarcity in Pakistan. Our employees benefit from higher water quality.

These initiatives not only help ILL improve its long-term sustainability, but also position the Company as a model corporate citizen that contributes to the nation and the environment at large.



# Waste Management

As part of our belief in the concept of the circular economy, we intend to minimize our waste and maximize the recycling of our steel. Any by-products generated as a result of the manufacturing process are collected and disposed of in a responsible manner or sold.

The table below illustrates the types of wastes produced in the last fiscal year. Furthermore, it identifies when the waste is produced and how it is disposed off.

Recycled Item	Action Taken
Steel	<p>Steel scrap remnants are collected throughout the production process and are recycled in multiple ways.</p> <p>Certain types of steel scrap are collected, compacted and sold to steel recyclers to make iron bars.</p> <p>Steel side cuttings are reused as bailing hoops in pipe bundles.</p> <p>Steel edge side cuttings are compacted &amp; sold as steel scrap.</p>
Zinc	<p>IIL has installed a zinc reclamation unit through which all zinc by product is processed and recycled after ensuring zero generation of smoke and dust during the zinc recovery process, thereby decreasing the emission impact on the environment.</p> <p>Furthermore, zinc dross is filtered and sold to international and local buyers for further recycling into red seal, a material additive for rubber tires.</p> <p>Zinc oxide is sold as a raw material for the manufacture of Zinc Phosphate fertilizer.</p>
Hydrochloric Acid	<p>IIL has setup effluent treatment plants (ETP's) that treat and neutralize hydrochloric acid before it is released into the drainage system.</p> <p>This ensures that we avoid water contamination, prevent diseases, and maintain the biodiversity in downstream waterways.</p>
Used Oil	Used oil is sold to re-cyclers and contractors
Solid Waste	Solid waste is sent to a landfill site for disposal through EPA certified contractors
Effluent Treatment Plant Sludge Waste	ETP sludge sent to a landfill site for disposal
Iron Oxide	Iron oxide is created as a by-product of the acid regeneration process, which is then sold to local and international buyers as a raw material for manufacture of red oxide paint.

Note: The polymer pipe production process is highly environmentally efficient and generates minimal wastage. Any polymer not utilized in the production stage is crushed and put back into the production process.

# Environmental Compliance

ILL conducts internal and external checks to ensure its environmental, health and safety and production processes are in line with international and national standards.

Checks	Purpose	ILL
Quality Management Team	Various departments ensure that the organization follows international standardization of environmental benchmarks of the production process, along with product quality.	ILL adopts a precautionary approach to environmental or engineering issues by encouraging the use of corrective and preventative notification processes
HSE Team	ILL departments that ensure that the organization follows international and local standards of safety guidelines for employees whilst at factory floors. Furthermore, the HSE teams constantly monitor internal environmental impacts to ensure compliance with the requirements of governmental bodies such as the EPA Punjab and Sindh.	ILL conducts regular environmental audits of the factories and submits findings to regulatory entities
Pakistan Environmental Protection Agency	Local government authority that has defined acceptable limitations, the National Environmental Quality Standards (NEQS), on factory water quality, emissions discharged and waste from its production process.	ILL is compliant with all listed quality standards. Tests are conducted in an in-house lab facility.
M/S Lloyds	International, United Kingdom based, certification body that assures that the QA&HSE Management System complies with ISO 9001, ISO-14001 & OHSAS 18001 global standards / ISO 45001.	ILL is compliant with ISO 9001, ISO 14001, & ISO 45001.





# BUSINESS AT A GLANCE

## Relationship with Stakeholders

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

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

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

#### Investor Relations Section on the corporate website:

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



# RISK & OPPORTUNITY

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

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

# CODE OF CONDUCT

The Code of Conduct is applicable to the Board of Directors as well as all the employees of the Company, and employees of local and overseas wholly-owned subsidiaries. Salient features of the Code of Conduct are as follows:

## A. BUSINESS ETHICS

- i) The Company's policy is to conduct its business with honesty and integrity and be ethical in its dealings, showing respect for the interest of all stakeholders including its shareholders, employees, customers, suppliers and society at large.
- ii) The Company is dedicated to providing a safe and non-discriminatory work environment for all employees.
- iii) The Company does not support any political party or contributes funds to groups whose activities promote political interests.
- iv) The Company is committed to provide products which consistently offer value in terms of price and quality and are safe for their intended use to satisfy customer needs and expectations.
- v) The Board of Directors and the management are committed to ensuring that the Company is a responsible corporate citizen and that business shall be carried out in a sustainable manner.
- vi) Operations are carried out with minimum adverse effect on the environment and producing quality products in a healthy and safe working environment.
- vii) We, as a responsible corporate citizen, shall play our part in the betterment of society in health and education sectors as a part of our Corporate Social Responsibility.

## B. CONFLICTS OF INTEREST

- i) Every employee should conduct her/his personal and business affairs in a manner such that neither a conflict, nor the appearance of a conflict, arises between personal interests and the interests of the Company.
- ii) An employee should avoid any situation in which she/he, or a family member, might profit personally (either directly or indirectly) from the Company's facilities, its products, or relationships with its vendors or customers.
- iii) An employee should not permit herself/himself (or a family member) to be obligated (other than in the course of normal banking relationships) to any organization or individual with whom the Company has a business relationship. However, business lunches, dinners or social invitations, nominal giveaways and attendance at conferences and seminars would not be considered a violation of this Code.
- iv) In case an employee is offered or receives something of value which he/she believes may be questionable under this Code, he/she should disclose the matter.
- v) Conflicts of interest shall be avoided and promptly disclosed where they exist and guidance should be sought from supervisors.

## C. ACCOUNTING RECORDS, CONTROLS AND STATEMENTS

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

## D. ENVIRONMENT

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

## E. REGULATORY COMPLIANCE

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

## F. PERSONAL CONDUCT

- i) All employees should conduct themselves with the highest degree of integrity and professionalism at the workplace or any other location while on company business.
- ii) Employees shall be careful while dealing with personal or business associates and not disclose, divulge or provide any information regarding the Company to anyone except where the same is used as a part of her/his official obligations and as required for official purpose and shall abide by the Closed Period announced by the Company from time to time and also sign a Non-Disclosure Agreement if the need arises.
- iii) Employees should avoid any kind of bribery, extortion and all other forms of corruption.
- iv) Employees should always be cognizant of the need to adhere strictly to all safety policies and regulations.
- v) Any legally prohibited or controlled substances, if found in the possession of any employee, will be confiscated and, where appropriate, turned over to the authorities.
- vi) Employees must ensure no instances of personal deliveries using the Company's resources, tax number and/or business name.

## G. MISCELLANEOUS

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







# CHAIRMAN'S REVIEW



Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the annual financial results of your Company for the year ended June 30, 2022.

Mustapha A. Chinoy  
Chairman

The strength of the post-Covid recovery generated healthy results for most businesses for FY 2021, including your Company. The growth, however, proved short-lived as new economic developments unfolded and brought fresh challenges for FY 2022 that your Company has coped well with. Rising raw material prices, depreciating PKR, increasing interest rates and shipping congestion were just some of the challenges that the Company had to navigate.

Rising cost inflation and depreciating per capita income reduced consumer purchasing power as a result of which the Large-scale Manufacturing (LSM) sector was unable to build upon growth achieved in FY 2021. The Government's efforts to avoid a default constricted the industry; such as imposition of 100% cash LC margin which had a severe impact on businesses' ability to procure raw materials. The war in Ukraine, coupled with economic challenges of the developed world, are likely to keep business conditions tough in the short to medium term.

Against this backdrop of multi-faceted challenges and constraints, your Company maintained its market share and grew its exports into key markets in Europe, North America and Australia. We achieved a sales revenue of PKR 37.9 billion, generating Profit After Tax (PAT) of PKR 2.156 billion (EPS Rs. 16.35). The Company continued to distribute a fair return to our valued shareholders by way of interim and final dividends.

IL and its subsidiary, International Steels Limited (ISL), sold over 595KMT of steel products, including exports of 134KMT, and posted turnover in excess of PKR 129 billion for the year under review. Group contributions to the national exchequer during the year amounted to PKR 26 billion. ISL reported PAT of PKR 5.4 billion. Its gross turnover was PKR 91 billion, compared to PKR 70 billion in the preceding year.

Despite the global economic headwinds, we continued to promote our brand and seek new opportunities for growth. The Company has gained a strong foothold in the export markets of Australia and North America by operating effectively through its overseas subsidiaries. IIL Construction Solutions (Pvt) Ltd, another newly-formed wholly-owned subsidiary, is developing strong customer awareness and has achieved some early successes. However, the Company's Polymers segment faced a challenging year as the two national gas companies were forced to cancel or delay most tenders. During the year under review, we have embarked on an expansion to complement our PPRC product range by adding uPVC pipes and fittings to our portfolio; commercial production has started and a wide range of products has been launched.

I would like to acknowledge the dedication displayed by our employees in steering the Company during these troubled times.

I am delighted to report that our CSR efforts proudly supported a diverse spectrum of reputable not-for-profit entities during the year under review.



## Changes to the Board

During the year 2021-22, a casual vacancy arose due to the resignation of Mr. Riyaz T. Chinoy as a non-executive director that was filled by the appointment of Mr. Haider Rashid as director for the remaining term of the existing Board of Directors. Further, the term of the existing Board is going to be completed at the conclusion of the forthcoming 74th AGM where a fresh election will be held to elect directors for a term of the next 3 years.

## Performance of the Board

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

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

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

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

This was the tenth year that the Board as a whole carried out its self-evaluation and was also the fifth time that individual directors were self-evaluated. The evaluations identified areas for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, board composition and providing oversight to the management. Along with the Board's self-evaluation, the Board Audit Committee (BAC) and the Board Human Resource & Remuneration Committee (HRRC) also carried out their self-evaluations.

The BAC and the HRRC are chaired by Mr. Jehangir Shah and Mr. Mansur Khan respectively, both independent directors. The Board normally meets at least once every quarter to review operational results, once a year to consider the budget for the following financial year while another meeting is focused on strategy.

In closing, on behalf of the Board, I wish to acknowledge the contribution of all our stakeholders, including shareholders, directors, customers, employees, bankers and suppliers. While I accentuate that the economic conditions are likely to remain difficult for FY 2023, I am confident that your Board and management are capable and fully prepared to face these challenges with resilience and optimism, as we have in the past.



Mustapha A. Chinoy  
Chairman  
August 22, 2022

یہودی کی کارکردگی

یہودی نے اپنے فرائض ادا کرنا ساریاں صحیحی سے انجام دیں اور کئی کوششوں کی اور گورنرس کے معاملات میں مڈل مین بن کر رہی۔ یہودی نے انتظامیہ کی کارکردگی کو انیٹر کرنے اور بڑے وعدہ ثبات کے لیے یاد کی جانے والی اہم کردار ادا کیا۔ یہودی نے حکمت عملی کی منصوبہ بندی کے عمل اور کئی کے ڈیٹن کی سپورٹ میں بھرپور شرکت کی۔

یہودی کا یہ کہ منظم کارپوریشن گورنرس کے طریقہ کار کا رپورٹ احتساب میں اضافے کیلئے تاغیر ہے اور اس کی ہولڈرز کی اقدار کو تھکا دینے اور برقرار رکھنے کیلئے کارپوریشن گورنرس کے اعلیٰ معیارات کو چیلنج بنانے کیلئے پوزم ہے۔ تمام یہودی ممبروں بشمول خود کارپوریشن نے یہودی کی فیصلہ سازی کے عمل میں بھرپور شرکت کی اور اپنا کردار ادا کیا۔

کئی کے چیئرمین کی حیثیت سے میں یہودی کی قیادت کرنے، کیلئے دل اور قیصری کلچر کے فروغ کیلئے، اہم معاملات پر ڈیٹن بحث و مباحثہ کی ذمہ داری نبھاتا رہوں گا اور اس بات کو یقینی بنائوں گا کہ یہودی کو انتظامیہ کی جانب سے معلومات اور آراء وصول ہوتی رہیں۔ میں اس بات کو یقینی بنانے کیلئے پوزم ہوں کہ آپ کی کئی تمام صلاحیتوں اور مضامین پر عمل پیرا رہے گی اور یہ کہ انتظامیہ ایسے فیصلے کرے گی جو آپ کیلئے مفید اور مددگار ہوں اور طویل مدت کیلئے فائدہ مند ہوں۔

کئی کا اینڈورسمنٹ اور مددنی آڈٹ کا فیصلہ مثبت ہے جو وعدہ ثبات پر مبنی طریقہ کار موجب کرتا ہے اور اندرونی آڈٹ کے امور کی رہنمائی کرتا ہے۔ اندرونی آڈٹ ممبروں کی سیاسی کی بنیاد پر یہودی آڈٹ کمیٹی (BAC) کو پیش کی جاتی ہیں اور باہری کی ضرورت کے لیے یاد دہانیوں کیا جاتا ہے۔

یہ دو سال تھا جب یہودی نے خود کو اپنی جانچ کی اور پانچویں مرتبہ کی کہ ایک ایک ہرڈ انیٹر نے اپنی جانچ کی۔ جانچ میں مالی بہترین معیارات کے مطابق حویہ باہری کی ضرورت دالے لایہ یاد کی انتظامیہ کی عملی۔ مرکزی توجہ حکمت عملی کے تحت ترقی، کاروبار کے مواقع، وعدہ ثبات کے تدارک کے انتظامات، یہودی کی تشکیل اور انتظامیہ کو نظر انداز ہونے والے امور یا ذرا اہم کرنے پر رہی۔ یہودی کی خود کشی کے ساتھ ساتھ یہودی آڈٹ کمیٹی (BAC) اور یہودی مین ممبروں ایڈریسز کی کمیٹی (HRRC) نے بھی اپنے شعبہ کی خود جانچ کی۔

BAC اور HRRC کی سربراہی انترجوب جانب بجا گھر شاہ اور جانب منصور خان نے کی، جو خود کارپوریشن کے کاروبار کی عمل کے نتائج کا جائزہ لینے کیلئے عام طور پر ہر سال میں یہودی کی ایک میٹنگ ہوتی ہے جس کا سلسلہ سال کیلئے بجٹ پر غور کیلئے سال میں ایک میٹنگ ہوتی ہے نیز ایک اور میٹنگ میں حکمت عملی پر توجہ دی جاتی ہے۔

آخر میں، یہودی کی جانب سے میں اپنے تمام اسٹیک ہولڈرز، بشمول شیئر ہولڈرز، انیٹرز، مسٹرز، ایڈیٹرز، دیگر ذرا اور پلانرز کے تعاون کا شکریہ ادا کرتا ہوں۔ جبکہ میں یہ بات دہرے کر رہتا ہوں کہ یہودی کی سال 2023 میں بھی معاشی صورتحال میں مشکلات رہیں گی مگر مجھے یقین ہے کہ آپ کا یہودی اور انتظامیہ خود اعتمادی اور پوری امید کے ساتھ ان چیلنجوں کا مقابلہ کرنے کی صلاحیت رکھتے ہیں اور پوری طرح تیار بھی ہیں جیسے کہ ماضی میں اس کا مظاہرہ کیا گیا ہے۔



مستقل اے چانے  
چیئرمین

کراچی 22 اگست 2022



# چیمبرمین کا جائزہ



مزید جھمکس داران

بورڈ آف ڈائریکٹرز کی جانب سے میں آپ کی کمپنی کے سالانہ مالیاتی نتائج برائے سال 30 جنوری 2022 پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

مصطفیٰ اے چٹائے  
چیمبرمین

کوڑی بجائی کے بعد کے مہرے میں مالی سال 2021 کے لئے آکس لارڈز پر مشتمل آپ کی کمپنی کیلئے اچھے نتائج سامنے آئے ہیں۔ تاہم ترقی کی یہ رفتار ماضی رہی کیونکہ بے معاشی حقائق کا سامنا کرنا پڑا اور مالی سال 2022 کے لئے بے نتیجہ دورانی آئے مگر آپ کی کمپنی نے ان کا بخوبی مقابلہ کیا۔ خاص مال کی بڑھتی ہوئی قیمتیں، پاکستانی روپے کی قدر میں کمی، شرح سود میں اضافہ اور فینک میں ریش کے باعث تاخیر، چھاپے مسائل ہیں جن کو کمپنی نے کامیابی کے ساتھ حل کیا۔

افراد کی باہمی فیسوں میں اضافے اور نئی کس آمدنی کی قدر میں کمی سے صارفین کی خریداری کی قوت کم ہو گئی جس کے نتیجے میں بڑے پیمانے کی بیچ بھجورنگ (LSM) کے شعبے کی مالی سال 2021 کی ترقی کا ادراک جتنا کم نہیں رہا۔ معیشت کو دیرالے کے بعد فیس سے بچانے کیلئے کوئی کوٹھنوں جیسے 100% کیش اعلیٰ مارچن کے بخاؤ سے مستثنیٰ کی تمام مال کی خریداری کی صلاحیت شدید متاثر ہوئی۔ یوکرین کی جنگ کے ساتھ ترقی یافتہ دنیا کے معاشی نتیجے کا ادراک باری طور پر قابل کوٹھنوں سے اسطرت تک مشکلات سے دوچار نہ کہہ سکتے ہیں۔

کثیرالجہتی چیمبر اور نیاؤ کے بیکس مہر میں آپ کی کمپنی نے مارکیٹ شیئر برقرار رکھا اور بوسپ، مالی امریکا اور آسٹریلیا میں اہم مارکیٹس کو برآمدات میں اضافہ کیا۔ ہم نے 37.9 بلین پاکستانی روپے کی فروخت کی اور 2.158 بلین پاکستانی روپے کا قفل ازگس نتائج (فی شیئر 16.35 روپے) حاصل کیا۔ کمپنی نے اپنے معروضی مہلہ میں مجموعی اور حتمی ڈیویڈنڈ کے طور پر اچھی رقم تقسیم کی۔

III اور اس کی ذیلی کمپنی اور پھیل (ISL) نے 595KMT سے زیادہ، مشیل پروڈکٹس فروخت کیں جن میں 134KMT کی برآمدات شامل تھیں اور مزید چار سو سال کیلئے مجموعی فروخت 129 بلین پاکستانی روپے ہوئی۔ ISL نے اسی سال 6.4 بلین روپے کا نتائج حاصل کیا اور گزشتہ سال کی 70 بلین پاکستانی روپے کے نتائج سے 91 بلین پاکستانی روپے کی مجموعی آمدنی حاصل کی۔

مالی معاشی چیلنجوں کے باوجود ہم نے اپنے براؤز کی پروڈکشن اور ترقی کے بے سواقی حقائق کرنے کا قفل جاری رکھا۔ کمپنی نے سندھ پارکام کرنے والی اینٹی ڈیپلی کمپنیاں کے ذریعے آسٹریلیا اور مالی امریکا کی برآمدی مارکیٹس میں اپنے قدم مضبوطی سے جمائے۔ جاری ایک اور کل منسلکی ذیلی کمپنی III کانسٹرکشن سلوشن (پرائیویٹ) لمیٹڈ صارفین کو بھرپور آگہی فراہم کر رہی ہے اور کھانا پکانے کا میکانا بھی حاصل کر چکا ہے۔ تاہم کمپنی کے پلیمر کے ہم کیلئے ایک نتیجہ والا سال ثابت ہوا جبکہ وہی گیس کنڈر نے فیڈرل مینسٹری کے لئے کال لیا۔ مزید چار سو سال میں ہم نے اینٹی PPRC پروڈکٹ میں UPVC پائپس ایڈیٹور شامل کر کے اپنے پورٹ فولیو میں توسیع کا آغاز کر دیا ہے جبکہ کرکٹس پروڈکشن شروع ہو چکی ہے اور پروڈکٹس فراہم کی جارہی ہیں۔

میں مشکل وقت کے دوران میں کمپنی کے امور کی نگرانی کے ساتھ جاری رکھنے پر اپنے ملازمین کا دل سے احراق کرتا ہوں۔  
مجھے یہ بتاتے ہوئے بہت خوشی محسوس ہو رہی ہے کہ جاری مالی خدمات کی قابل غرا کاروں نے معروف غیر منافع بخش اداروں کی متحضر خدمات میں ساتھ قابل غرا کاروں کیا۔

بورڈ میں شہر علیاں

سال 2021-22 کے دوران میں نان ایگزیکٹو ڈائریکٹر جناب ریاض فی چٹائے کا سلسلے سے ایک حاضری اسامی پیدا ہوئی جس کو جناب حیدر احمد کا بورڈ آف ڈائریکٹرز کی بہت کھلیے بطور نان ایگزیکٹو ڈائریکٹر تقرر کر کے پر کیا گیا۔ اس کے علاوہ موجودہ بورڈ کی مدت آئے والے 74 ویں سالانہ اجلاس عام کے اختتام پر مکمل ہو جائے گی جب اگلے 3 سال کی مدت کیلئے ڈائریکٹرز کے انتخاب کیلئے الیکشن کا انعقاد ہوگا۔

# DIRECTORS' REPORT

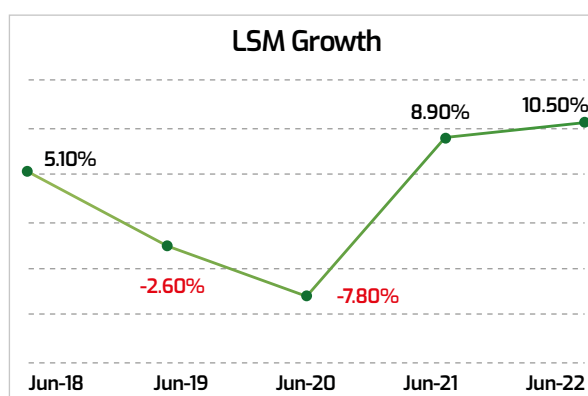
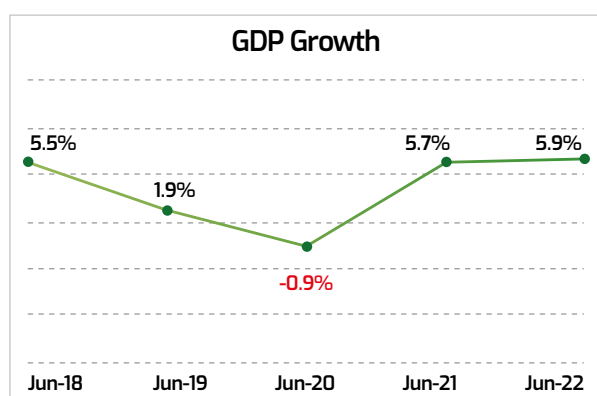
The Directors of International Industries Limited are pleased to present their report, along with the audited financial statements of the Company for the year ended June 30, 2022.

## BOARD COMPOSITION & REMUNERATION

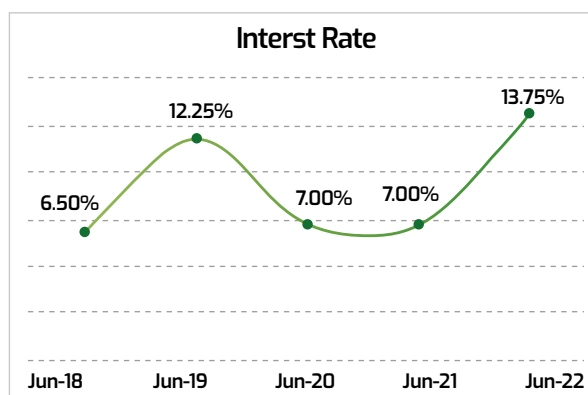
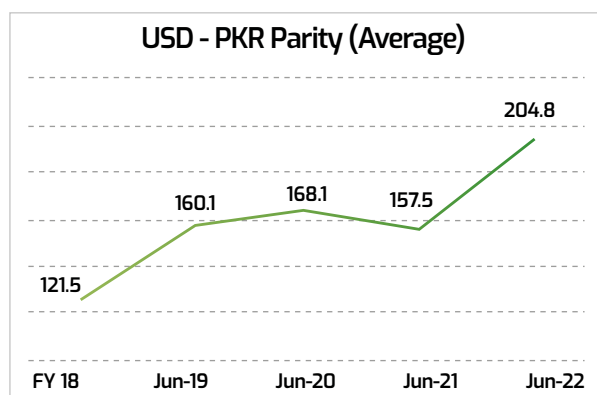
The composition of the Board and its sub-committees is disclosed on pages 131 & 145 (Corporate Governance section). The Company has a transparent policy and documented procedures for remuneration of its directors (refer to note 37 of the unconsolidated financial statements) in accordance with the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

## DOMESTIC ECONOMY

The economy registered a remarkable post-COVID recovery in FY2022. GDP grew by 5.97% and the Large Scale Manufacturing (LSM) sector grew by 10.50%. Record exports and foreign remittances of USD 31.8 billion and USD 31.2 billion respectively contributed positively to the economy.



More recently, however, the economy has begun to slow down because of the tightening monetary policy and rising input costs. The PKR has fallen sharply and State Bank of Pakistan has raised the policy rate as follows.



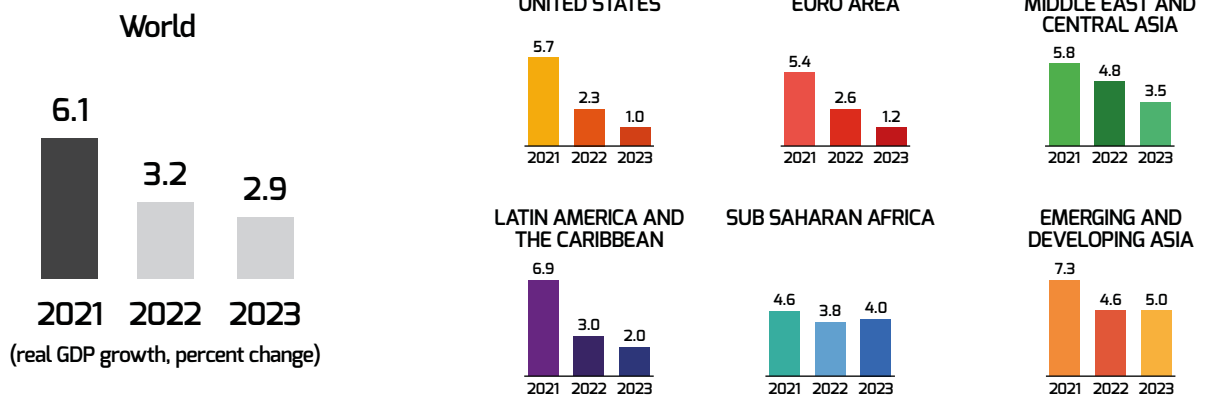
Minimum wage increase, sharply rising energy costs and new taxes (Super Tax, Poverty Alleviation Tax) are major challenges for FY 2023. The Government's measures to discourage imports by requiring a 100% LC margin in advance has made access to imported raw materials more difficult.

Economic growth for FY 2023 is forecasted to be low according to the IMF. High inflation in food and other basic necessities will restrict consumer ability to spend on goods that contribute to industrial growth. On an optimistic note, at the time of writing, it appears that Pakistan is closing in on loan deals with the IMF and friendly donor countries which may help stabilize the economy.

## GLOBAL ECONOMIC OUTLOOK

After a strong post-COVID recovery in CY 2021, the global economy has started to slow down sharply. From an impressive 6.1% in CY 2021, growth for CY 2022 and 2023 is anticipated to drop to 3.2% and 2.9% respectively. The war in Ukraine and supply chain disruptions continue to hamper energy and food supply, fueling worldwide inflation which is anticipated to reach 6.6% in developed economies and 9.5% in emerging markets this year. To control rising inflation, central banks across the globe continue to tighten monetary policy aggressively.

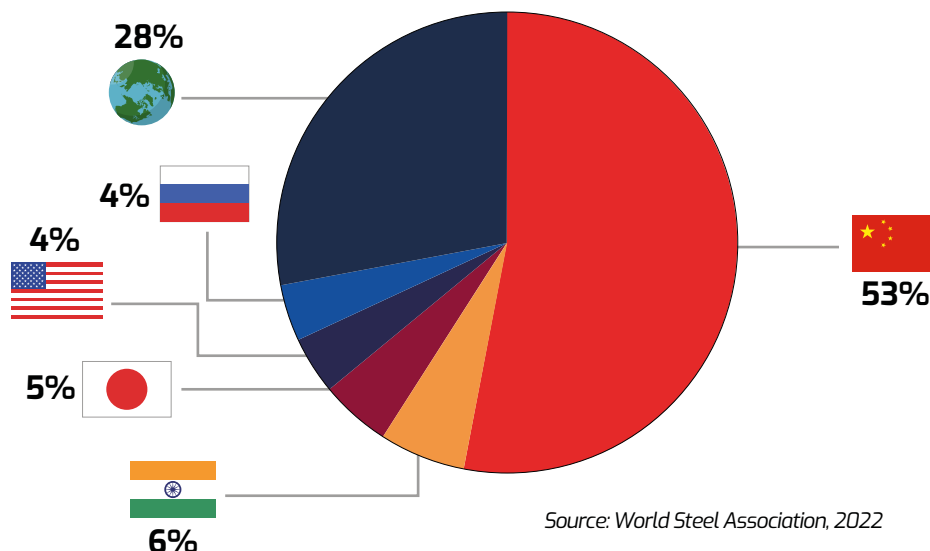
### WORLD ECONOMIC OUTLOOK UPDATE JULY 2022 GROWTH PROJECTIONS BY REGION



Source: IMF World Economic Outlook, July 2022

## GLOBAL STEEL SCENARIO

World crude steel production was estimated at 1.95 billion metric tons (MT) in CY 2021, which was 4% higher compared to the previous year. China accounted for 53% of global crude steel production and was down 3% year on year. Other major players include India (118 million MT), Japan (96 million MT), the United States (86 million MT), and Russia (76 million MT).



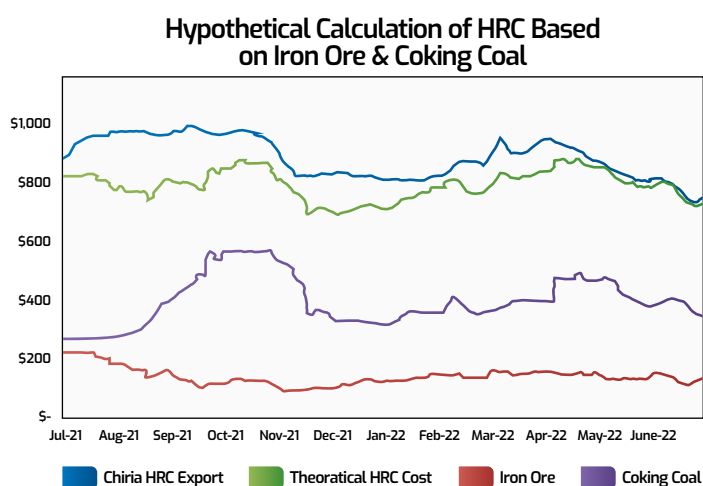
Source: World Steel Association, 2022



Steel markets remained volatile throughout FY 2021-22. The absence of Chinese steel exporters from the market and the war in Ukraine suppressed global supply for the most part of the year. Recently, the resumption of supplies from China has eased out supply constraints and prices.

Prime Hot Rolled Coil (HRC) prices have fallen sharply; from highs of USD 1,100 to just under USD 600 per MT during the year under review. As the USD strengthened, commodity prices and currencies tumbled alike. While the prices of hot rolled steel reduced by nearly 45%, a decline in the Pakistani Rupee value by over 31% has meant that the landed cost of steel in Pakistan remains almost the same.

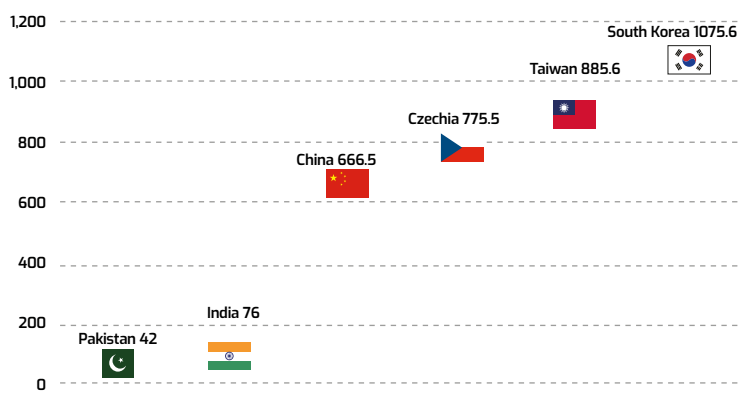
*Iron Ore, Coking Coal and Hot Rolled Steel Coil Price  
July 2021 – June 2022, USD per Ton*



Source: Fast Markets

According to the World Steel Association's outlook for CY 2022 and CY 2023, global spillovers from the war in Ukraine, low growth in China and recessionary pressures in other developed markets point to slow growth expectations for global steel demand.

The World Steel Association's assessment of steel consumption for 2021 indicates a world average of approximately 233 kg/capita. Pakistan remains well below the world average at an estimated 46 kg/capita, which continues to underline the immense potential for growth in the domestic steel manufacturing and processing industry, providing the impact of other external factors is managed effectively.



Source: World Steel Association, 2022

Pakistan's demographics, government-led construction packages, housing schemes, progress on dams, CPEC projects, etc., are positive indications of future growth in steel consumption.

## Steel Tube and Pipe Industry

The global steel tube & pipe industry manufactures a broad range of welded and seamless tubes & pipes. Steel pipes are used primarily in oil, gas, water, and fluid transmission & distribution, and various fencing and fabrication-related applications. Structural steel pipes and Hollow Structural Sections (HSS) are used in high-strength applications in the construction industry, whereas cold-rolled steel tubing is used in automotive parts, bicycles, home appliance manufacturing and various furniture and fabrication-related applications.

According to International Tube Association, global production of steel tubes & pipes was around 156 million MT (an increase of 3.1% year on year), which represents around 8% of total world crude steel output. The welded tube & pipe segment represents 72% of total tubes and pipes produced, whereas seamless pipe represents 28% of the production share. Chinese steel producers remain on top, producing 84 million MT.



Pakistan's steel tubes & pipes market size is estimated at approximately 750,000 MT out of a total steel products market size of 9-10 million MT. The domestic steel tubes & pipes market is highly fragmented and consists mainly of a large number of small-to-medium sized manufacturers scattered across the country. The growth of the industry is closely correlated with the domestic flat steel market which contracted by 14% in FY 2021-22 but is expected to grow in FY 2022-23.

## Stainless Steel

Global production of stainless steel was approximately 58 million MT in CY 2021 compared to 52 million MT in CY 2020 with a CAGR of 6% over a 5-year period. China remained the largest supplier of stainless steel with 56% of world's output.

Stainless steel tubes & pipes are typically suited for end-uses that require high corrosion and temperature resistance as well as aesthetic appeal. The 300 Series stainless steel, offering strong corrosion inhibition properties, comprise 57% of global stainless steel production. The more economical 200 Series constitutes 21%, whereas the 400 series, which is primarily used by the automotive sector, constitutes 21% of global production. Your Company's portfolio comprises of all these grades.

Pakistan's average stainless steel consumption is approximately 0.5 kg/capita whereas the world average is 6 kg/capita; this again indicates a substantial potential for growth in this segment.

## Polymers

Our polymers segment produces pipes and fittings for transmission and distribution of water and gas as well as for use in telecommunication and ducting applications. This segment has shown consistent growth over the last ten years, both in terms of volumes and profitability. With a strategic objective to continue expanding this segment, the Company has recently introduced uPVC pipes and fittings into its product offering.



## STRATEGIES, OBJECTIVES & CRITICAL PERFORMANCE INDICATORS

ILL remains focused on executing its mission to deliver excellent value to all its stakeholders while adhering to the best global practices. The Company plays a leading role in the country's pipe industry and strives to continuously improve products and processes to improve customer experiences and maximize shareholder returns. A detailed description of ILL's strategic imperatives, objectives and critical performance indicators can be found on page 61.

## COMPANY OPERATIONS

### Market Share

Your Company is the leading manufacturer of tubes & pipes in the domestic market for Galvanized Iron (GI) pipes, Cold Rolled (CR) tubes, Stainless Steel tubes & pipes, Hollow Structural Sections (HSS) and Black & Scaffolding pipes, having the largest product range in the segments it operates in. The IIL brand is a benchmark for quality and has, over several decades, earned continuing loyalty of its customers, dealers and business partners. The Company is continuously striving towards customer-centricity and is attuned to the market needs.

### Gross Sales

The Company achieved sales volumes of 171 KMT during FY22, with a turnover of PKR 37.9Bn (FY21: PKR 28.9 Bn), a growth of 31%

### Domestic Steel Sales

The Company's domestic sales for the year grew by 16% and were PKR 26.7Bn (FY21: PKR 23.1 Bn). Volumes were 10% lower than the last year due to the difficult business conditions during the financial year. Misuse of tax exemptions granted for FATA/PATA regions by unethical players, and shrinkage of market size due to uncertain economic conditions and steel price volatility had a substantial negative impact on sales volumes. Your Company was, however, able to maintain its market share.

The Company continues to actively enhance commercial and institutional customer engagement via nationwide events, sponsorships and direct engagement mechanisms. This is part of its keen focus on customer-centricity and deeply understanding market requirement.

### Export Steel Sales

The Company exported products worth USD 62.3 million translated into PKR 11.1 Bn (FY21: PKR 5.9 Bn). This growth was a result of an expansion in volumes of 9% compared to last year, achieved on the back of improved access to European markets, which offset the loss of volumes in Sri Lanka and Afghanistan due to the political upheaval in those territories. Our overseas subsidiaries in Australia and North America have played a key role in expanding our global footprint and delivered strong sales growth in these key markets.

We are pleased to inform you that your Company was ranked as the 26th largest exporter from Pakistan in FY 2022 (source: PSX) and won the prestigious FPCCI Best Export Performance Award 2020 in its segment for the 21st consecutive year.

### IIL Australia Pty Limited, Melbourne, Australia

IIL Australia, our wholly-owned subsidiary, continues to provide a stable export avenue for the Company in highly developed market. During the year, the Subsidiary achieved net sales of USD 31.1 million (FY21: USD 17.6 million), a growth of 77%, continuing to build a reliable base of satisfied business partners and customers.

IIL Australia has imported over 90,000 MT of product from IIL since its inception and has become a leading supplier to the Australian steel industry. In recognition of its performance, the Australian Border Force (ABF) accredited the Company as an Australian Trusted Trader (ATT) in June 2022, a prestigious accolade and a first for any Pakistan-origin corporation.

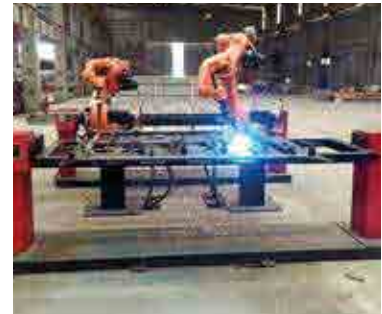


### ILL Americas Inc., Toronto, Canada

ILL Americas, also a wholly-owned subsidiary, continues to open channels of exports for ILL in the major market of North America. During the year under review, ILL Americas delivered tremendous growth, achieving sales of USD 15.0 million (FY21: USD 4.4 million), a growth of 340% .

### ILL Construction Solutions (Pvt.) Limited, Pakistan

ILL Construction Solutions is a newly-formed, wholly-owned subsidiary. This company was formed to provide innovative engineering solutions to the local construction industry and is already making its mark. During the year under review, the company entered into a strategic partnership with MEVA Schalungs Systeme of Germany, a world-leading company, to offer products and expertise using their formwork and shoring solutions. Net sales of the Company for the year under review were PKR 700 million (FY21: Nil).



### Stainless Steel Sales

Stainless steel tube sales grew by 74% compared to the previous year. The introduction of our economical SS 200 series of products and an expanded range of diameters and shapes have started to reflect in our overall volumes. Output is also expected to further increase next year as we commission new production lines.

### Polymer Sales

Turnover of polymer pipes and fittings was PKR 2.6 Bn. (FY 2021: PKR 3.4 Bn.), generating a gross profit of PKR 220 million (FY21: PKR 532 million). Sales volume in this segment shrunk because of an almost complete lack of tender orders from the two national gas companies, which suffered from budget cutbacks by government.

We continue to drive the same customer-focused approach in this segment that is associated with ILL brand in the steel segment. However, the proliferation of inferior quality polymer products in Pakistan makes sales and marketing of premium quality products to customers with limited product knowledge and diminished purchasing power a formidable challenge. The Company continues to create awareness about quality standards and the long-term health, financial and other implications of using sub-standard polymer pipe systems. This is achieved through regular nationwide dealer events, seminars, site visits and media campaigns. We also continue to educate institutional clients about quality standards for water and duct pipes; however, the commercial market remains a challenge where cheap, sub-standard product is readily available in abundance in the absence of adequate regulations.

## MANUFACTURING

Your Company has recently commissioned a plant to produce uPVC pipes and fittings at a cost of over PKR 200 million, which will complement our PPRC business. While PPRC pipes are used for water transmission into properties, uPVC pipes are deployed to remove water through drainage and sewerage. The addition of uPVC to our product offering will provide customers with complete solutions, backed by the ILL brand guaranteeing quality, and is expected to provide a major boost to the sales revenues of our Polymers segment. Two additional polymer extruders were also added during the year to cater to the growing demand for PE and PPRC water pipes.

The Company is also poised to commission four new stainless steel tube mills and polishing machines for square and rectangular tubes and sections, which will further enhance our product range and increase capacity.

## FINANCIAL REVIEW

### Company Results

The Company posted net sales of PKR 37,858 million, which was 31% higher than last year, earning a gross profit of PKR 4,669 million, Profit before Tax of PKR 3,657 million, and Profit after Tax of PKR 2,156 million. This has delivered an Earnings per Share (EPS) of PKR 16.35 to our shareholders.

These strong results, despite the backdrop of economic challenges and dampened demand, were a result of careful inventory and cost management even in the face of inflationary pressures, continuous negotiation of the best available borrowing rates from lenders, excellent export volumes, backed by a strong export showing by our overseas subsidiaries and sizeable dividends by our major subsidiary.

Cost of goods sold for the year at PKR 33,189 million was 33% higher than last year due to historical highs in steel prices in the first half of the year, coupled with the rapid depreciation in the value of the Pakistani Rupee. Selling and distribution expenses of PKR 2,588 million were 73% higher than last year on account of higher export sales volume and record increases in ocean freight costs to key, distant destinations. Administrative expenses of PKR 346 million were tightly controlled to be 10% lower than the previous year.

Other income of PKR 3,261 million showed an increase of PKR 209%, mainly due to higher dividend income and exchange gains on export sales. Financial charges during the year at PKR 1,182 million were 57% higher than the previous year primarily on account of a large rise in interest rates and higher borrowing levels required to import raw materials at increasingly disadvantageous USD: PKR exchange rates.

### Segment Review

Revenue from the Steel segment stood at PKR 35,207 million, yielding a gross profit of PKR 4,448 million. Revenue from the Polymer segment was PKR 2,651 million, generating a gross profit of PKR 221 million.

### Cash Flow Management and Borrowing Strategy

The rapidly depreciating PKR has increased the need to borrow, while continuously rising interest rates have added to the cost of borrowing. As a result, the amount of bank borrowing, as well as debt servicing requirements, has registered a sharp rise. The Company was able to partially mitigate the impact of these through proactive management of its banking relationships and financing lines and is working diligently to reduce its working capital requirements to minimize financial costs going forward. Furthermore, a continuous effort to access the best lending rates will ensure that the debt servicing obligation remains under check going forward.

The Company's debt ratio remained at 60% on June 30, 2022 (SPLY: 60%)

## DIVIDEND

Your Board of Directors has recommended a final cash dividend of PKR 6.0 (60%) per share. With the interim dividend of PKR 2.0 (20%) per share already paid during the year, the total dividend for the financial year 2022 will amount to PKR 8.0 (80%) (FY21: PKR 10.0) per ordinary share of PKR 10 each.

## AUDITORS

The present external auditors, A. F. Ferguson & Co., Chartered Accountants, were appointed in FY 2022. As recommended by the Board Audit Committee (BAC), the Board of Directors has approved the reappointment of the auditors for FY 2023.

The recommendations of the BAC for the appointment of the auditors may be referred to on page 150 (Report of the BAC on adherence to the Code of Corporate Governance).



## INFORMATION SYSTEMS AND REENGINEERING

We are committed to the process of continuously upgrading and enhancing our IT infrastructure and moving towards greater process automation. Additionally, our IT team remains focused on working closely with end-users in analyzing their operational activities to find opportunities to streamline, automate and digitalize processes.



## SOCIAL IMPACT

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



## HUMAN RESOURCE MANAGEMENT

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

### Industrial Relations

The bilateral negotiation and settlement with the CBA for 2021-2023 was harmoniously agreed upon in April 2022. The significant change was an increase of PKR 5,500 in the monthly gross salaries of workers.

Further, as approved in the Provincial Finance Bill, the minimum wage of unskilled workers was enhanced to PKR 25,000 per month from June 2022.

### Apprenticeship Training Program

Our Apprenticeship Training Program operates at all factories with apprentices obtaining training in the areas of production, maintenance and quality control. A stipend equal to the minimum monthly wage is paid to apprentices.

### Gratuity Scheme and Provident Funds

The Company provides retirement benefits to its employees including a non-contributory defined benefit Gratuity Scheme for all employees and a contributory Provident Fund for all employees except unionized staff. Both plans are funded schemes recognized by tax authorities.

### Employment of Differently-abled People

In pursuance of its own objectives of being a responsible and inclusive corporate citizen and complying with the legal requirements to hire differently-abled persons, ILL's workforce includes 20 differently-abled staff members, who are a valuable part of our team.

### Succession Planning

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

### Strategic Business Planning

A detailed strategic business planning exercise was conducted during the year under review involving the Company's senior and middle management. As a result, a 'ground-up' and comprehensive business strategy over a three-year horizon, with strong employee ownership, was presented to and approved by the Board of Directors.

### Employee of the Year and Long Service Awards

The Company has introduced an Employee of the Year Award and continued with its Long Service Awards program to motivate staff by acknowledging and rewarding their contribution in terms of value addition and length of service respectively.



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

The health and safety of employees are crucial to IIL. We take our responsibility for providing a healthy, safe, and hazard-free environment to our employees and contractors very seriously and strive to achieve this through our OHSE Management System that is stewarded by the HSE Department. To improve safety standards and to prevent incidents at work, the Company imparts appropriate training as a recurring function and distributes safety helmets, harnesses, gloves, shoes, and other PPEs to its workforce. The Company also ensured that 100% of its workforce was vaccinated against COVID-19 during the year. Further information on our OHSE initiatives is available in our Sustainability Report.



### CONTRIBUTION TO THE NATIONAL EXCHEQUER

IIL is registered with the Large Taxpayers Unit (LTU) and contributed over PKR 6.5 billion to the national exchequer in the form of Income Tax, Sales Tax, other taxes, duties, and levies during the financial year.

### INTERNAL CONTROL FRAMEWORK

The Board has in place an effective internal control framework which may be referred to on page 149.

### RISK, OPPORTUNITY, AND MITIGATION REPORT

The management, in consultation with the Board of Directors, continues to develop capabilities to anticipate risks and formulate suitable strategies to mitigate them while formulating our strategic roadmap.

A detailed Risk & Opportunity Report is presented on page 96 for further details.

### RELATIONSHIP WITH STAKEHOLDERS

IIL attaches the highest value to all its stakeholders' satisfaction and strives to nurture a positive relationship with them through effective and timely communication and interaction.

## QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

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

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

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

## COMPLIANCE

At IIL, we are firmly committed to ensuring effective governance through the adoption of best business practices and standards. The Board reviews the Company's strategic direction and business plans and performance regularly.

The Board Audit Committee (BAC) is empowered to ensure effective compliance with the Code of Corporate Governance. All related party transactions are placed before BAC for review and recommendation before seeking approval from the Board. Your Board is strongly committed to maintaining the highest standard of corporate governance. For further details, reference can be made to the Code of Corporate Governance section of this report.

## CREDIT RATING

An independent credit rating exercise was conducted in May 2022 by JCR, resulting in a long-term rating of AA-, a short-term rating of A-1 and a stable outlook.

## INVESTMENTS

The Company holds a 56.33% ownership interest in its subsidiary, International Steels Limited (ISL), a listed company engaged in the business of processing flat steel products. ISL ended the financial year with sales volume in excess of 423,610 MT, turnover of approximately PKR 91 billion and Profit after Tax of PKR 5.4 billion.

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

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

## Future Prospects

Despite significant economic headwinds, your Company has continued to invest in its manufacturing facilities, overseas operations and human capital. These investments will enable to further solidify its leadership in the domestic pipe market and enhance its export footprint. The Company expects to commission a substantial expansion to its stainless steel in the first half of the next financial year, as well as install significant capabilities to generate solar power at its Karachi and Sheikhpura factories.

Battling with serious economic challenges, particularly the widening current account deficit and shrinking foreign exchange reserves, the government has embarked on policies that will slow down the economy. Inflation is also expected to remain high during the next year. However, continued and sustainable investment in its manufacturing capability, process digitalization and automation, human resource and global and domestic marketing efforts would continue to provide your Company a competitive edge. Furthermore, our value-adding entry into the construction solutions segment promises to become a key revenue driver in future years. Your Company is continuously evolving its strategic thinking with a view to further drive its share of the local and international markets and find new avenues for growth, whilst remaining firmly focused on effective cost management.

## ACKNOWLEDGEMENT

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

We continue to pray to Allah for the success of the Company, and the benefit of all stakeholders and the country in general.

For and on behalf of the Board of Directors



**Sohail R. Bhojani**  
Chief Executive Officer



**Mustapha A. Chinoy**  
Chairman

Karachi  
Dated: August 22, 2022

معیشت کی بڑی مشکلات کے باوجود آپ کی کمپنی نے اپنی مینوفیکچرنگ فیسلیٹیز، سمندر پار آپریشنز اور انسانی سرمایہ میں سرمایہ کاری کا عمل جاری رکھا۔ اس سرمایہ کاری سے نہ صرف ملکی پائپ مارکیٹ میں اپنی قائمہ حیثیت کو مضبوط کرنے میں مدد ملے گی بلکہ برآمدات میں بھی بڑا اضافہ ہوگا۔ کمپنی اگلے مالی سال کی پہلی ششماہی میں اپنے اسٹین لیس اسٹیل کے کاروبار کو نمایاں وسعت دینے کے علاوہ اپنی کراچی اور شیخوپورہ فیکٹریز میں سولر پاور پیدا کرنے کی صلاحیت نصب کرنے کا ارادہ رکھتی ہے۔

شدید معاشی چیلنجز، خاص طور پر بڑھتے ہوئے کرنٹ اکاؤنٹ کے خسارے اور زر مبادلہ کے کم ہوتے ہوئے ذخائر کا مقابلہ کرنے کیلئے حکومت نے ایسی پالیسیز جاری کی ہیں جن سے معیشت کی رفتار درست ہو جائے گی۔ اگلے سال میں افراط زر میں اضافہ بھی جاری رہنے کی توقع ہے۔ تاہم اپنی پیداواری صلاحیت، طریقہ کار کی ڈیجیٹائزیشن اور آٹومیشن، انسانی وسائل اور مقامی مارکیٹ کی کاوشوں میں مستقل اور مستحکم سرمایہ کاری سے آپ کی کمپنی کو ایک مسابقتی سبقت حاصل ہوگی۔ اس کے علاوہ تعمیراتی سلوئمنز کا شعبہ ہماری پیش قدمی پر وڈکس کی شمولیت کے ساتھ آنے والے سالوں میں آمدنی کا ایک بڑا ذریعہ ثابت ہوگا۔ آپ کی کمپنی مقامی اور بین الاقوامی مارکیٹس میں اپنا حصہ بڑھانے اور ترقی کے نئے راستے تلاش کرنے کی غرض سے اپنی حکمت عملی پر مسلسل غور و خوض کرتی ہے جب کہ لاگت کی موثر منجمنٹ پر بھرپور توجہ مرکوز رکھتی ہے۔

اعتراف

ہم اپنے تمام اسٹیک ہولڈرز، بشمول کسٹمرز، سپلائرز، سپلائرز، شیئر ہولڈرز اور بینکرز کا کمپنی پر اعتماد کا شکریہ ادا کرتے ہیں اور امید کرتے ہیں کہ آنے والے سال میں بھی ان کے ساتھ مزید کامیابیاں حاصل کریں گے۔ ہم اللہ تعالیٰ سے دعا گو ہیں کہ کمپنی کو مزید کامیابیاں عطا فرمائے اور تمام اسٹیک ہولڈرز اور ملک کو خوشحال رکھے۔

منجانب اور از طرف بورڈ آف ڈائریکٹرز

سہیل آر بھوجانی

چیف ایگزیکٹو آفیسر

مصطفیٰ اے چٹائے

چیئر مین

کراچی

مورخہ 22 اگست 2022



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

CFO اور ہیڈ آف انٹرنل آڈٹ کوڈ آف کارپوریٹ گورننس میں درج مطلوبہ قابلیت اور تجربہ کے حامل ہیں جب کہ کمپنی سیکرٹری کمپنیز ایکٹ 2017 میں درج اہلیت کے حامل ہیں۔ CFO، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکرٹری کے تقرر، مشاہرے اور شرائط و ضوابط کا تعین بورڈ آف ڈائریکٹرز نے کیا۔ CFO اور کمپنی سیکرٹری کو ہٹانے کیلئے، اگر ضرورت ہو، بورڈ آف ڈائریکٹرز کی منظوری درکار ہے۔

## تعمیل

III میں ہم بہترین کاروباری معمولات اور معیارات اختیار کر کے موثر گورننس کو یقینی بنانے کیلئے پرعزم ہیں۔ بورڈ کمپنی کی حکمت عملی کے رخ اور کاروباری پلان اور کارکردگی کا باقاعدگی سے جائزہ لیتا ہے۔

بورڈ آڈٹ کمیٹی کوڈ آف کارپوریٹ گورننس کی موثر تعمیل کو یقینی بنانے کیلئے بااختیار ہیں۔ تمام متعلقہ پارٹیز کا لین دین بورڈ سے منظوری سے پہلے بورڈ آڈٹ کمیٹی کے سامنے جائزے اور سفارشات کیلئے پیش کیا جاتا ہے۔ آپ کا بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیارات کو

برقرار رکھنے کیلئے مضبوطی سے پرعزم ہے۔ مزید تفصیلات کیلئے اس رپورٹ کے کوڈ آف کارپوریٹ گورننس کا سیکشن ملاحظہ کریں۔

## کریڈٹ ریٹنگ

مئی 2022 میں JCR نے ایک خود مختار کریڈٹ ریٹنگ کی مشق کی جس کے نتیجے میں طویل مدت کی ریٹنگ -AA، قلیل مدت کی ریٹنگ A-1 اور مستحکم منظر نامہ کا اعزاز حاصل ہوا۔

## سرمایہ کاری

کمپنی اپنے ذیلی ادارے انٹرنیشنل اسٹیلو لمیٹڈ (ISL) میں، ایک لسٹڈ کمپنی جو فلیٹ اسٹیل پروڈکٹس کی پروسیسنگ کے کاروبار میں مصروف ہے، 56.33% ملکیتی شراکت کی حامل ہے۔ ISL کا سال کے اختتام پر فروخت کا حجم 423,610 MT سے زیادہ تھا، آمدنی تقریباً 91 بلین پاکستانی روپے اور بعد از ٹیکس منافع 5.4 پاکستانی روپے حاصل ہوا۔

آپ کی کمپنی کی پاکستان کیسلو لمیٹڈ (PCL) میں بھی 17.12% ملکیتی شراکت ہے۔ PCL ایک لسٹڈ کمپنی ہے جو کپراڈز، وائرز اور کیسلو تیار کرتی ہے اور کپرا کیسلو اور وائرنگ تیار کرنے والی ملک کی پہلی کمپنی ہے۔

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

قومی خزانے میں حصہ

III کا شمار بڑے ٹیکس گزاروں کے یونٹ (LTU) میں ہوتا ہے اور ہم نے مالی سال کے دوران میں انکم ٹیکس، سیلز ٹیکس، دیگر ٹیکسز، ڈیوٹیز اور محصولات کی شکل میں 5.6 بلین روپے قومی خزانے میں جمع کرائے ہیں۔

اندرونی کنٹرول کا فریم ورک

بورڈ کا ایک موثر اندرونی کنٹرول فریم ورک موجود ہے جو صفحہ نمبر 149 پر دیکھا جاسکتا ہے۔

خداشات، مواقع اور تدارک

انتظامیہ بورڈ آف ڈائریکٹرز کی مشاورت سے اپنی حکمت عملی کا لائحہ عمل تیار کرتے ہوئے خداشات کے امکانات کا پتہ لگانے کی صلاحیت کو اجاگر کرنے اور ان کے تدارک کیلئے مناسب حکمت عملی تشکیل دینے کیلئے کوشاں رہتی ہے۔

مزید تفصیلات کیلئے ایک مفصل خداشات اور مواقع کی رپورٹ صفحہ نمبر 96 پر دی گئی ہے۔

اسٹیک ہولڈرز کے ساتھ تعلقات

III اپنے تمام اسٹیک ہولڈرز کے اطمینان کیلئے تمام اعلیٰ اقدار پیش کرتی ہے اور موثر اور بروقت رابطے اور باہمی گفت و شنید کے ذریعے ان کے ساتھ ایک مثبت رشتہ پروان چڑھاتی ہے۔

سہ ماہی اور سالانہ مالیاتی حسابات

کمپنی کے سہ ماہی غیر آڈٹ مع ڈائریکٹرز کا جائزہ منظور کر لئے گئے اور شیئر ہولڈرز میں بروقت سرکولٹ کر دیئے گئے۔ ششماہی مالیاتی حسابات بیرونی آڈیٹرز کے محدود اسکوپ کے جائزے سے مشروط تھے۔ سالانہ مالیاتی حسابات اس رپورٹ کے ساتھ منسلک ہیں جن کو بیرونی آڈیٹر نے آڈٹ کیا اور بورڈ نے منظور کیا ہے اور شیئر ہولڈرز کی منظوری کیلئے سالانہ اجلاس عام میں پیش کئے جائیں گے۔ کمپنی کے وقتاً فوقتاً پیش کئے جانے والے مالیاتی حسابات جو CEO اور CFO سے توثیق شدہ ہیں، اور تمام ڈائریکٹرز میں سرکولٹ کئے گئے تھے۔ ششماہی اور سالانہ اکاؤنٹس پر بورڈ آڈٹ کمیٹی (BAC) اور منظوری کیلئے بورڈ آف ڈائریکٹرز کے سامنے پیش کرنے سے قبل بیرونی آڈیٹرز نے دستخط کئے۔

خصوصی صلاحیتوں کے افراد کیلئے ملازمت

خصوصی صلاحیتوں کی خدمات کے حصول کی قانونی شرائط کی پیروی اور اپنی ذمہ داریوں کے مقصد اور کارپوریٹ شہری ہونے کے تحت،

III

کی افرادی قوت میں خصوصی صلاحیتوں کے 20 اسٹاف ممبر شامل ہیں جو ہماری ٹیم کے قابل قدر افراد ہیں۔

### جانشینی کا پلان

کمپنی کا اپنا جانشینی کا پلان موجود ہے جس میں مستقبل کے لیڈرز کیلئے کارکردگی کی جانچ اور مناسب ٹریننگ کی ضروریات شامل ہیں۔ اس کا مطلب ہے ایمپلائز کو بھرتی کرنا، ان کی معلومات اور صلاحیتوں کو اجاگر کرنا اور ان کو زیادہ چیلنج والے کردار میں پیش رفت یا ترقی کیلئے تیار کرنا ہے۔ ہمارے جانشینی کے پلان کا مسلسل جائزہ لیا جاتا ہے اور اپ ڈیٹ کیا جاتا ہے تاکہ اسے متحرک اور تیزی سے بدلتے ہوئے ماحول میں کمپنی کی نئی ضروریات کے لئے مناسب ہونے کو یقینی بنایا جاسکے۔

### حکمت عملی پر مبنی کاروبار کی پلاننگ

اپریل 2022 میں حکمت عملی پر مبنی کاروبار کی پلاننگ کی تفصیلی مشق کی گئی جس میں کمپنی کی سینئر اور اوسط انتظامیہ نے شرکت کی۔ اس کے نتیجے میں ایک 'ground-up' اور جامع کاروباری حکمت عملی مع تین سالہ منظر نامہ اور ایمپلائز کے مضبوط اور شپ کے ساتھ پیش کیا گیا اور بورڈ آف ڈائریکٹرز نے اسے منظور کر لیا۔

### ایمپلائی آف دی ایئر اور طویل مدت کی ملازمت کے ایوارڈز

کمپنی نے ایمپلائی آف دی ایئر ایوارڈ اور ایک طویل مدت کی ملازمت کا ایوارڈ کا پروگرام متعارف کروایا ہے تاکہ اسٹاف کی خدمات کے اعتراف سے حوصلہ افزائی کی جائے اور بالترتیب ان کے خدمات کی قدر دانی اور طویل عرصے کی ملازمت کا صلہ دیا جائے۔

### پیشہ ورانہ صحت، تحفظ اور ماحولیاتی نظام (OHSE)

III اپنے ایمپلائز کے صحت اور تحفظ کو انتہائی اہم سمجھتا ہے۔ ہم اپنے ایمپلائز اور کنٹریکٹرز کو ایک صحت مند، محفوظ اور بے خطر ماحول فراہم کرنے کے ذمہ دار ہیں اور اس ہدف کو OHSE مینجمنٹ سسٹمز کے ذریعے حاصل کرنے کے کوشاں رہتے ہیں جسے ہمارا HSE ڈپارٹمنٹ چلاتا ہے۔ تحفظ کے معیار کو بہتر سے بہتر کرنے اور کام کی جگہ پر حادثات کی روک تھام کیلئے ایک جاری عمل کے طور پر ان کو مناسب تربیت دیتے ہیں اور اپنی افرادی قوت میں کمپنی سیفٹی ہیلمٹ، حفاظتی پٹیاں، دستانے، جوتے اور دیگر PPEs تقسیم کرتے ہیں مزید یہ کہ کمپنی نے اپنے 100% ملازمین کو کووڈ سے حفاظت کے ٹیکے لگوانے کو یقینی بنایا۔ ہمارے OHSE کے اقدامات کے بارے میں مزید معلومات ہماری گروپ سسٹم ایبلیٹی رپورٹ میں شامل ہیں۔



## انفارمیشن سسٹمز اور ری انجینئرنگ

ہم اپنے آئی ٹی انفراسٹرکچر کو مسلسل اپ گریڈ کرنے اور اس میں اضافے کے پروسیس کیلئے پرعزم ہیں اور پروسیس کی بڑی آٹومیشن کی جانب بڑھ رہے ہیں۔ اس کے ساتھ ساتھ ہماری آئی ٹی ٹیم حتمی استعمال کنندہ سے قریبی رابطے میں رہتی ہے تاکہ اپنی آپریشنل سرگرمیوں کے تجربے کر کے آٹومیٹ، اسٹریملائن اور ڈیجیٹل طریقہ کار کیلئے مواقع تلاش کر سکے۔

## سماجی اثرات

III کو ذمہ دار کارپوریٹ شہری ہونے اور اپنے آپریشنز کی حدود میں رہنے والی کمیونٹیز بلکہ پورے معاشرے کیلئے مثبت خدمات کی فراہمی پر فخر ہے۔ III کی سماجی سرگرمیوں، فلاحی کاموں اور ماحولیات کے تحفظ کے اقدامات کی تفصیل کمپنی کی ویب سائٹ پر موجود ہماری گروپ سسٹین ایبلٹی رپورٹ میں دستیاب ہے۔

## ہیومن ریسورس مینجمنٹ

III اس بات پر یقین رکھتی ہے کہ ہمارے ایمپلائز ہمارا سب سے بڑا سرمایہ ہیں۔ ایمپلائز کو با معنی کردار، چیلنج والے اسائنمنٹس اور موثر طور پر سیکھنے کے پلیٹ فارمز فراہم کر کے ایک موثر اور متحرک ادارے کیلئے با اختیار بنایا جاتا ہے۔ کمپنی نے سال کے دوران میں ایمپلائز کی فلاح و بہبود کیلئے کئی اقدامات کئے ہیں۔ ان اقدامات میں سے چند درج ذیل ہیں:

## صنعتی تعلقات

CBA کے ساتھ اپریل 2022 میں 2021-2023 کیلئے دو طرفہ گفت و شنید کے بعد ہم آہنگی کے ساتھ متفقہ طور پر تصفیہ ہو گیا۔ ان میں سب سے نمایاں تبدیلی ورکرز کی ماہانہ مجموعی تنخواہ میں 500,5 روپے کا اضافہ ہے۔ اس کے علاوہ صوبائی مالیاتی بل میں غیر ہنرمند ورکرز کیلئے منظور شدہ کم سے کم اجرت 25,000 روپے ماہانہ جون 2022 سے کردی گئی

## اپرنٹس شپ ٹریننگ پروگرام

ہمارا اپرنٹس شپ ٹریننگ پروگرام تمام فیکٹریوں میں جاری رہتا ہے جہاں اپرنٹسز پروڈکشن، مینٹننس اور کوالٹی کنٹرول کے شعبہ جات میں ٹریننگ حاصل کرتے ہیں۔ اپرنٹسز کو کم سے کم ماہانہ اجرت کے مساوی وظیفہ دی جاتا ہے۔

## گریجویٹی اسکیم اور پروویڈنٹ فنڈز

کمپنی اپنے ایمپلائز کو ریٹائرمنٹ کے فائدے فراہم کرتی ہے جس میں تمام ایمپلائز کو، علاوہ یونین کے اسٹاف کے، بنا حصہ ملائے طے شدہ فائدے کی گریجویٹی اسکیم اور حصہ داری کے ساتھ پروویڈنٹ فنڈز شامل ہیں۔ دونوں سہولتیں ٹیکس حکام سے منظور شدہ ہیں۔

دیگر آمدنی کی مد میں 3,261 ملین روپے حاصل ہوئے جو 209% زیادہ ہے۔ اس کی بڑی وجہ ڈیویڈنڈ کی آمدنی اور برآمدی فروخت پر زرمبادلہ کے فائدے ہیں۔ سال کے دوران میں مالیاتی چارجز 11,82 ملین روپے ہوئے جو گزشتہ سال کی نسبت 57% زیادہ ہیں جس کا بنیادی سبب شرح سود میں بڑا اضافہ اور خام مال کی درآمد کیلئے درکار بلند سطح کا قرضہ جو یو ایس ڈالر: پاکستانی روپے کی شرح تبادلہ میں بڑے نقصان کا سامنا ہوا۔

#### شعبہ کا جائزہ

اسٹیل کے شعبہ کی فروخت 35,207 ملین روپے رہی جس سے 4,448 ملین روپے منافع حاصل ہوا۔ پولیمر کے شعبہ سے 2,651 ملین روپے کی آمدنی ہوئی اور 221 ملین روپے منافع حاصل ہوا۔

#### نقد بہاؤ کا منجھٹ اور قرضہ کے حصول کی حکمت عملی

پاکستانی روپے کی تیزی سے گرتی ہوئی قدر کے سبب قرضہ کی ضرورت بڑھتی جا رہی ہے جبکہ شرح سود میں مسلسل اضافے سے قرضہ کے حصول کے اخراجات بھی بڑھ رہے ہیں۔ اس کے نتیجے میں بینک سے قرضے کا حصول اور سروسز کی شرائط میں بھی خاصہ اضافہ ہو گیا ہے۔ کمپنی نے اپنے بینک کے ساتھ اچھے تعلقات اور مالیاتی امور کو منظم کر کے اس مسئلے کو حل کر لیا اور اب دانشمندی کے ساتھ جاری سرمایہ کاری کی ضروریات کے لحاظ سے مالیاتی لاگت کو کم سے کم کر کے آگے بڑھ رہے ہیں۔

اس کے علاوہ برآمدات پر زور اور قرضہ کے حصول کے بہترین ریش حاصل کرنے کیلئے مسلسل کوشاں ہیں جس سے اس بات کو یقینی بنایا جائے گا کہ آگے چل کر قرضے کی سروسنگ کے اخراجات پر چیک رکھا جائے۔

30 جون 2022 کو کمپنی کے قرضے کا تناسب 60% رہا۔ (گزشتہ سال 60%)

#### ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے حتمی نقد ڈیویڈنڈ کیلئے 6.0 روپے ((60% فی شیئر کی سفارش کی ہے۔ عبوری ڈیویڈنڈ بحساب 2.00 روپے (20%) فی شیئر سال کے دوران میں پہلے ہی ادا کیا جا چکا ہے، لہذا سال 2022 کیلئے کل ڈیویڈنڈ 8 روپے (80% فی شیئر ہو جائے گا۔ (مالی سال 2021: 10.0 روپے) فی عمومی شیئر مالیت 10 روپے فی شیئر۔

#### آڈیٹرز

موجودہ بیرونی آڈیٹرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کا مالی سال 2022 میں تقرر کیا گیا تھا۔ بورڈ آڈٹ کمیٹی (BAC) کی سفارش پر بورڈ آف ڈائریکٹرز نے مالی سال 2023 کے لئے آڈیٹرز کی دوبارہ تقرری کی منظوری دی ہے۔

BAC کی جانب سے آڈیٹر کے تقرر کی سفارشات صفحہ 150 پر دیکھی جاسکتی ہیں۔ (BAC کی کوڈ آف کارپوریٹ گورننس کی پابندی کی

(رپورٹ)



ہم اداراتی کلائنٹس کو پانی اور ڈکٹ پائپس کیلئے معیار کے بارے میں معلومات فراہم کرتے ہیں، تاہم کمرشل مارکیٹ ہمارے لئے ایک مسلسل چیلنج ہے جہاں سستی، کم معیار کی پروڈکٹس، مناسب قانون نہ ہونے کے سبب کثرت سے دستیاب ہیں۔

### مینوفیکچرنگ

آپ کی کمپنی نے حال ہی میں تقریباً 200 ملین روپے کی لاگت سے UPVC پائپس اینڈ فٹنگز تیار کرنے والے ایک پلانٹ کو فعال کر دیا ہے جو ہمارے PPRC پائپس اور فٹنگز کے کاروباری اضافے میں معاون ثابت ہوگا۔ PPRC پائپس عمارات کو پانی کی ترسیل کیلئے استعمال کئے جاتے ہیں جب کہ UPVC پائپس سے پانی کی نکاسی اور سیوریج کا کام لیا جاتا ہے۔ ہماری پروڈکٹس میں UPVC کا اضافہ ہمارے صارفین کو ضروریات کا مکمل حل پیش کرے گا جس کے ساتھ ILL برانڈ کی گارنٹی شدہ کوالٹی ہے اور اس سے ہمارے پولیمرز کے شعبہ کے سیلز کی آمدنی میں بہت بڑا اضافہ ہونے کی توقع ہے۔ PE اور PPRC واٹر پائپس کی بڑھتی ہوئی طلب پوری کرنے کیلئے دو اضافی ایکسٹروڈر بھی شامل کر دیئے گئے ہیں۔

کمپنی چارنجی اسٹیل لیس اسٹیل ٹیوب ملز کو فعال کرنے اور اسکوائر اور مستطیل ٹیوبز اور سیکشنز کیلئے مشینوں کا پالش کرانے کیلئے بھی تیار ہے جس سے ہماری پروڈکٹ رینج اور گنجائش میں اضافہ ہوگا۔ کمپنی اپنے کاروبار میں اضافے کیلئے چوکور اور مستطیل اسٹیل لیس اسٹیل کی مشینوں بشمول پالش کی مشین لگا رہی ہے۔

### مالیاتی جائزہ

#### کمپنی کے نتائج

کمپنی نے 37,858 ملین پاکستانی روپے کی خالص فروخت پوسٹ کی ہے جو گزشتہ سال کی فروخت سے 31% زیادہ ہے اور جس سے مجموعی منافع 4,699 ملین پاکستانی روپے، قبل از ٹیکس منافع 3,657 ملین روپے اور بعد از ٹیکس منافع 2,156 ملین روپے حاصل ہوا۔ اس سے ہمارے شیئر ہولڈرز کی فی شیئر آمدنی (EPS) مبلغ 16.35 روپے ہوئی۔

معاشی چیلنجز اور کم تر طلب کے پس منظر کے باوجود مضبوط نتائج، افراط زر کے دباؤ میں بھی ہماری محتاط انویسٹری، قرضہ دینے والوں سے ادھار کے بہترین دستیاب ریش کیلئے مسلسل گفت و شنید، شاندار برآمدی حجم، ہماری سمندر پار ذیلی کمپنی کی جانب سے بھرپور برآمدات اور ہماری بڑی ذیلی کمپنی کی جانب سے بڑے ڈیویڈنڈز کا نتیجہ ہیں۔

سال میں فروخت کی لاگت 33,189 ملین روپے تھی جو گزشتہ سال کے مقابلے میں 33% زیادہ ہے۔ اس کی وجہ سال کی پہلی ششماہی میں اسٹیل کی تاریخی بلند قیمتوں کے ساتھ ساتھ پاکستان روپے کی قدر میں تیزی سے کمی آنا تھی۔

فروخت کرنے اور تقسیم کاری کے اخراجات 2,588 ملین روپے رہے جو گزشتہ سال کے مقابلے میں 73% زیادہ ہے۔ اس کا سبب برآمدی فروخت کا زیادہ حجم اور اہم اور دور فاصلے کی منزلوں کیلئے بحری کرائے کی لاگت میں ریکارڈ اضافہ ہے۔ انتظامی اخراجات 346 ملین روپے ہوئے جو گزشتہ سال کے مقابلے میں 10% کم ہے۔

III امریکا ز۔ ٹورنٹو، کینیڈا

III امریکا ز

III امریکا ز بھی کل ملکیتی ذیلی کمپنی ہے جو شمالی امریکہ کی بڑی مارکیٹ میں III کے لئے درآمدات کے مسلسل دروازے کھول رہی ہے۔  
زیر جائزہ سال کے دوران میں III امریکا ز نے زبردست بڑھوتی کا مظاہرہ کیا اور 15.00 ملین یو ایس ڈالر کی فروخت کی۔  
(مالی سال 21: 4.41 ملین یو ایس ڈالر)

III کنسٹرکشن سلوشنز (پرائیویٹ) لمیٹڈ، پاکستان

III کنسٹرکشن سلوشنز، ایک نئی تشکیل شدہ کل ملکیتی ذیلی کمپنی ہے۔ یہ کمپنی مقامی کنسٹرکشن انڈسٹری کو متنوع انجینئرنگ سلوشنز فراہم کرنے کیلئے قائم کی گئی ہے اور پہلے ہی اپنا مقام حاصل کر چکی ہے۔ زیر جائزہ سال کے دوران میں کمپنی نے دنیا کی ایک معروف کمپنی MEVA Schalungs Systeme of Germany کے ساتھ اسٹریٹجک پارٹنرشپ کی ہے جس کا مقصد ان کے فارم ورک اور shoring solutions کے استعمال سے پروڈکٹس اور مہارت کی خدمات پیش کریں۔ زیر جائزہ سال کیلئے کمپنی کی خالص فروخت 700 ملین پاکستانی روپے ہوئی۔ (مالی سال 21: Nil)

اشین لیس اسٹیل کی فروخت

اشین لیس اسٹیل ٹیوب کی فروخت میں گزشتہ سال کے مقابلے میں 74% اضافہ ہوا۔ ہماری پروڈکٹس کی باکفایت SS 200 سیریز اور ڈایا میٹرز اور اشکال کی توسیعی رینج ہمارے مجموعی حجم میں شامل ہونا شروع ہو گئی ہے۔ اگلے سال پیداوار میں مزید اضافے کی توقع ہے کیونکہ ہماری نئی پروڈکشن لائنز نے کام شروع کر دیا ہے۔

پولیمیر کی فروخت

پولیمیر پائپس اینڈ فٹنگز کی فروخت 2.6 ملین پاکستانی روپے رہی (مالی سال 2021: 3.4 ملین پاکستانی روپے) جس سے 220 ملین پاکستانی روپے کا مجموعی منافع حاصل ہوا (مالی سال 21: 532 ملین پاکستانی روپے)۔ اس شعبہ میں فروخت کا حجم کم ہو گیا جس کا سبب دو قومی گیس کمپنیوں کی جانب سے ٹینڈر آرڈرز تقریباً منسوخ ہونا تھا جس کی وجہ حکومت کی جانب سے بجٹ میں تخفیف تھی۔

ہم اس شعبے میں بھی کسٹمر پر مرکزی توجہ کا وہی طریقہ جاری رکھیں گے جو اسٹیل کے شعبہ میں III برانڈ کا طرہ امتیاز ہے۔ تاہم پاکستان میں گھٹیا معیار کی پولیمیر پروڈکٹس کے پھیلاؤ نے پروڈکٹ کی محدود معلومات اور کم قوت خرید رکھنے والے صارفین کو اعلیٰ معیار کی پروڈکٹس کی فروخت اور مارکیٹنگ ایک بڑا چیلنج ہے۔ کمپنی معیار اور کم معیار کے پولیمیر پائپ سسٹمز سے طویل عرصے میں صحت، مالی اور دیگر نقصانات سے آگاہی فراہم کرنے کیلئے مسلسل کوشاں ہے۔ یہ ہدف ملک بھر میں باقاعدگی کے ساتھ ڈیلر کی تقریبات، سیمینارز، سائٹ کے دورے اور میڈیا مہم کے ذریعے حاصل کیا جائے گا۔



مقامی طور پر اسٹیل کی فروخت

سال کیلئے کمپنی کی مقامی طور پر فروخت %16 اضافے کے ساتھ 26.7 بلین پاکستانی روپے رہی (مالی سال 2021: 23.1 بلین پاکستانی روپے)۔ مالی سال کے دوران میں مشکل کاروباری حالات کے سبب گزشتہ سال کے مقابلے میں حجم میں %10 کمی آئی۔ غیر اخلاقی کاروباری افراد کی جانب سے FATA/PATA رجسٹر کیلئے ٹیکس کے استثنیٰ کا غلط استعمال کیا گیا اور غیر یقینی معاشی حالات کے باعث مارکیٹ کے سائز بھی چھوٹا ہو گیا جبکہ اسٹیل کی قیمتوں میں اتار چڑھاؤ سے فروخت کے حجم پر بھاری منفی اثر پڑا۔ کمپنی نے ملک بھر میں تقریبات کے انعقاد، اسپانسرشپس اور براہ راست تاجروں سے ملاقات کے ذریعے کمرشل اور ادارتی صارفین سے رابطوں میں فعال طور سے اضافہ کیا۔ یہ اس کے صارف کی مرکزی حیثیت پر توجہ اور مارکیٹ کی ضروریات کے مطابق کام کرنے کا حصہ ہے

اسٹیل کی برآمدات کی فروخت

کمپنی نے 62.3 بلین یو ایس ڈالر کی مصنوعات برآمد کیں جو پاکستانی 11.1 بلین روپے بنتا ہے (مالی سال 2021: 5.9 بلین پاکستانی روپے)۔ یہ اضافہ حجم میں گزشتہ سال کے مقابلے میں %9 اضافہ ہونے کے سبب حاصل ہوا جو یورپین مارکیٹ تک بہتر رسائی کے ذریعے ہوا اور اس سے سری لنکا اور افغانستان میں سیاسی ابتری کے سبب کاروبار میں جو نقصان ہوا تھا، اس کا بھی ازالہ ہو گیا۔ سمندر پار آسٹریلیا اور شمالی امریکہ میں ہمارے ذیلی اداروں نے عالمی سطح پر ہماری پوزیشن مضبوط کرنے میں اہم کردار ادا کیا اور ان اہم مارکیٹس میں ہماری سیلز میں نمایاں اضافہ ہوا۔

ہمیں آپ کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ مالی سال 2022 میں آپ کی کمپنی کو پاکستان سے 26 واں سب سے بڑا ایکسپورٹر کا درجہ ملا ہے (ذریعہ PSX) اور ہم نے اس شعبہ میں مسلسل 21 ویں سال میں FPCCI میٹ ایکسپورٹ پرفارمنس ایوارڈ 2020 حاصل کیا ہے۔

III آسٹریلیا پرائیویٹ لمیٹڈ، میلبورن، آسٹریلیا

III آسٹریلیا، ہماری کل ملکیتی ذیلی کمپنی ایک اعلیٰ درجے کی مارکیٹ میں مستقل طور پر کمپنی کیلئے مستحکم برآمدی ایونیو فراہم کرتی ہے۔ سال کے دوران میں اس ذیلی کمپنی نے 31.11 بلین یو ایس ڈالر کی خالص فروخت حاصل کی (مالی سال 2021: 17.625 بلین یو ایس ڈالر) جو کہ %77 اضافہ ظاہر کرتی ہے اور مطمئن بزنس پارٹنرز اور کسٹمرز کی بھروسہ مند بنیاد قائم کرنے میں معاون ہے۔

III آسٹریلیا نے اپنے قیام سے اب تک III سے 90,000 MT سے زیادہ پروڈکٹس برآمد کی ہیں اور آسٹریلیا کی اسٹیل انڈسٹری کے ادارے کا سب سے بڑا اور قابل اعتماد سپلائر کا مقام حاصل کر لیا ہے۔ اس کی کارکردگی کے اعتراف میں آسٹریلیا بارڈر فورس (ABF) نے جون 2022 میں آسٹریلیا ٹرسٹڈ ریڈر (ATT) کے طور پر تسلیم کیا ہے جو ایک باوقار اور کسی بھی پاکستانی کارپوریشن کیلئے سب سے پہلا اعزاز ہے۔

ظاہری طور پر خوبصورت چیز طلب ہوتی ہے۔ 300 سیریز اسٹین لیس اسٹیل اور اس کے جزو کے گریڈز جو زنگ کو روکنے کی مضبوط خاصیت رکھتے ہیں، عالمی اسٹین لیس اسٹیل پروڈکشن کا 57% ہیں۔ زیادہ باکفایت 200 سیریز 21% پر جبکہ 400 سیریز، جو بنیادی طور پر آٹو موٹو کے شعبہ میں استعمال ہوتی ہے، عالمی پروڈکشن کا 21% ہے۔ آپ کی کمپنی کا پورٹ فولیو ان تمام گریڈز پر مشتمل ہے۔ پاکستان میں اسٹین لیس اسٹیل کا اوسط استعمال تقریباً 0.5 kg/capita ہے جب کہ دنیا کا اوسط 6 kg/capita ہے۔ اس سے پتہ چلتا ہے کہ اس شعبہ میں ترقی کی بڑی گنجائش موجود ہے۔

پولیمرز

ہمارا پولیمرز کا شعبہ پائپس اور فٹنگز تیار کرتا ہے جو پانی اور گیس کی ترسیل اور تقسیم کے کام آنے کے ساتھ ساتھ ٹیلی کمیونیکیشن اور ڈکٹ کی ضروریات کے لئے بھی استعمال ہوتا ہے۔ اس شعبہ میں گزشتہ دس سالوں میں حجم اور منفعت دونوں لحاظ سے ترقی کا عمل جاری ہے۔ اس شعبہ کی توسیع کیلئے حکمت عملی پر مبنی مقصد سے کمپنی نے اپنی پروڈکشن کی پیشکش میں حال ہی میں UPVC پائپس اینڈ فٹنگز کو متعارف کروایا ہے۔

حکمت عملی، مقاصد اور اہم کارکردگی کے اشاریے

III نے اپنی توجہ اپنے تمام اسٹیک ہولڈرز کو اعلیٰ ترین اقدار فراہم کرنے کے ساتھ ساتھ بہترین عالمی معمولات سے ہم آہنگ رکھنے کے اپنے مشن پر عمل درآمد پر مرکوز رکھی ہے۔ کمپنی ملک کی پائپ کی صنعت میں قائدانہ کردار ادا کر رہی ہے اور اپنی پروڈکشن اور پروسیسز کو مسلسل

بہتر بنانے میں مصروف ہے تاکہ اپنے صارفین کے اطمینان کو بہتر بنا سکے اور شیئر ہولڈرز کو زیادہ سے زیادہ آمدنی پیش کر سکے۔ III کی حکمت عملی کے لازمی جزو، مقاصد اور اہم کارکردگی کے اشاریے صفحہ نمبر 61 پر دیکھے جاسکتے ہیں۔

کمپنی کے آپریشنز

مارکیٹ شیئر

آپ کی کمپنی مقامی مارکیٹ میں گیلویناٹز ڈائریکٹ (GI) پائپس، کولڈ رولڈ (CR) ٹیوبز، شین لیس اسٹیل ٹیوبز اینڈ پائپس، ٹیوبز اینڈ پائپس، ہالواسٹرکچرل سیکشنز (HSS) اور بلیک اینڈ سکیفولڈ پائپس کیلئے ٹیوبز اینڈ پائپس کے صف اول کی مینوفیکچرر ہے اور یہ ان شعبوں میں، جن میں آپریٹ کرتی ہے، سب سے بڑی پروڈکٹ رینج پیش کرتی ہے۔ III برانڈ معیار کی بلند ترین حد کی پہچان ہے اور کئی دہائیوں سے اپنے صارفین، ڈیلرز اور بزنس پارٹنرز کے بھروسے کا حامل ہے۔ کمپنی صارف پر مرکزی توجہ اور مارکیٹ کی ضروریات کی مطابقت کیلئے مسلسل کوشاں ہے۔

مجموعی فروخت

کمپنی نے مالی سال 22 کے دوران میں 171KMT فروخت کا حجم مع 37.9 بلین پاکستانی روپے کی آمدنی حاصل کی۔ (مالی سال 21:28.9 بلین پاکستانی روپے) جو کہ 31% اضافہ ظاہر کرتا ہے۔



پاکستان اس عالمی اوسط سے کہیں زیادہ کم ہے جو اندازاً 46kg/capita ہے جس سے پتہ چلتا ہے کہ ملک میں اسٹیل مینوفیکچرنگ اور پروسیسنگ کی صنعت میں ترقی کی بڑی گنجائش موجود ہے بشرطیکہ دیگر بیرونی عوامل کے اثر کو موثر طور پر بندوبست کر لیا جائے۔ پاکستان کے آبادیاتی اعداد و شمار، تعمیراتی پیکیجز، ہاؤسنگ اسکیمز، ڈیمز کی تیاری، سی پیک پروجیکٹ وغیرہ اسٹیل کے استعمال میں اضافے کی نشاندہی کرتے ہیں۔

### اسٹیل ٹیوب اینڈ پائپ کی صنعت

عالمی اسٹیل ٹیوب اینڈ پائپ کی صنعت ویلڈڈ اور سیم لیس ٹیوبز اور پائپس کی وسیع رینج تیار کرتی ہے۔ اسٹیل پائپس بنیادی طور پر آئل، گیس، پانی اور مائع کی ترسیل اور تقسیم کے علاوہ مختلف فینسنگ اور فابریکیشن سے متعلق ضروریات میں استعمال ہوتے ہیں۔ اسٹرکچرل اسٹیل پائپس اور ہالواسٹرکچرل سیکشنز (HSS) تعمیراتی صنعت میں زیادہ مضبوطی پیدا کرنے کیلئے استعمال ہوتے ہیں جبکہ کولڈ رولڈ اسٹیل ٹیوبنگ، آٹوموٹیو پارٹس، بائی سائیکلز، ہوم اپلائنسز مینوفیکچرنگ اور مختلف فرنیچر اور فیریکیشن سے متعلق اشیاء کیلئے استعمال ہوتے ہیں۔

انٹرنیشنل ٹیوب ایسوسی ایشن کے مطابق اسٹیل ٹیوبز اور پائپس کی عالمی پروڈکشن 156 ملین MT ہوئی۔ (سال بہ سال 3.1% اضافہ) جو دنیا کی کل خام اسٹیل کی پیداوار کا 8% ہے۔ ویلڈڈ ٹیوب اور پائپ کا شعبہ ٹیوبز اور پائپس کی کل پیداوار کا 72% ہے، جب کہ سیم لیس پائپ کا پروڈکشن شیئر 28% ہے۔ چین کے اسٹیل پروڈیوسرز 84 ملین MT کے ساتھ سرفہرست رہے۔

پاکستان کی اسٹیل ٹیوبز اینڈ پائپ کی مارکیٹ کے سائز کا تخمینہ 750,000 میٹرک ٹن ہے جبکہ کل اسٹیل پروڈکشن کا مارکیٹ سائز 9-10 ملین MT ہے۔ مکی اسٹیل ٹیوب اینڈ پائپس مارکیٹ کئی حصوں میں بٹی ہوئی ہے اور چھوٹے سے اوسط سائز کے مینوفیکچرنگ ملک بھر میں پھیلے ہوئے ہیں۔ صنعت کی ترقی ملک کی فلیٹ اسٹیل مارکیٹ سے پوری طرح جڑی ہوئی ہے، جس نے مالی سال 2021-22 میں 14% منفی شرح نمو کی لیکن مالی سال 2022-23 میں مثبت نمو کا تخمینہ لگایا گیا ہے۔

### اسٹین لیس اسٹیل

کلینڈر سال 2021 میں اسٹین لیس اسٹیل کی عالمی پیداوار تقریباً 58 ملین MT ہوئی جو کہ کلینڈر سال 2020 میں 52 ملین MT تھی اور 5 سال کے عرصے میں 6% CAGR تھا۔ چین دنیا میں اسٹین لیس اسٹیل کی کل آؤٹ پٹ کے 56% کے ساتھ سب سے بڑا سپلائر رہا۔

اسٹین لیس اسٹیل ٹیوبز اینڈ پائپس خصوصی طور پر حتمی استعمال کنندہ کیلئے مناسب ترین ہیں جس کو زنگ اور درجہ حرارت سے انتہائی مزاحم اور



## عالمی معیشت کا منظر نامہ

کووڈ کے بعد کلینڈر سال 2021 میں عالمی معیشت میں جو زبردست بحالی آئی تھی وہ تیزی سے ست روی میں تبدیل ہو گئی ہے۔ کلینڈر سال 2021 میں شرح نمو میں متاثر کن 6.1% اضافہ کے مقابلے میں کلینڈر سال 2022 اور 2023 میں بالترتیب 3.2% اور 2.9% کمی آنے کی توقع کی جا رہی ہے۔ یوکرین کی جنگ اور سپلائی چین میں مسلسل رکاوٹوں کے سبب توانائی اور فوڈ سپلائی پر گہرے اثرات مرتب ہو رہے ہیں جس سے دنیا بھر میں افراط زر میں اضافہ ہو رہا ہے اور اس سے رواں سال میں ترقی یافتہ معیشتوں میں 6.6% اور ابھرتی ہوئی مارکیٹس میں 5.9% تک پہنچنے کی توقع کی جا رہی ہے۔ اس بڑھتے ہوئے افراط زر پر قابو پانے کیلئے دنیا بھر میں مرکزی بینکوں کی جانب سے مانیٹری پالیسی میں بھرپور سختی جاری ہے۔

## عالمی اسٹیل کی صورتحال

کلینڈر سال 2021 میں دنیا میں خام اسٹیل کی پیداوار کا تخمینہ 1.95 بلین میٹرک ٹن (MT) لگایا گیا تھا جو گزشتہ سال کے مقابلے میں 4% زیادہ تھا۔ چین کی خام اسٹیل کی پیداوار عالمی پیداوار کا 53% رہی جو سال بہ سال 3% کم ہے۔ مقابلے کے دیگر بڑے ملکوں انڈیا (118 ملین MT)، جاپان (96 ملین MT)، امریکہ (86 ملین MT) اور روس (76 ملین MT) پر ہے۔

مالی سال 2021-22 میں اسٹیل مارکیٹس میں اتار چڑھاؤ رہا۔ مارکٹ میں چین کے اسٹیل کے برآمد کنندگان کی غیر موجودگی اور یوکرین کی جنگ کے باعث سال کے اکثر حصوں میں عالمی سپلائی دباؤ کی حالت میں رہی۔ حال ہی میں چین سے سپلائر کے دوبارہ شروع ہونے سے سپلائی کے تناؤ اور قیمتوں میں آسانی پیدا ہوئی ہے۔

پرائم ہاٹ رولڈ کوائل (HRC) کی قیمتوں میں تیزی سے کمی آئی اور زیر جائزہ سال کے دوران میں 1100 یو ایس ڈالر کی بلند سطح سے صرف 600 فی میٹرک ٹن تک یعنی 45% نیچے آ گئی۔ یو ایس ڈالر کے مضبوط ہونے سے اشیاء کی قیمتوں اور کرنسیوں کی قدر کم ہو گئی۔ ہاٹ رولڈ اسٹیل کی قیمتوں میں 45% کے قریب کمی آئی اور پاکستان کے روپے کی قدر میں 31% سے زیادہ کمی ہوئی جس کا مطلب ہے پاکستان میں اسٹیل کی بنیادی قیمت تقریباً وہی رہے گی۔

ورلڈ اسٹیل ایسوسی ایشن کے نقطہ نظر کے مطابق کلینڈر سال 2022 اور کلینڈر سال 2023 کیلئے یوکرین کی جنگ کے رد عمل اور چین میں کم پیداوار سے عالمی اسٹیل کی طلب میں کمی کی توقع کا اشارہ ملتا ہے۔

ورلڈ اسٹیل ایسوسی ایشن کی جانب سے 2021 کیلئے تخمینے کے مطابق دنیا میں اوسطاً تقریباً 233kg/capita اسٹیل استعمال کیا گیا۔

# ڈائریکٹرز کی رپورٹ

انٹرنیشنل انڈسٹریز لمیٹڈ کے ڈائریکٹرز اپنی رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے سال ختمہ 30 جون 2022 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

بورڈ کی تشکیل اور مشاہرہ

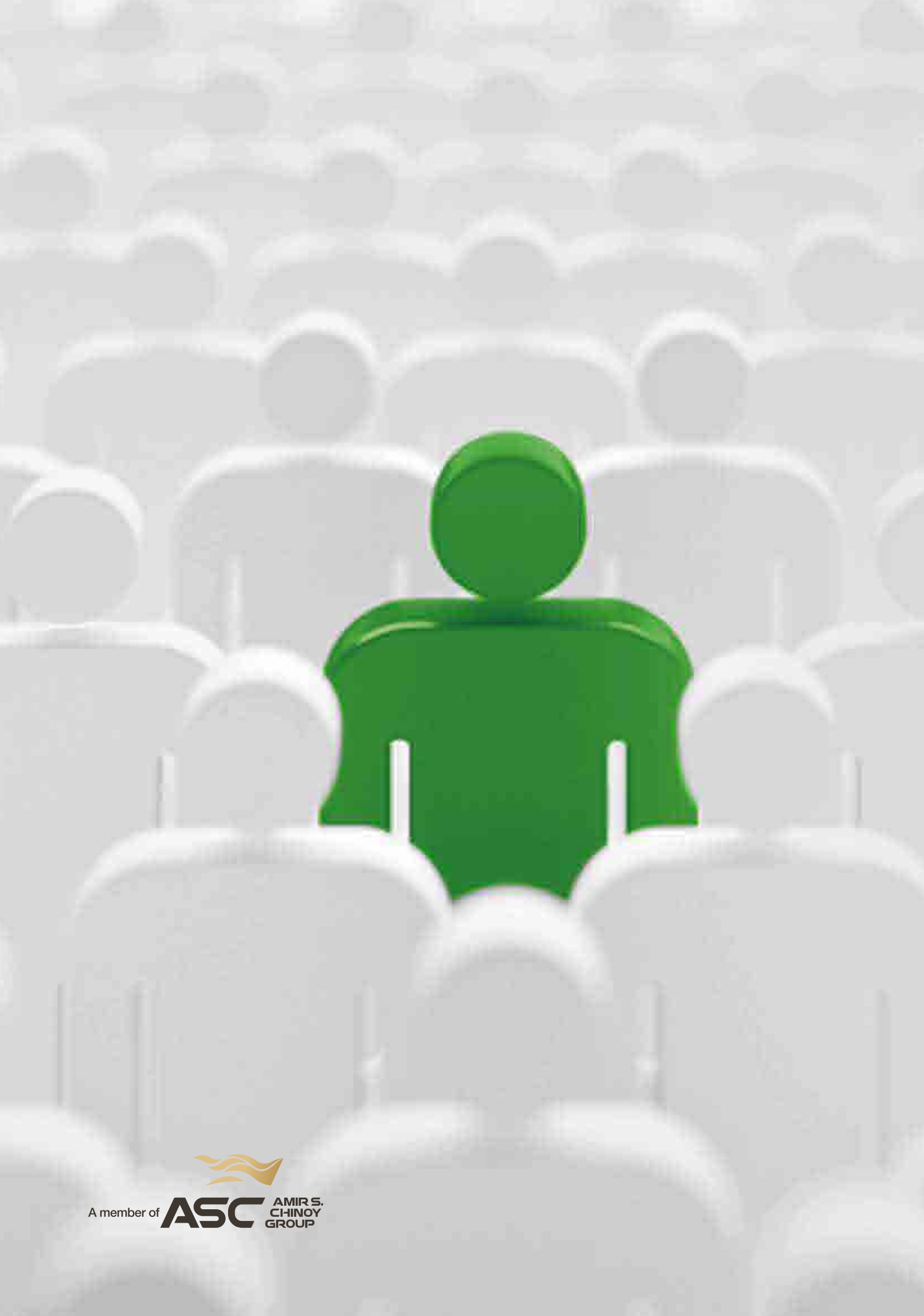
بورڈ اور اس کی ذیلی کمیٹیوں کی تشکیل صفحہ نمبر 131 اور 145 (کارپوریٹ گورننس سیکشن) پر دی گئی ہے۔ کمپنیز ایکٹ 2017 اور لنڈ کمپنیز (کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019) کے مطابق اپنے ڈائریکٹرز کے مشاہرے کیلئے کمپنی کا ایک شفاف پالیسی اور تحریری طریقہ کار ہے (حوالہ: غیر مجموعی مالیاتی حسابات، نوٹ: 37)

ملکی معیشت

کووڈ کے بعد مالی سال 2022 میں معیشت میں زبردست بحالی دیکھنے میں آئی۔ جی ڈی پی 5.97% کی سطح تک بڑھ گئی اور بڑے پیمانے کی مینوفیکچرنگ کی صنعت میں 10.50% اضافہ ہوا۔ 31.8 بلین یو ایس ڈالر اور 31.2 بلین یو ای ڈالر کی ریکارڈ برآمدات اور غیر ملکی ترسیل زر سے معیشت پر مثبت اثرات مرتب ہوئے۔

تاہم ماضی قریب میں رقوم کی فراہمی میں تنگی اور بڑھتی ہوئی لاگت کے سبب معیشت سست روی کا شکار ہو گئی۔ پاکستانی روپے کی قدر میں تیزی سے کمی ہوئی اور اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں اضافہ کر دیا:

کم سے کم اجرت میں اضافہ، توانائی کی بڑھتی ہوئی قیمتیں، نئے ٹیکسز (سپر ٹیکس، غربت مٹاؤ ٹیکس) مالی سال 2023 کیلئے چیلنج ہیں۔ حکومت کی جانب سے درآمدات کی حوصلہ شکنی کیلئے 100% ایل سی مارجن ایڈوائس نے خام مال کی درآمد کو مزید مشکل بنا دیا ہے۔ IMF کے مطابق مالی سال 2022 میں معاشی نمو کم رہنے کی پیش گوئی کی گئی ہے۔ خوراک اور دیگر ضروریات کیلئے افراط زر کے سبب صارفین ایسے سامان پر خرچہ کرنے سے گریز کر رہے ہیں جو صنعتی ترقی کیلئے معاون ہے۔ اس رپورٹ کی تحریر کے وقت، ایسا معلوم ہو رہا تھا کہ پاکستان IMF سے قرضہ کی ڈیل اور دوست ممالک سے امداد کے حصول کے نزدیک ہے جس سے معیشت میں استحکام آ سکتا ہے۔





# **CORPORATE GOVERNANCE**

**Leading by Example**

# BOARD OF DIRECTORS

## MR. MUSTAPHA A. CHINYOY

Chairman (Non-Executive)

Director Since: February 23, 1998

Chairman Since: September 30, 2016

Mr. Mustapha A. Chinoy is a B.Sc. in Economics from Wharton School of Finance, University of Pennsylvania, USA with majors in Industrial Management and Marketing. Upon return from United States, he took up the position of Marketing Manager at International Industries Ltd. He is currently the Chairman of International Industries Ltd., Pakistan Cables Ltd., Travel Solutions (Pvt) Ltd., Global E-Commerce Services (Pvt.) Ltd., Global Reservation (Pvt.) Ltd. and Binary Vibes (Pvt) Ltd. He is the Chief Executive of Intermark (Pvt.) Ltd. He has previously served on the Boards of Union Bank Ltd and Security Papers Ltd.

## MR. ADNAN AFRIDI

Independent Director

Since: February 18, 2019

Mr. Adnan Afridi graduated with high honors from Harvard University with a degree in Economics and from Harvard Law School with a Juris Doctorate (J.D.) He has 26 years of global and Pakistan-based experience in change Management, business transformation, innovation and profitability enhancement in blue chip companies, public-sector and start-up situations. His industry experience includes Capital Markets, Private Equity, Financial Services, Real Estate, Healthcare, Natural Resources, Logistics, Technology and Food sectors, operating in CEO roles with board level representations. His functional experience focuses on governance, strategy, negotiation/structuring, corporate planning, group company management and large-scale talent building for growth. He has also been an interlocutor between Pakistan capital markets and IMF/ADB over a decade and successfully negotiated multiples assistance programs. He has in-depth experience of both Pakistan's banking and overall corporate sector.

Previously, he was Managing Director of Karachi Stock Exchange Ltd and CEO of Overseas Chamber of Commerce and Industry (OICCI) as well as having served on the boards of Gul Ahmed Textile Mills, Trading Corporation of Pakistan, Central Depository Company (CDC) and National Clearing Company (NCCPL) as Chairman of the Board. Mr. Afridi also served as CEO of Tethyan Copper Company (TCC) during its successful arbitration with the Government of Pakistan.

He is currently Chairman & Managing Director of NITL, Pakistan's first and largest asset management company with approx. USD 1 bn of assets under management. He is also a director at Siemens Pakistan Ltd., Bank AL Habib, Mari Petroleum Limited, Dynea Pakistan Ltd, Habib Sugar Limited, Lotte Chemicals Pakistan Limited and Bulk Transport Company (Private) Limited. Mr. Afridi is also nominated by the Government of Pakistan as private sector nominee to the SECP Policy Board for a 4-year term that concludes in November 2022.

Mr. Afridi's contribution to social causes is well known. He is a key member of the Kidney Center Board (former Chairman and current Vice Chairman) leading this non-profit into a large successful renal and related treatment center of excellence in Karachi. Mr. Afridi is also a past President of the Old Grammarians Society focusing on fund raising for education scholarships as well as a former board member of YPO Pakistan and current member of YPO- Gold Pakistan.

## MR. ASIF JOOMA

Independent Director

Since: March 16, 2021

Mr. Asif Jooma started his career in the corporate sector with ICI Pakistan Limited in 1983 and has over 35 years of extensive experience in senior commercial and leadership roles. Following his early years with ICI Pakistan Limited and subsequently Pakistan PTA Limited, he was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he returned to ICI Pakistan Limited as Chief Executive in February 2013.



Mr. Jooma has previously served as President of the American Business Council, President of the Overseas Investors Chamber of Commerce and Industry (OICCI) and Chairman of the Pharma Bureau. He has also served as a Director on NIB Bank Limited, Engro Fertilizers Limited and Director and Member Executive Committee of the Board of Investment (BOI) – Government of Pakistan. Mr. Jooma currently serves on the Board of National Bank of Pakistan, Systems Limited, Pakistan Tobacco Company Limited, International Industries Limited, NutriCo Morinaga (Private) Limited and ICI Pakistan PowerGen Limited.

He is on the Board of Governors of the Lahore University of Management Sciences (LUMS) and a Trustee of the Duke of Edinburgh's Awards Programme whilst previously also serving on the Board of Indus Valley School of Art and Architecture (IVSAA). Mr. Jooma graduated cum laude from Boston University with a Bachelor of Arts in Development Economics. He has attended Executive Development Programmes at INSEAD and Harvard Business School.

### **MR. AZAM FARUQUE**

Non-Executive Director

Since: November 26, 2009

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

### **MR. HAIDER RASHID**

Independent Director

Since: January 24, 2022

Mr. Rashid gained an honours degree in Accounting and Finance from the University of Lancaster, England. His early career involved ten years in the chemical and agriculture industry in Pakistan, initially for the ICI group, and then the Hoechst AG group where he was the CEO for Hoechst AgrEvo Pakistan. During this time, he also served two terms as President of the Agricultural Chemical Trade Association of Pakistan (PAPA).

Since 1997, Mr. Rashid held a number of senior corporate positions in international companies, including Head of Controlling for Hoechst AG, Germany, Head of Integration for Aventis SA, France, Member of the Executive Committee of Aventis Crop Science, France, Chief Information Officer and Head of Finance & Controlling for ABB, Switzerland and Regional President for ABB.

Mr. Rashid is currently Founder and CEO of K&R Consulting AG. His external responsibilities have included membership of the IBM Board of Advisors and membership of the Executive Committee of the European Roundtable for Digital Strategies founded by the Tuck School of Business at Dartmouth.

### **MR. JEHANGIR SHAH**

Independent Director

Since: September 30, 2016

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

### MR. KAMAL A. CHINOY

Non-Executive Director

Since: February 6, 1984

Mr. Kamal A. Chinoy is a graduate of the Wharton School, University of Pennsylvania, USA. He is a consummate professional with over 45 years of business experience and many corporate laurels to his name. He is the senior-most director of IIL, having been appointed in 1984 and started his career with the Company in 1980.

He has also served as CEO of International Industries Ltd. He has extensive experience in the corporate and management world, having served successfully as CEO of Pakistan Cables for 27 years, while also having served on the boards of many public listed companies, including Askari Bank Limited, Atlas Insurance Ltd, Atlas Power Limited, First International Investment Bank, ICI Pakistan Limited, NBP Fund Management Limited and Pakistan Security Printing Corporation.

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

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

### MR. MANSUR KHAN

Independent Director

Since: September 30, 2019

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

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

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

### MRS. SAADIA SHIREEN RASHID

Non-Executive Director

Since: September 30, 2019

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

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

## MR. SOHAIL R. BHOJANI

Chief Executive Officer

Since: May 1, 2021

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

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

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

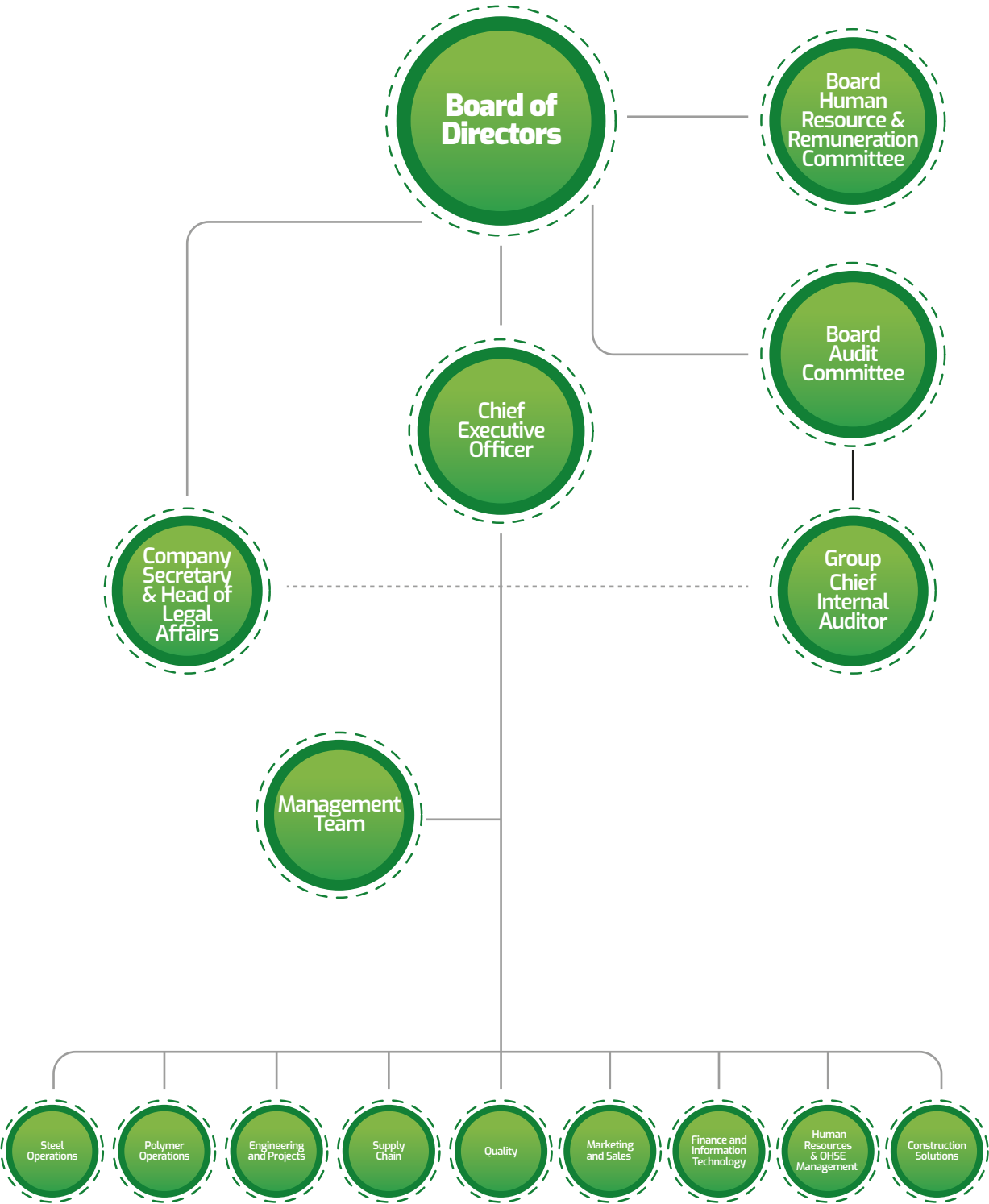
# LIST OF OTHER DIRECTORSHIPS

Name	Business occupation and directorship (if any)
Mr. Mustapha A. Chinoy	International Steels Ltd.
	Pakistan Cables Ltd.
	Binary Vibes (Pvt) Ltd.
	Bridge Vue Solutions DMCC
	Global e-Commerce Services (Pvt) Ltd.
	Global Reservation (Pvt) Ltd.
	Global Travel Services Ltd. BVI
	Trave Tech Solutions
	Travel Solutions (Pvt) Ltd.
	Intermark (Pvt) Ltd.
Mr. Adnan Afridi	Bank Al Habib Ltd.
	Bulk Transport Company (Pvt) Limited (Director)
	Dynea Pakistan Ltd.
	Lotte Chemical Pakistan Ltd.
	Mari Petroleum Ltd.
	SECP Policy Board Member
	Shaukat Khanum Memorial Trust (Member Board of Governors)
	Siemens Pakistan
	The Kidney Centre Institute (Member Board of Governors)
Mr. Asif Jooma	Duke of Edinburgh's
	ICI Pakistan Limited
	ICI Pakistan Foundation
	ICI Pakistan Management Staff Defined Contribution
	Superannuation Fund
	ICI Pakistan Management Staff Gratuity Fund
	ICI Pakistan Management Staff Pension Fund
	ICI Pakistan Management Staff Provident Fund
	ICI Pakistan Non-Management Staff Provident Fund
	ICI Pakistan PowerGen Limited
	Lahore University of Management Sciences (LUMS)
	National Bank of Pakistan
	NutriCo International (Private) Limited
	NutriCo Morinaga (Private) Limited
	NutriCo Pakistan (Private) Limited Gratuity Fund
	NutriCo Pakistan (Private) Limited Provident Fund
	Pakistan Tobacco Company Limited
	Systems Limited

Name	Business occupation and directorship (if any)
Mr. Azam Faruque	Atlas Battery Ltd.
	Cherat Cement Company Ltd.
	Faruque (Pvt) Ltd.
	Greaves Pakistan (Pvt) Ltd.
	Habib University Foundation
	Indus Motors Company Ltd.
	Unicol Limited
Mr. Haider Rashid	K&R Consulting Ltd.
Mr. Jehangir Shah	Pak Oman Asset Management Company Ltd.
	Fauji Fertilizer Company Limited
Mr. Kamal A. Chinoy	International Steels Ltd.
	Jubilee Life Insurance Company Ltd.
	Pakistan Cables Ltd.
	IIL Americas Inc.
	IIL Australia Pty Ltd.
	IIL Constructions Solutions (Pvt) Ltd.
	Pakistan Business Council
Mr. Mansur Khan	-
Mrs. Saadia S. Rashid	-



# ORGANIZATION STRUCTURE



# MECHANISM FOR PROVIDING INFORMATION

## FORMAL REPORTING LINE

The current organizational structure of the Company consists of various departments, each of which is led by a head.

## EMPLOYEES

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

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

Town hall meetings are conducted regularly during which the CEO shares informations about the Company's results, plans and strategic directions with employees. Enthusiastic participation and candid Q&A is encouraged at this forum.

## SHAREHOLDERS

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

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

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

## MANAGING CONFLICT OF INTEREST

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

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

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

# GOVERNANCE FRAMEWORK

The main philosophy of business followed by the sponsors of International Industries Limited for the last 74 years has been to create value for all stakeholders through fair and sound business practices, which translates into policies approved by the Board and implemented throughout the Company to enhance the economic value of all stakeholders of the organization.

Our governance strategy is to ensure that the Company follows the direction defined by its core values, current regulatory framework and global best practices. Our approach towards corporate governance ensures ethical behavior, transparency and accountability in all that we do and to attaining a fair return for our shareholders.

## COMPLIANCE STATEMENT

The Board of Directors has, throughout the year 2021-22, complied with the Companies Act, 2017, Code of Corporate Governance Regulation 2019, Rule Book of the Pakistan Stock Exchange Limited and the Corporate Financial Reporting Framework of Securities and Exchange Commission of Pakistan (SECP).

The directors confirm that the following has been complied with:

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

## THE BOARD OF DIRECTORS

The Board of Directors consists of qualified individuals possessing knowledge, experience and skills in various disciplines with the leadership and vision to provide oversight to the Company.

The Board is chaired by Mr. Mustapha A. Chinoy, a Non-executive Chairman; out of nine (9) directors, five (5) are independent directors. The current board composition reflects a good mix of experience and diversity in backgrounds, skills and qualifications. All directors have several years of experience and are fully aware of their duties and responsibilities under the Code of Corporate Governance. At present, all directors have either attended a directors training program or have a minimum of 14 years of education and 15 years of experience on the boards of listed companies and therefore are exempt from a directors training program. In compliance with Clause 7 of the Companies (Code of Corporate Governance) Regulations, 2019, a female director was elected at the last election of the Board of Directors at the 71st Annual General Meeting in September 2019.

A digital interface is being used to update the Board of Directors by providing Companies Act, 2017, Companies (Code of Corporate Governance) Regulations, 2019, relevant portions of PSX Rule Book, the Company's Memorandum & Articles of Association and various policies and procedures.

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

## ANNUAL CALENDAR AND AGENDA FOR MEETINGS

A calendar is issued annually to reflect the dates planned for the Board of Directors, Board Audit Committee, Human Resource & Remuneration Committee meetings and Annual General Meeting. During the year 2021-22, the Board had seven (7) meetings, out of which four (4) were held to review the annual/quarterly results and three (3) meetings were held to approve the future business strategy and the annual budget for the proceeding year. The average attendance of the directors in board meetings during the year was 94%.

## CHANGES IN THE BOARD

At the 71st Annual General Meeting of the Company on September 30, 2019, nine (9) Directors were elected for a term of three (3) years. During the year 2021-22, a casual vacancy arose due to the resignation of Mr. Riyaz T. Chinoy as non-executive director, which was filled by appointing Mr. Haider Rashid as director for the remaining term of the existing Board of Directors.

## BOARD MEETINGS OUTSIDE PAKISTAN

During the year 2021-22, no board meetings were held outside Pakistan. However, the Directors who are overseas at the time of meetings were facilitated to attend meetings through video conferencing.

## ROLE AND RESPONSIBILITIES OF THE CHAIRMAN AND CHIEF EXECUTIVE

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

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

## BUSINESS PHILOSOPHY AND BEST CORPORATE PRACTICES

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

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

All periodic financial statements and other working papers which normally include a detailed analysis of business matters for the consideration of the Board/subcommittees are circulated to the directors at least a week before the meetings through a cloud-based digital application so as to give them sufficient time to review and make decisions on an informed basis.

## TIMELY COMMUNICATION OF FINANCIAL RESULTS

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

## BOARD EVALUATION

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

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

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

## DIRECTORS' REMUNERATION POLICY

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

## RISK AND OPPORTUNITY MANAGEMENT

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

## INTERNAL CONTROL FRAMEWORK

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

The Board Audit Committee has been entrusted with the primary responsibility of internal controls. It receives audit reports from the internal and external auditors and, after detailed deliberations and suggesting improvements, periodic reports are submitted to the Board of Directors. The Company places a high value on transparency, both internally and externally, in its corporate management. It focuses



consistently on the implementation of efficient management practices for the purpose of achieving clear and quantifiable commitments. The Company has a Chartered Accountant employed as Head of Internal Audit, who is assisted by in-house executives to oversee internal control functions.

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

## DISCLOSURE OF CONFLICT OF INTEREST

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

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

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

## CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

## SUSTAINABILITY MEASURES

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

For more details, please refer to our Sustainability Report which is available on our website ([www.iil.com.pk](http://www.iil.com.pk))

## ENGAGING STAKEHOLDERS AND TRANSPARENCY

The nurturing of stakeholder relationships is of paramount importance to the Company. Building stakeholder engagement, compliance with regulatory requirements and terms and conditions are some of the main business principles by which we abide.

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

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

## CORPORATE BRIEFING SESSION

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

The last Corporate Briefing Session was held on Wednesday, September 30, 2021 at 3:00 p.m. through video conference to brief the investors/analyst/shareholders about the financial performance and future outlook of the Company.

## POLICY FOR INVESTOR GRIEVANCES

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

1. Investors are treated fairly at all times.
2. Complaints raised are addressed in a courteous and timely manner.
3. Various modes of communication including email, telephone, meetings and raising matters at the Annual General Meeting are available to investors to raise grievances.
4. Queries and complaints are treated fairly and efficiently.
5. Employees work in good faith and without prejudice towards the interest of the shareholders.
6. Detailed company information including financial highlights, investor information and other requisite information specified under relevant regulations has been placed on the corporate website of the Company, which is updated regularly.

## SAFETY OF COMPANY RECORDS

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

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

## HUMAN RESOURCE MANAGEMENT POLICIES AND SUCCESSION PLANNING

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

## INFORMATION TECHNOLOGY POLICY

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

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

## WHISTLEBLOWING POLICY

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

## POLICY FOR SECURITY CLEARANCE OF FOREIGN DIRECTORS

ILL has no foreign directors on its Board.

## ISSUES RAISED AT THE LAST AGM

While general clarifications were sought by shareholders on the Company's published financial statements during the 73rd Annual General Meeting held on September 30, 2021, no significant issues were raised.

## DIVIDEND AND/OR BONUS SHARES

During the year, the Company paid an interim dividend of 20% (Rs. 2.0 per share) to all eligible shareholders and the Board of Directors has recommended a final dividend of 60% (Rs. 6.0 per share), making a total of 80% (Rs. 8.0 per share) in respect of the financial year ended June 30, 2022, which is subject to shareholders approval.

## PATTERN OF SHAREHOLDING

A statement on the pattern of shareholding along with categories of shareholders, where disclosure is required under the reporting framework and the statement of shares held by the directors and executives as on June 30, 2022 is placed on Page No. 282.

# BOARD COMMITTEES

The Board is assisted by the following two committees to support its decision-making in their respective domains:

- A. Board Audit Committee (BAC), and
- B. Human Resource & Remuneration Committee (HRRC):

## A. BOARD AUDIT COMMITTEE

1.	Mr. Jehangir Shah	Chairman	Independent Director
2.	Mr. Adnan Afridi	Member	Independent Director
3.	Mr. Kamal A. Chinoy	Member	Non-Executive Director
4.	Mr. Mansur Khan	Member	Independent Director
5.	Ms. Asema Tapal	Secretary	Group Chief Internal Auditor

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

Meetings of the BAC are held at least once every quarter. The recommendations of the BAC and the financial results of the Company are then submitted for approval by the Board. During the year 2021-22 the BAC held five (5) meetings. The minutes of the BAC meetings are provided to all members, directors and the Chief Financial Officer.

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

## TERMS OF REFERENCE OF THE BAC

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

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

1. Recommending the appointment of internal and external auditors to the Board.
2. Consideration of questions regarding resignation or removal of external auditors, audit fees and provision by the external auditors of any services to the Company in addition to the audit of financial statements.
3. Determination of appropriate measures to safeguard the Company's assets.
4. Review of preliminary announcements of results prior to publication.
5. Review of quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board, focusing on major judgment areas, significant adjustments resulting from the audit, any changes in accounting policies and practices, compliance with applicable accounting standards and compliance with listing regulations and other statutory and regulatory requirements.
6. Facilitating the external audit and discussion with external auditors on major observations arising from the audit and any matter that the auditors may wish to highlight (without the presence of the management, where necessary).

7. Review of the Management Letter issued by external auditors and the management's response thereto.
8. Ensuring coordination between the internal and external auditors of the Company.
9. Review of the scope and extent of internal audit and ensuring that an adequately resourced internal audit function is placed within the organization.
10. Consideration of major findings of internal investigations and the management's response thereto.
11. Ascertaining that the internal control system including financial and operational controls accounting system and reporting structure are adequate and effective.
12. Review of the Company's statement on the internal control systems prior to endorsement by the Board.
13. Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive, and to consider remittance of any matter to the external auditors or to any other external body.
14. Determination of compliance with relevant statutory requirements review of periodic financial statements and preliminary announcements of results prior to the external communication and publication.
15. Monitoring compliance together with the external auditors and internal audit with the best practices of corporate governance and identification of significant violations such as fraud, corruption and abuse of power thereof.
16. Consideration of any other issue or matter as may be assigned by the Board.

## B. BOARD HUMAN RESOURCE & REMUNERATION COMMITTEE

1.	Mr. Mansur Khan	Chairman	Independent Director
2.	Mr. Azam Faruque	Member	Non- Executive Director
3.	Mr. Kamal A. Chinoy	Member	Non- Executive Director
4.	Mr. Mustapha A. Chinoy	Member	Non- Executive Director
5.	Mr. Sohail R. Bhojani	Ex-Officio-Member	Chief Executive Officer
6.	Mr. Khalid Junejo	Secretary	Chief Human Resource Officer

The HRRC comprises of five (5) members and the Chairman is an independent director whereas the other four members are three non-executive directors and the Chief Executive Officer. Meetings are conducted at least quarterly or at such other frequency as the Chairman may determine. The Chief Human Resource Officer is the secretary of the HRRC. The minutes of the meetings of the HRRC meetings are provided to all members and directors. The Committee held four (4) meetings during the year 2021-22.

## TERMS OF REFERENCE OF HRRC

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

The salient features of the Terms of Reference of HRRC are as follows:

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



# MEETINGS OF THE BOARD OF DIRECTORS

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

Directors	Board	Audit Committee	Human Resource & Remuneration Committee
Meetings held during FY 2021-22	7	5	4
Mr. Mustapha A. Chinoy	7/7		4/4
Mr. Adnan Afridi	7/7	5/5	
Mr. Asif Jooma	7/7		
Mr. Azam Faruque	6/7		4/4
Mr. Haider Rashid *	5/5		
Mr. Jehangir Shah	7/7	5/5	
Mr. Kamal A. Chinoy	7/7	5/5	4/4
Mr. Mansur Khan	7/7	4/5	4/4
Mrs. Saadia S. Rashid	6/7		
Mr. Sohail R. Bhojani	7/7		4/4

\*Appointed to fill the casual vacancy during the year

# MANAGEMENT TEAM

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

## COMPOSITION OF THE MANAGEMENT TEAM:

1	Mr. Sohail R. Bhojani	Chairman	Chief Executive Officer
2	Mr. Muhammad Akhtar	Member	Chief Financial Officer
3	Mr. Mirza Samar Abbas	Member	Chief Marketing & Sales Officer
4	Mr. Khalid Junejo	Member	Chief Human Resource Officer
5	Mr. Zulfiqar Mooraj	Member	CEO IIL Constructions Solutions
6	Mr. Perwaiz Ibrahim	Member	Technical Advisor
7	Mr. Muhammad Imran Siddiqui	Member	Chief Manufacturing Officer
8	Mr. Ghazanfar Shah	Member	GM Supply Chain
9	Mr. Nasir Raja	Member	GM Polymer Operations
10	Mr. Zain K. Chinoy	Member	Head of Global Sales
11	Mr. Salman Najeeb	Secretary	Financial Controller

## ROLE OF THE MANAGEMENT TEAM

The forum is responsible for the following:

1. Reviewing organizational structure and resource planning.
2. Establishing executive committees and task groups and setting their TORs.
3. Reviewing the annual budget of the Company.
4. Reviewing business principles, strategic priorities, risk analysis, business plan as well as key performance indicators, financial performance, annual targets and variances.
5. Reviewing the Company's Management Information System.

# REPORT OF THE BOARD AUDIT COMMITTEE

## ON ADHERENCE TO THE CODE OF CORPORATE GOVERNANCE

The Board Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2022 and reports that:

### CORPORATE GOVERNANCE

1. The Company has adhered in full, without any material departure, to both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Code of Corporate Governance, the Company's Code of Conduct and Values and the international best practices of governance throughout the year.
2. The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the auditors of the Company.
3. Appropriate accounting policies have been consistently applied except those disclosed in financial statements. Applicable accounting standards were followed in the preparation of the financial statements of the Company on a going concern basis for the financial year ended June 30, 2022, which fairly present the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
4. The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the Chairman and Directors' Reports. They acknowledge their responsibility for a true and fair presentation of the financial statements, the accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
5. Accounting estimates are based on reasonable and prudent judgment. Proper, accurate, and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017.
6. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) notified by the SECP.
7. All direct and indirect trading in and holdings of the Company's shares by directors and executives or their spouses were duly notified in writing to the Company Secretary along with the price, the number of shares, form of shares and nature of the transaction. All such transactions were disclosed at the PSX and reported to the Board of Directors.

### INTERNAL AUDIT FUNCTION

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

## EXTERNAL AUDITORS

1. The statutory auditors of the Company, A.F. Ferguson & Co., Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2022 and shall retire on the conclusion of the 74th Annual General Meeting.
2. The final Management Letter is required to be submitted within forty-five (45) days of the date of the Auditors' Report on the financial statements under the listing regulations and the Listed Companies (Code of Corporate Governance) Regulations 2019 and shall therefore accordingly be discussed at the next Board Audit Committee meeting.
3. The audit firm has been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.
4. Being eligible for reappointment under the listing regulations and the Listed Companies (Code of Corporate Governance) Regulations 2019, the Board Audit Committee recommends their reappointment for the financial year ending June 30, 2023 on the terms and remuneration negotiated by the Chief Executive Officer.
5. As recommended by the Board of Directors, the management has acquired consent from M/s A.F. Fergusons & Co., Chartered Accountants, eligible under the Listed Companies (Code of Corporate Governance) Regulations 2019 and the listing regulations of the Pakistan Stock Exchange for the financial year ending June 30, 2023 on the terms and remuneration negotiated by the Chief Executive Officer.



**Jehangir Shah**

Chairman-Board Audit Committee

Dated: August 17, 2022  
Karachi



A.F. FERGUSON & CO.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF INTERNATIONAL INDUSTRIES LIMITED**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of International Industries Limited for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any 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, 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, 2022.

  
Chartered Accountants  
Karachi

Dated: 05 September 2022

UDIN: CR202210073V6pXeohiq



# STATEMENT OF COMPLIANCE

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

International Industries Limited

June 30, 2022

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

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

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

2. The composition of Board is as follows:

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

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

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

10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed two sub-committees comprising of the following members:

#### A) BOARD AUDIT COMMITTEE

- |                        |          |                        |
|------------------------|----------|------------------------|
| 1. Mr. Jehangir Shah   | Chairman | Independent Director   |
| 2. Mr. Adnan Afridi    | Member   | Independent Director   |
| 3. Mr. Kamal A. Chinoy | Member   | Non-Executive Director |
| 4. Mr. Mansur Khan     | Member   | Independent Director   |

#### B) HUMAN RESOURCE & REMUNERATION COMMITTEE

- |                           |                   |                         |
|---------------------------|-------------------|-------------------------|
| 1. Mr. Mansur Khan        | Chairman          | Independent Director    |
| 2. Mr. Azam Faruque       | Member            | Non- Executive Director |
| 3. Mr. Kamal A. Chinoy    | Member            | Non- Executive Director |
| 4. Mr. Mustapha A. Chinoy | Member            | Non- Executive Director |
| 5. Mr. Sohail R. Bhojani  | Ex-Officio-Member | Chief Executive Officer |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees was as follows:
  - i. Board Audit Committee : Quarterly
  - ii. HR & Remuneration Committee : Quarterly or as and when needed
15. The Board has set up an effective Internal Audit function and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or any director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non- mandatory requirements) are below:

S. No.	Requirement	Explanation	Reg. No.
1	All directors of a company shall attend its general meeting(s), (ordinary and extra-ordinary unless precluded from doing so due to any reasonable cause.	Seven (7) Directors attended the 73rd Annual General Meeting of the Company. Mr. Riyaz T. Chinoy and Mr. Azam Faruque could not attend due to personal reasons.	10(6)
2	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being addressed at Board level as and when needed so a separate committee is not considered to be necessary.	29
3	The Board may constitute the risk management committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has tasked the Board Audit Committee to oversee risk management related matters of the Company.	30

On behalf of the Board



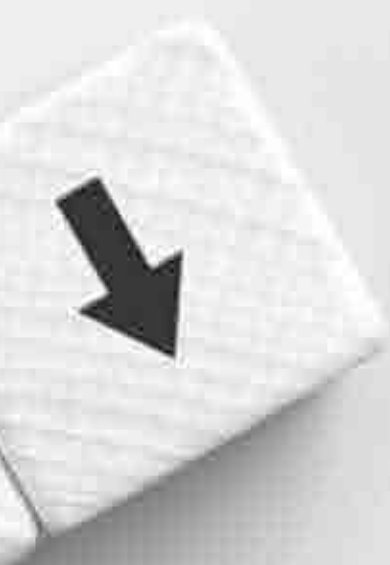
**Sohail R. Bhojani**  
Chief Executive Officer



**Mustapha A. Chinoy**  
Chairman

August 22, 2022





# **UNCONSOLIDATED FINANCIAL HIGHLIGHTS**

**Winning Beyond Formulae**

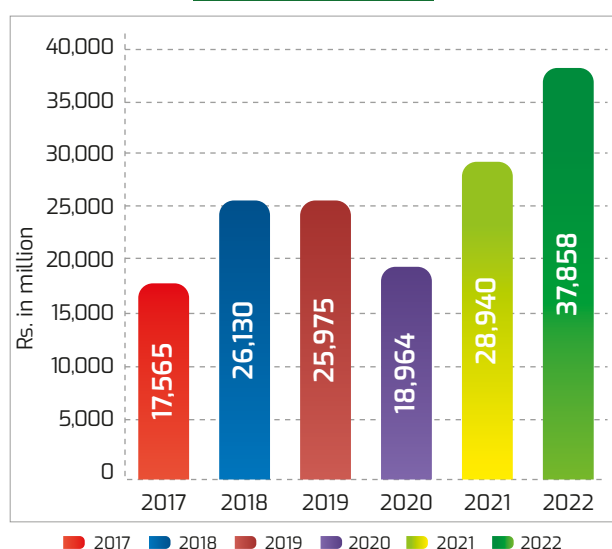


# FINANCIAL HIGHLIGHTS

	2022	2021	Change %
	(Rupees in million)		
Revenue from contracts with customer	37,858	28,940	30.8%
Gross Profit	4,669	3,973	17.5%
Property, Plant & Equipment	9,984	7,480	33.5%
Shareholders equity	14,594	11,499	26.9%
Book Value per share (Rupees)	110.66	87.19	26.9%

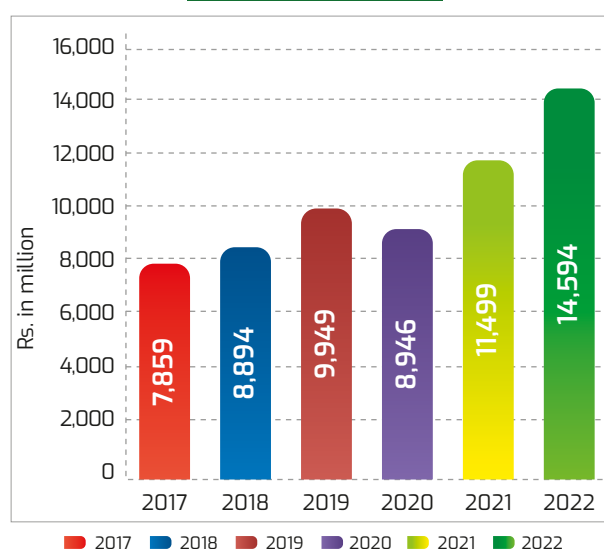
## BUSINESS GROWTH

Net Sales

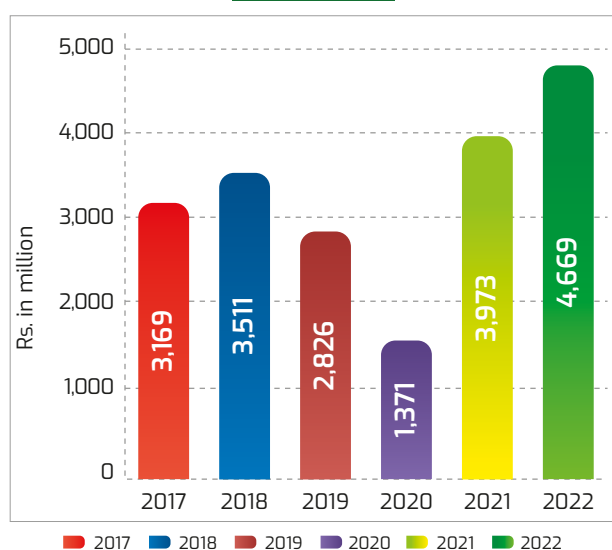


## SHARE HOLDER VALUE ACCRETION

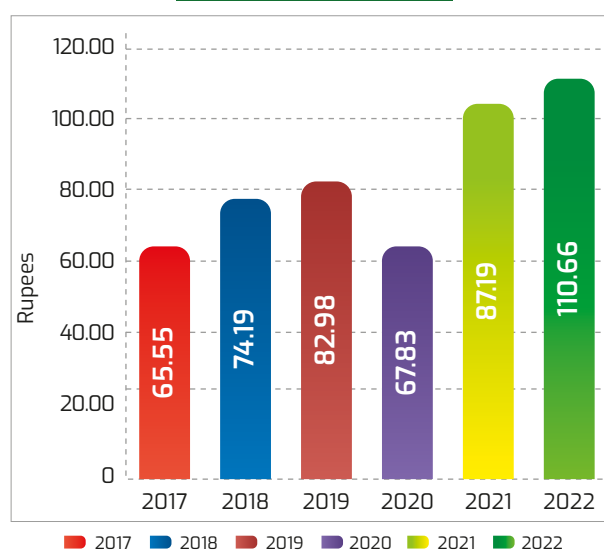
Shareholder's Equity



Gross Profit



Book Value per share



# ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Financial Position

	2022	2021	2020	2019	2018	2017
	(Rupees in million)					
Property, plant and equipment	9,984	7,480	7,081	7,360	5,770	5,088
Investments	3,373	3,373	3,295	3,277	3,277	2,743
Other non current assets	4	281	5	7	72	67
Current assets	22,935	17,766	12,758	14,683	13,346	10,619
<b>Total assets</b>	<b>36,296</b>	<b>28,900</b>	<b>23,140</b>	<b>25,327</b>	<b>22,465</b>	<b>18,516</b>
Shareholders' equity	14,594	11,499	8,946	9,949	8,894	7,859
Non current liabilities	1,867	2,418	1,960	2,156	2,338	1,494
Current portion of long term financing	1,079	889	411	291	181	110
Short term borrowings	12,637	10,181	9,394	9,425	8,310	5,899
Other Current liabilities	6,118	3,913	2,429	3,506	2,743	3,155
<b>Total equity &amp; liabilities</b>	<b>36,296</b>	<b>28,900</b>	<b>23,140</b>	<b>25,327</b>	<b>22,465</b>	<b>18,516</b>

## Vertical Analysis

	Percentage					
Property, plant and equipment	27.5	25.9	30.6	29.1	25.7	27.5
Investments	9.3	11.7	14.2	12.9	14.6	14.8
Other non current assets	0.01	1.0	0.02	0.03	0.3	0.4
Current assets	63.2	61.5	55.1	58.0	59.4	57.3
<b>Total assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Shareholders' equity	40.2	39.8	38.7	39.3	39.6	42.4
Non current liabilities	5.1	8.4	8.5	8.5	10.4	8.1
Current portion of long term financing	3.0	3.1	1.8	1.1	0.8	0.6
Short term borrowings	34.8	35.2	40.6	37.2	37.0	31.9
Other Current liabilities	16.9	13.5	10.5	13.8	12.2	17.0
<b>Total equity &amp; liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

## Horizontal Analysis

	Percentage					
Property, plant and equipment	33.5	5.6	-3.8	27.6	13.4	4.9
Investments	0.0	2.3	0.5	0.0	19.5	-
Other non current assets	-98.4	5278.4	-23.9	-90.4	6.9	12.9
Current assets	29.1	39.3	-13.1	10.0	25.7	68.0
<b>Total assets</b>	<b>25.6</b>	<b>24.9</b>	<b>(8.6)</b>	<b>12.7</b>	<b>21.3</b>	<b>32.5</b>
Shareholders' equity	26.9	28.5	(10.1)	11.9	13.2	7.6
Non current liabilities	(22.8)	23.4	(9.1)	(7.8)	56.5	12.1
Current portion of long term financing	21.4	116.3	41.2	60.8	64.9	(30.7)
Short term borrowings	24.1	8.4	(0.3)	13.4	40.9	81.9
Other Current liabilities	56.3	61.1	(30.7)	27.8	(13.1)	62.9
<b>Total equity &amp; liabilities</b>	<b>25.6</b>	<b>24.9</b>	<b>(8.6)</b>	<b>12.7</b>	<b>21.3</b>	<b>32.5</b>

# ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Profit or Loss

	2022	2021	2020	2019	2018	2017
	(Rupees in million)					
Net Sales	37,858	28,940	18,964	25,975	26,130	17,565
Cost of Sales	(33,189)	(24,967)	(17,593)	(23,149)	(22,619)	(14,396)
<b>Gross Profit</b>	<b>4,669</b>	<b>3,973</b>	<b>1,371</b>	<b>2,826</b>	<b>3,511</b>	<b>3,169</b>
Administrative, Selling and Distribution expenses	(2,966)	(1,825)	(1,112)	(1,443)	(1,631)	(1,408)
Other operating expenses	(124)	(189)	(31)	(98)	(172)	(180)
Other income	3,261	1,054	580	1,733	883	1,037
<b>Profit before financing cost</b>	<b>4,839</b>	<b>3,015</b>	<b>809</b>	<b>3,017</b>	<b>2,591</b>	<b>2,618</b>
Finance cost	(1,182)	(756)	(1,238)	(924)	(442)	(224)
<b>Profit before Taxation</b>	<b>3,657</b>	<b>2,259</b>	<b>(430)</b>	<b>2,093</b>	<b>2,149</b>	<b>2,393</b>
Taxation	(1,501)	56	(264)	(518)	(567)	(551)
<b>Profit after Taxation</b>	<b>2,156</b>	<b>2,315</b>	<b>(694)</b>	<b>1,575</b>	<b>1,582</b>	<b>1,842</b>

## Vertical Analysis

	Percentage					
Net Sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales	(87.7)	(86.3)	(92.8)	(89.1)	(86.6)	(82.0)
<b>Gross Profit</b>	<b>12.3</b>	<b>13.7</b>	<b>7.2</b>	<b>10.9</b>	<b>13.4</b>	<b>18.0</b>
Administrative, Selling and Distribution expenses	(7.8)	(6.3)	(5.9)	(5.6)	(6.2)	(8.0)
Other operating expenses	(0.3)	(0.7)	(0.2)	(0.4)	(0.7)	(1.0)
Other income	8.6	3.6	3.1	6.7	3.4	5.9
<b>Profit before financing cost</b>	<b>12.8</b>	<b>10.4</b>	<b>4.3</b>	<b>11.6</b>	<b>9.9</b>	<b>14.9</b>
Finance cost	(3.1)	(2.6)	(6.5)	(3.6)	(1.7)	(1.3)
<b>Profit before Taxation</b>	<b>9.7</b>	<b>7.8</b>	<b>(2.3)</b>	<b>8.1</b>	<b>8.2</b>	<b>13.6</b>
Taxation	(4.0)	0.2	(1.4)	(2.0)	(2.2)	(3.1)
<b>Profit after Taxation</b>	<b>5.7</b>	<b>8.0</b>	<b>(3.7)</b>	<b>6.1</b>	<b>6.1</b>	<b>10.5</b>

## Horizontal Analysis

	Percentage					
Net Sales	30.8	52.6	(27.0)	(0.6)	48.8	12.4
Cost of Sales	32.9	41.9	(24.0)	2.3	57.1	12.5
<b>Gross Profit</b>	<b>17.5</b>	<b>189.8</b>	<b>(51.5)</b>	<b>(19.5)</b>	<b>10.8</b>	<b>12.2</b>
Administrative, Selling and Distribution expenses	62.6	64.0	(22.9)	(11.5)	15.8	(1.1)
Other operating expenses	(34.0)	514.1	(68.8)	(43.0)	(4.0)	55.0
Other income	209.3	81.7	(66.5)	96.2	(14.8)	567.7
<b>Profit before financing cost</b>	<b>60.5</b>	<b>272.8</b>	<b>(73.2)</b>	<b>16.5</b>	<b>(1.0)</b>	<b>82.0</b>
Finance cost	56.4	(39.0)	34.0	109.3	97.1	(33.0)
<b>Profit before Taxation</b>	<b>(61.9)</b>	<b>625.5</b>	<b>(120.5)</b>	<b>(2.6)</b>	<b>(10.2)</b>	<b>116.8</b>
Taxation	(2,793.6)	(121.1)	(49.0)	(8.6)	3.0	73.3
<b>Profit after Taxation</b>	<b>6.9</b>	<b>433.4</b>	<b>(144.1)</b>	<b>(0.4)</b>	<b>(14.1)</b>	<b>134.4</b>

# ANALYSIS OF FINANCIAL STATEMENTS

## Statement of Cash Flows

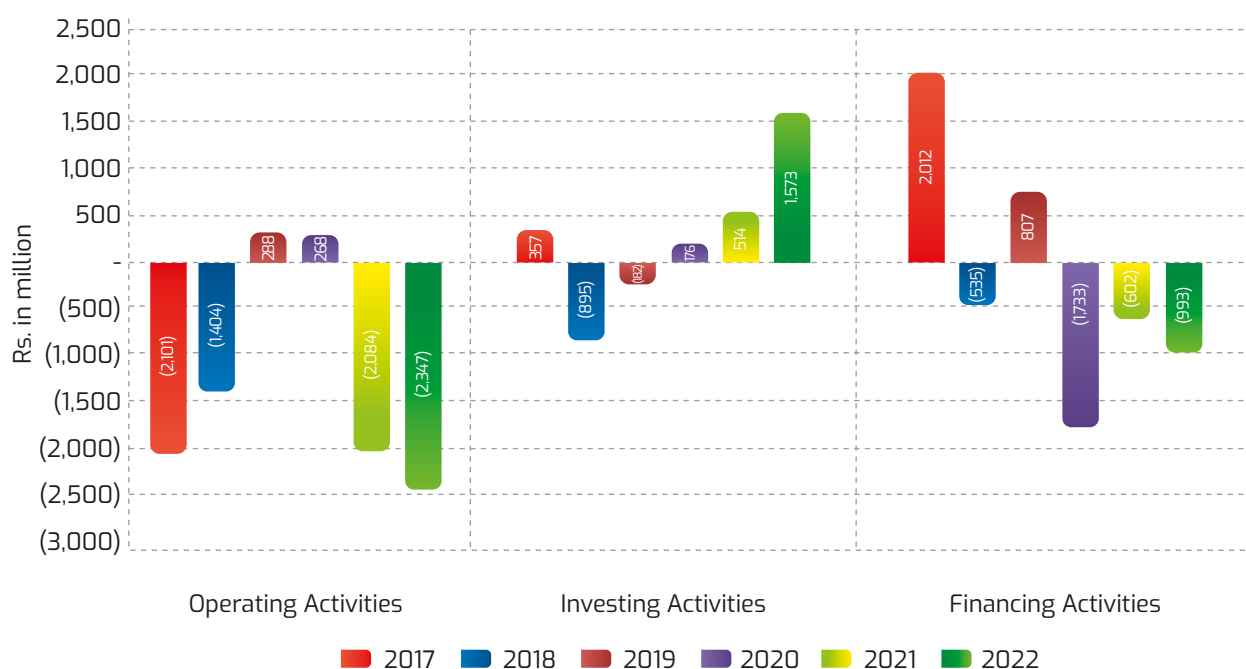
	2022	2021	2020	2019	2018	2017
	(Rupees in million)					
Net cash generated from/(used in) operating activities	(2,347)	(2,084)	268	288	(1,404)	(2,101)
Net cash inflows/(outflows) from investing activities	1,573	514	176	(182)	(895)	357
Net cash inflows/(outflows) from financing activities	(993)	(602)	(1,733)	807	(535)	2,012
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,767)</b>	<b>(2,173)</b>	<b>(1,290)</b>	<b>913</b>	<b>(2,834)</b>	<b>268</b>

### Vertical Analysis

	Percentage					
Net cash generated from/(used in) operating activities	(132.9)	(95.9)	20.8	(31.6)	(49.5)	(785)
Net cash inflows/(outflows) from investing activities	89.0	23.6	13.6	20.0	(31.6)	134
Net cash inflows/(outflows) from financing activities	(56.2)	(27.7)	(134.4)	(88.4)	(18.9)	751
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>(100.0)</b>	<b>100</b>

### Horizontal Analysis

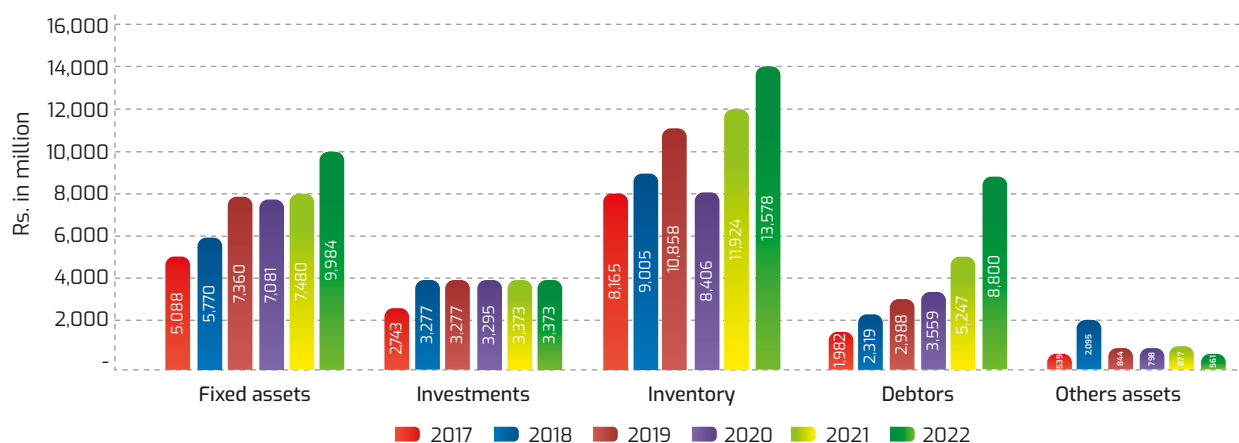
	Percentage					
Net cash generated from/(used in) operating activities	12.6	(878.0)	(7.0)	(120.5)	(33.2)	(214.0)
Net cash inflows/(outflows) from investing activities	206.1	192.8	(196.3)	(79.6)	(350.3)	(143.7)
Net cash inflows/(outflows) from financing activities	64.8	(65.2)	(314.8)	(250.8)	(126.6)	(222.0)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(18.7)</b>	<b>68.5</b>	<b>(241.3)</b>	<b>(132.2)</b>	<b>(1,158.3)</b>	<b>(143.0)</b>



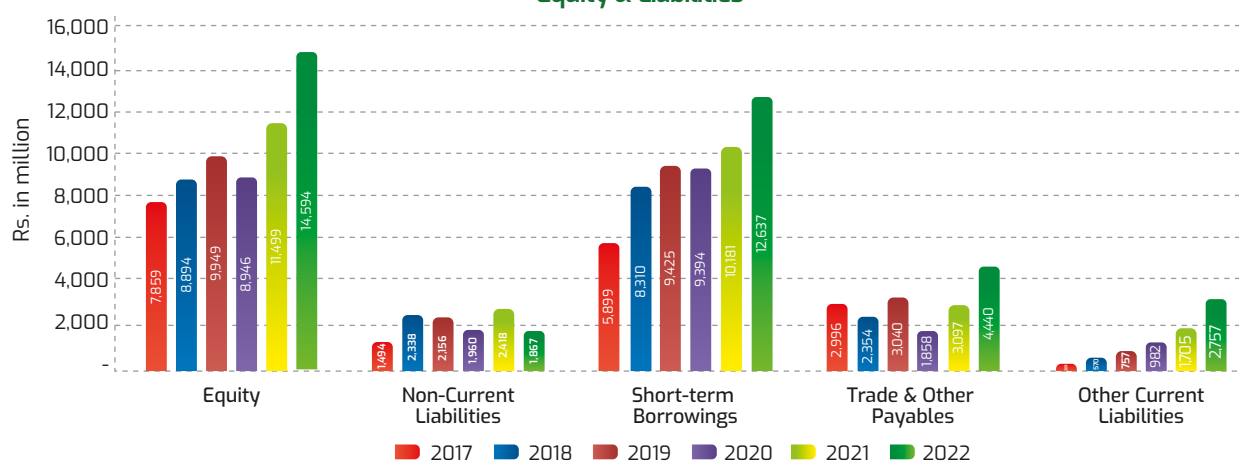
# GRAPHICAL PRESENTATION OF

## Statement of Financial Position and Statement of Profit or Loss

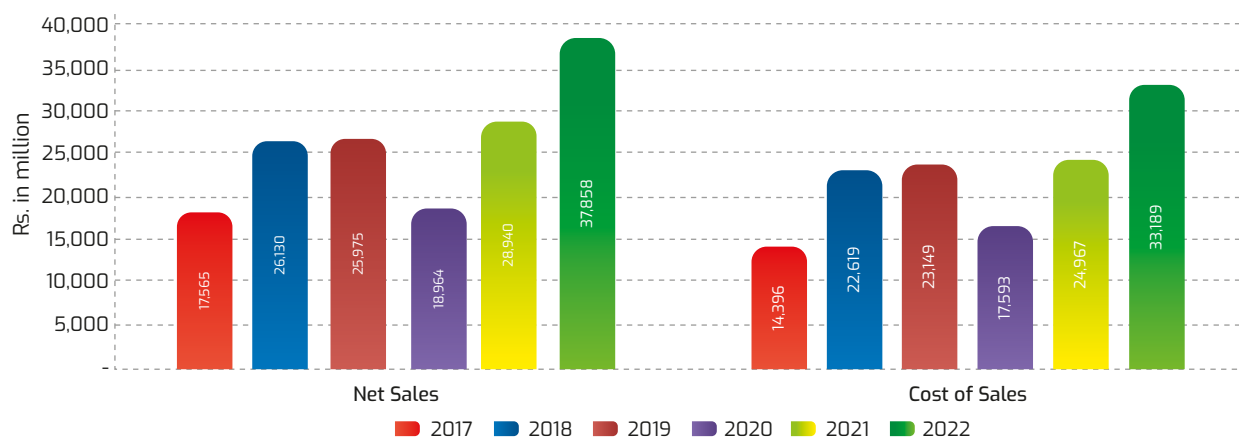
### Total Assets



### Equity & Liabilities



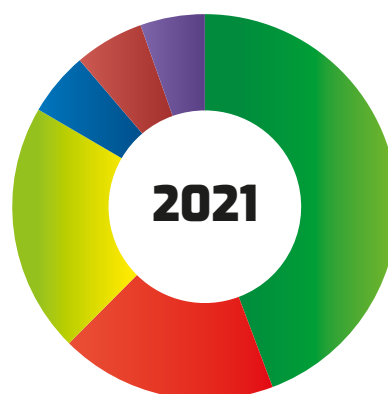
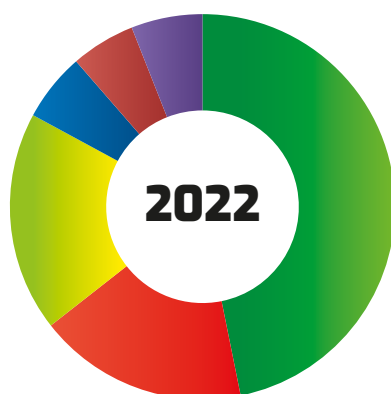
### Net Sales & Cost of Sales





# KEY FINANCIAL INDICATORS (GRAPHS)

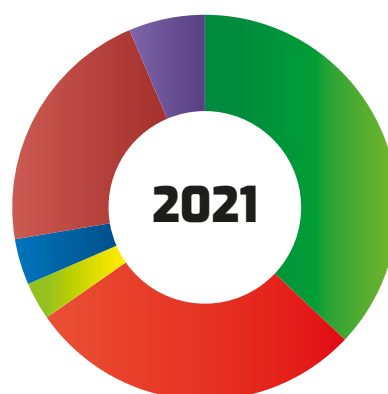
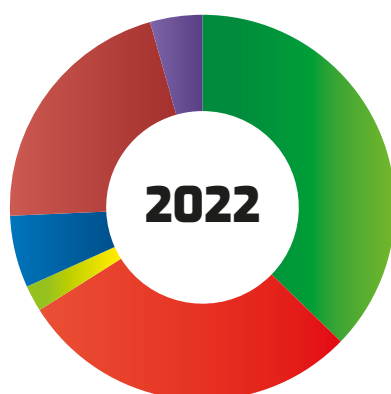
## CONVERSION COST



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

2022	2021
Rs in million	
1,181	1,025
444	421
465	485
144	124
136	135
151	125
<b>2,521</b>	<b>2,316</b>

## PRODUCT-WISE VOLUMES



- Galvanized steel pipes
- Colled Rolled tubes
- API line pipes
- Black pipes
- Others (Steel)
- Polymer pipes & fittings

2022	2021
% of tonnage	
37%	37%
29%	28%
2%	3%
6%	4%
21%	21%
4%	6%
<b>100%</b>	<b>100%</b>

# KEY FINANCIAL INDICATORS

		2022	2021	2020	2019	2018	2017
<b>Profitability Ratios</b>							
Gross profit ratio	%	12.3	13.7	7.2	10.9	13.4	18.0
Net profit to Sales	%	5.7	8.0	(3.7)	6.1	6.1	10.5
EBITDA Margin to Sales	%	14.1	12.2	7.1	13.4	11.4	17.1
Cost to Income Ratio	Times	3.2	1.9	12.2	2.6	1.9	1.8
Operating Leverage	%	1.7	3.1	2.3	(28.8)	(0.01)	6.07
Return on Equity with Surplus on revaluation of fixed assets	%	14.8	20.1	(7.8)	15.8	17.8	23.4
Return on Equity without Surplus on revaluation of fixed assets	%	22.7	27.4	(10.6)	21.0	22.8	31.5
Return on Capital Employed	%	13.5	17.1	(6.6)	13.5	14.6	20.4
Return on Total Assets	%	5.9	8.0	-3.0	6.2	7.0	10
Shareholders' funds ratio	%	40.2	39.9	38.7	39.3	39.6	42
<b>Liquidity Ratios</b>							
Current ratio	Times	1.16	1.19	1.04	1.11	1.19	1.16
Quick / Acid test ratio	Times	0.46	0.38	0.34	0.27	0.37	0.26
Cash to Current Liabilities	Times	(0.53)	(0.58)	(0.53)	(0.39)	(0.54)	(0.06)
Cash flow from Operations to Sales	Times	(0.06)	(0.07)	0.01	0.01	(0.05)	(0.12)
<b>Activity / Turnover Ratios</b>							
Inventory turnover ratio	Times	2.6	2.5	1.8	2.3	2.6	2.4
Inventory turnover in days	days	140	149	200	157	139	155
Debtor turnover ratio	Times	6.4	7.9	7.0	11.6	14.3	10.8
Debtor turnover in days	days	57	46	52	31	26	34
Creditor turnover ratio	Times	19	42	23	34	37	20
Creditor turnover in days	days	20	9	16	11	10	18
Total assets turnover ratio	Times	1.0	1.0	0.8	1.0	1.2	0.9
Fixed assets turnover ratio	Times	3.8	3.9	2.7	3.5	4.5	3.5
Operating cycle in days	days	178	186	236	177	154	171
Capital employed turnover ratio	Times	2.6	2.4	1.7	2.3	2.6	2.0
<b>Investment / Market Ratios</b>							
Earnings per share - basic and diluted	Rs.	16.3	17.6	(5.3)	11.9	13.2	15.4
Price earning ratio	Times	6.3	12.0	(17.4)	6.5	17.6	24.0
Dividend Yield ratio	%	7.7	4.7	0.0	8.4	3.7	2.4
Dividend Payout ratio	%	48.9	57.0	0.0	54.4	64.4	58.57
Dividend per share - Cash	Rs.	8.00	10.00	-	5.50	8.50	9.00
Bonus shares	Rs.	-	-	-	1.00	-	-
Dividend Cover	(x)	2.04	1.76	-	1.84	1.55	1.71
Market value per share at the end of the year	Rs.	103.73	211.02	91.73	77.07	231.98	368.57
Market value per share high during the year	Rs.	219.60	242.50	120.99	247.97	377.00	405.99
Market value per share low during the year	Rs.	90.50	92.10	63.50	71.25	203.00	85.80
Break-up value per share with revaluation of fixed assets	Rs.	110.66	87.19	67.83	82.98	74.19	65.55
Break-up value per share without revaluation of fixed assets	Rs.	71.91	63.98	49.84	62.54	57.85	48.72
Price to book ratio	Times	0.38	0.96	0.52	0.36	1.24	2.39
Break-up value per share including Investment in Related Party with revaluation of fixed assets	Rs.	202.62	242.88	143.82	144.03	264.30	311.88
Break-up value per share including Investment in Related Party without revaluation of fixed assets	Rs.	163.87	219.68	125.84	123.59	247.97	295.05
ISL (Market Value of Investment at year end)	Rs.	14,547	22,891	12,657	9,731	24,922	31,340
PCL (Market Value of Investment at year end)	Rs.	850	911	651	856	1,139	776
IL Australia (Unquoted - Value of Initial Investment)	Rs.	9	9	9	9	9	9
IL Americas (Unquoted - Value of Initial Investment)	Rs.	18	18	-	-	-	-
IL CSL (Unquoted - Value of Initial Investment)	Rs.	77	77	-	-	-	-
IL SS (Unquoted - Value of Initial Investment)	Rs.	-	-	-	-	-	150
Total Investment in Related Parties at Market Value	Rs.	15,500	23,906	13,318	10,596	26,070	32,276

**Capital Structure Ratios**

Financial leverage ratio  
 Weighted average cost of debt  
 Net assets per share  
 Total Debt : Equity ratio  
 Interest cover

	2022	2021	2020	2019	2018	2017
(x)	1.5	1.5	1.6	1.5	1.5	1.4
(x)	7.6	5.6	10.9	8.1	4.0	2.8
Rs	110.66	87.19	67.83	82.98	74.19	65.55
(x)	60 : 40	60 : 40	61 : 39	61 : 39	60 : 40	58 : 42
(x)	1.4	2.8	0.2	1.5	4.3	7.9

**Employee Productivity and others**

Production per employee  
 Revenue per employee  
 Spares inventory as % of assets cost  
 Maintenance cost as % of operating expenses

Tons	162	192	124	187	235	189
Rs M	39.8	30.3	18.4	23.8	24.2	17.3
%	0.8	0.8	0.9	0.9	0.7	0.6
%	2.5	3.3	3.4	4.0	3.9	4.1

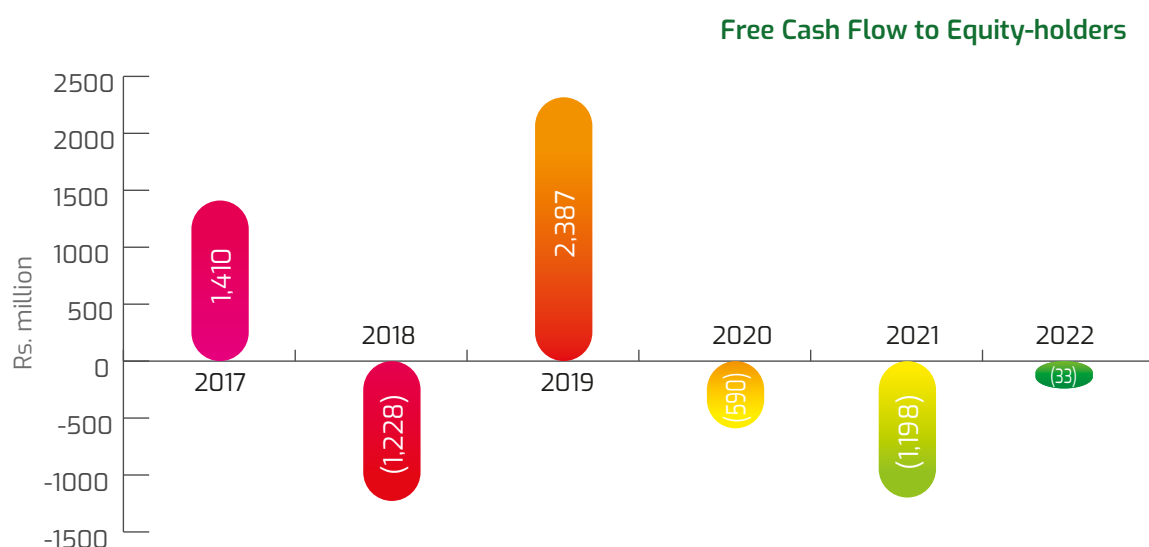
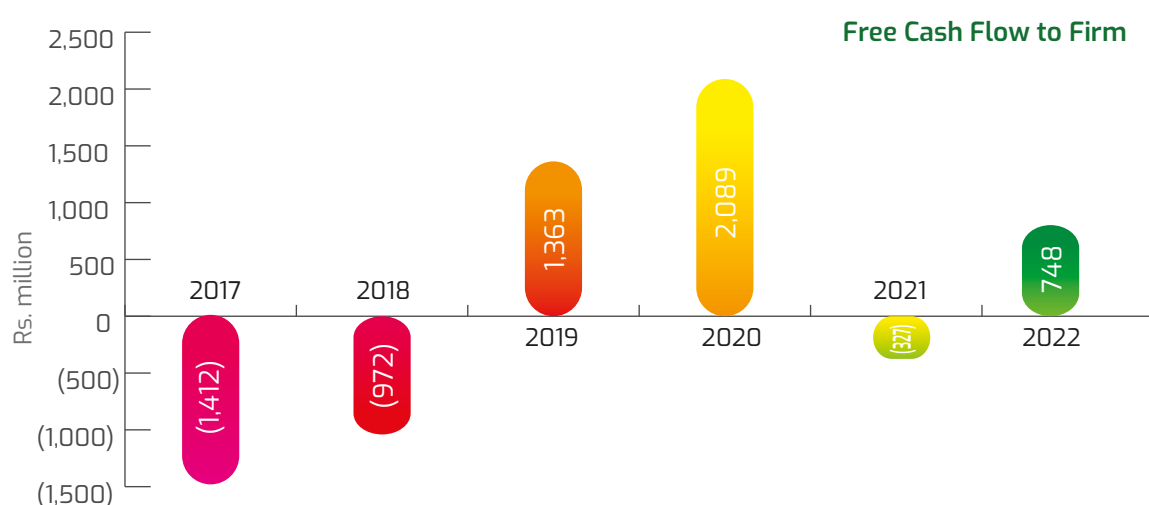
**Value Addition**

Employees as remuneration  
 Government as taxes  
 Shareholders as dividends  
 Retained within the business  
 Financial charges to providers of finance

Rs. M	1,587	1,516	1,232	1,353	1,324	1,132
Rs. M	6,524	6,576	4,910	5,139	5,459	3,354
Rs. M	1,055	1,319	0	659	1,019	1,079
Rs. M	1,101	996	(694)	915	563	763
Rs. M	1,182	756	1,238	924	442	224

# FREE CASH FLOW

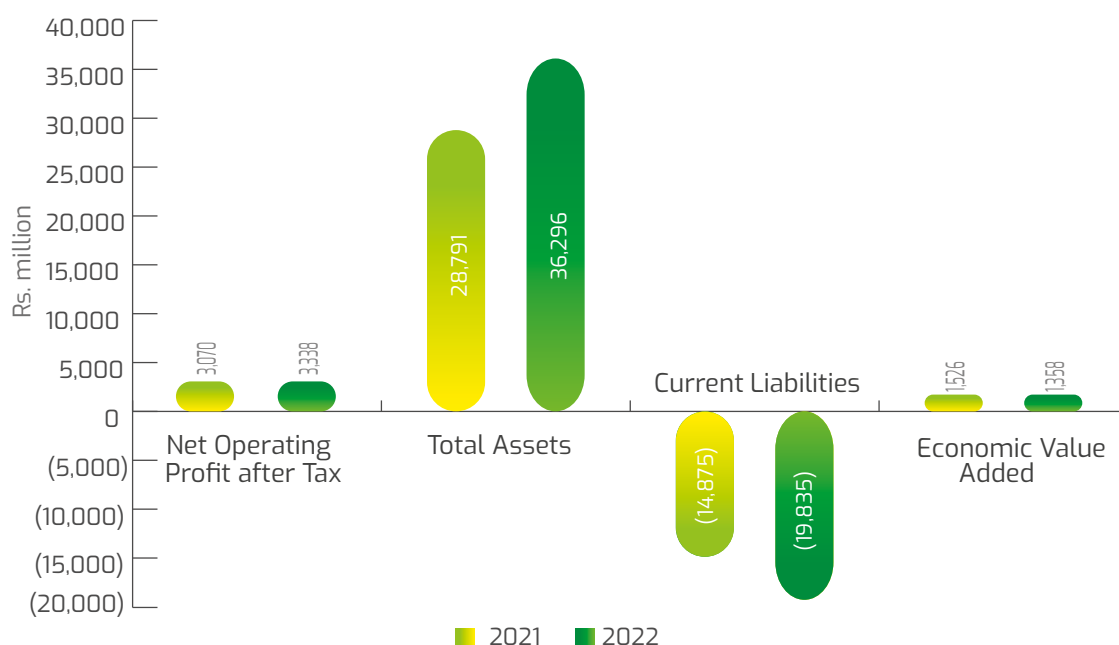
	2022	2021	2020	2019	2018	2017
	Rs. million					
Earnings before Interest and Taxes	4,839	3,015	809	3,017	2,591	2,618
Depreciation & amortization	506	524	536	468	387	379
Changes in Working capital	(3,831)	(3,623)	1,011	(666)	(2,881)	(3,788)
Capital expenditure incurred	(766)	(243)	(267)	(1,456)	(1,070)	(620)
	(4,091)	(3,342)	1,280	(1,654)	(3,563)	(4,029)
<b>Free cash flow to firm</b>	<b>748</b>	<b>(327)</b>	<b>2,089</b>	<b>1,363</b>	<b>(972)</b>	<b>(1,412)</b>
Net borrowing raised / (paid)	124	(135)	(1,374)	1,883	170	3,024
Interest paid	(905)	(736)	(1,305)	(859)	(426)	(202)
	(781)	(871)	(2,679)	1,024	(256)	2,822
<b>Free cash flow to Equity holders</b>	<b>(33)</b>	<b>(1,198)</b>	<b>(590)</b>	<b>2,387</b>	<b>(1,228)</b>	<b>1,410</b>



# ECONOMIC VALUE ADDED

	2022	2021	2020	2019	2018	2017
	Rs. million					
Net operating profit after tax (NOPAT)	3,338	3,070	544	2,499	2,023	2,067
Cost of Capital	(1,980)	(1,545)	(1,222)	(1,304)	(1,091)	(938)
Economic Value Added	1,358	1,526	(678)	1,195	932	1,129
Total Assets	36,296	28,791	23,140	25,327	22,465	18,516
Current Liabilities	(19,835)	(14,875)	(12,234)	(13,222)	(11,233)	(9,164)
Invested Capital	16,461	13,916	10,905	12,105	11,232	9,352
WACC	12.03%	11.10%	11.21%	10.77%	9.71%	10.02%
Cost of Capital	1,980	1,545	1,222	1,304	1,091	938

## Economic Value Added





# COMMENTS ON SIX YEARS ANALYSIS

## On the performance of the Company

### ECONOMIC OVERVIEW

The recent years have been turbulent, to say the least. COVID 19, energy prices, shipping constraints, war in Ukraine and a strengthening US Dollar posed significant challenges to national economies one after the other. These challenges were met with resilience and businesses reported healthy profitability. We leveraged our dealer network to capitalize on new opportunities. Even as we entrenched deeper into existing markets, we continued to identify new opportunity pockets.

### STATEMENT OF FINANCIAL POSITION

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

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

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

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

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

### STATEMENT OF PROFIT OR LOSS

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

Administrative and selling expenses were broadly consistent with the proportion to the sales in last six years. Distribution expenses did witness an unprecedented increase due to container shortages and congestions at major ports.

Continuous PKR depreciation resulted in higher working capital deployment despite the efficiencies as imported raw material represents major portion of our cost of goods sold. During FY 22, international raw material prices and policy rate witnessed unprecedented upsurge resulting in higher Finance cost.

Other income mainly consists of dividends received from strategic investments and exchange differences whereas other expenses mainly comprise of WWF / WPPF which are a derivative of profitability.

The corporate tax rates pertaining to normal, presumptive, and minimum regimes remained fairly consistent over the period. However, tax charge for FY 22 was higher on account of 10% Super tax imposed by Government to cover budget deficit and secure the IMF program.

## CASHFLOW ANALYSIS

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

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

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

## RATIO ANALYSIS

### PROFITABILITY

EBITDA margin to sales at 14.1% was driven by the bounce back in business volume post COVID period, at decent margins.

### INVESTMENT / MARKET

Profitability rebounded strongly after FY20 (COVID-19 year) yielding healthy earning per share at PKR 17.55 and PKR 16.35 for the years FY21 and FY22, respectively. The price earning ratio stood at 6.3 in FY22, which is in line with current market sentiments.

### LIQUIDITY

Throughout the last six years, the Company's current ratio remained above 1. All debt commitments were discharged on timely basis. Net Cash from operations remained volatile depending on pressures on international steel prices and / or exchange rates.

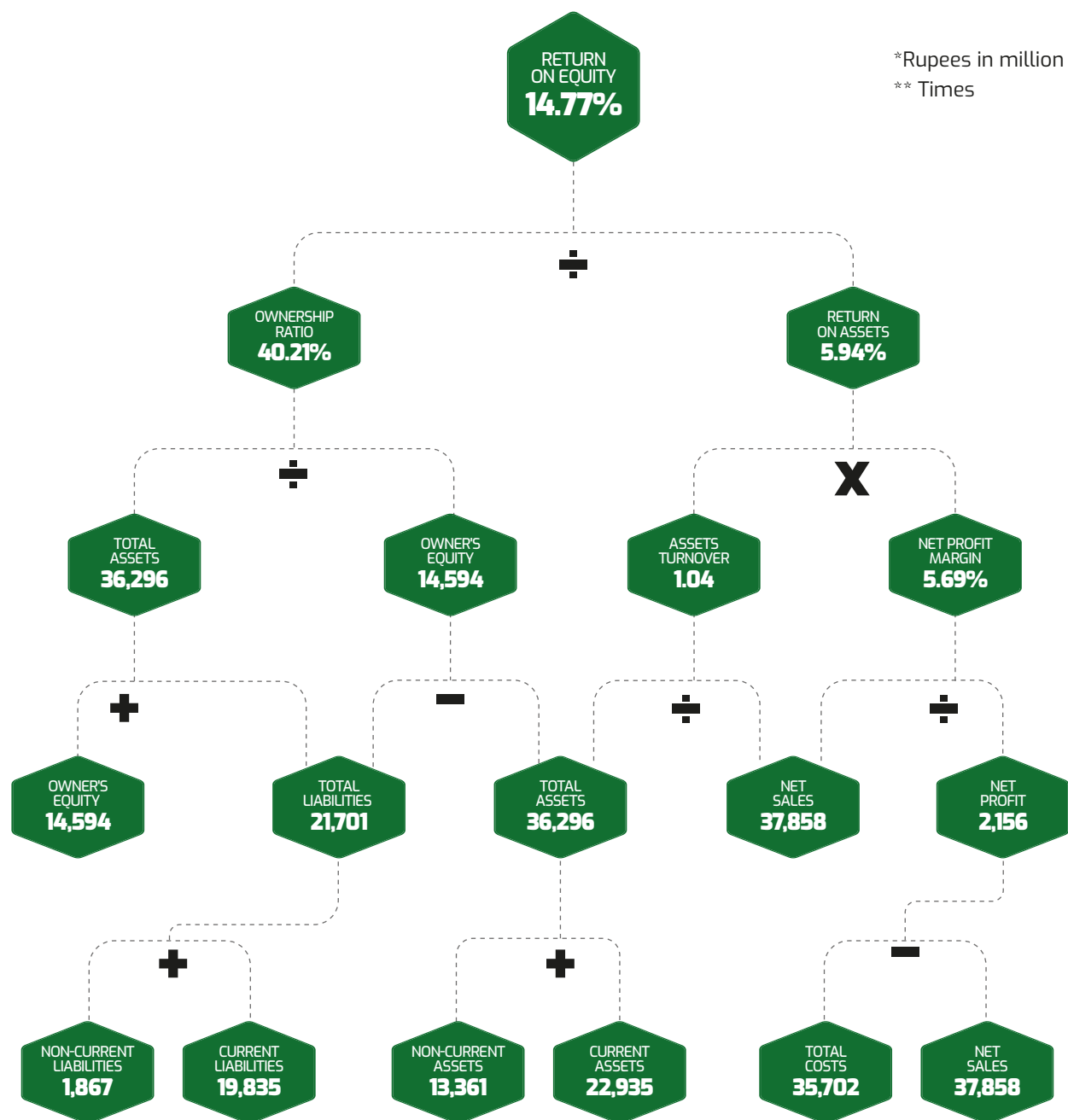
### CAPITAL STRUCTURE

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

### ACTIVITY / TURNOVER

The operating cycle stood at the normal level of 170-180 days except in FY20 when the sales were exceptionally low due to COVID-19.

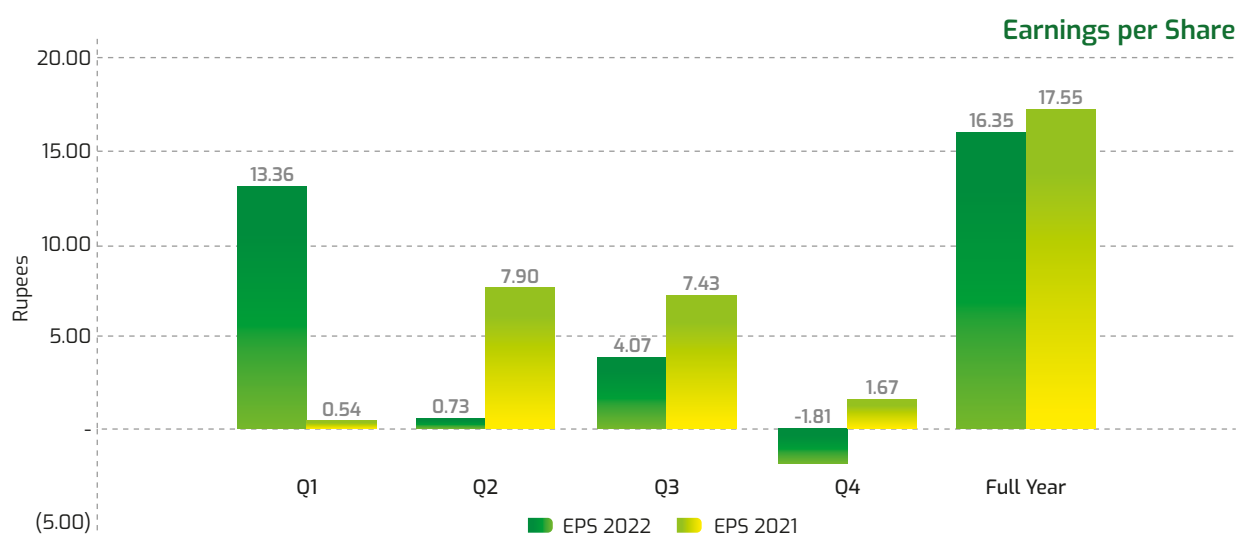
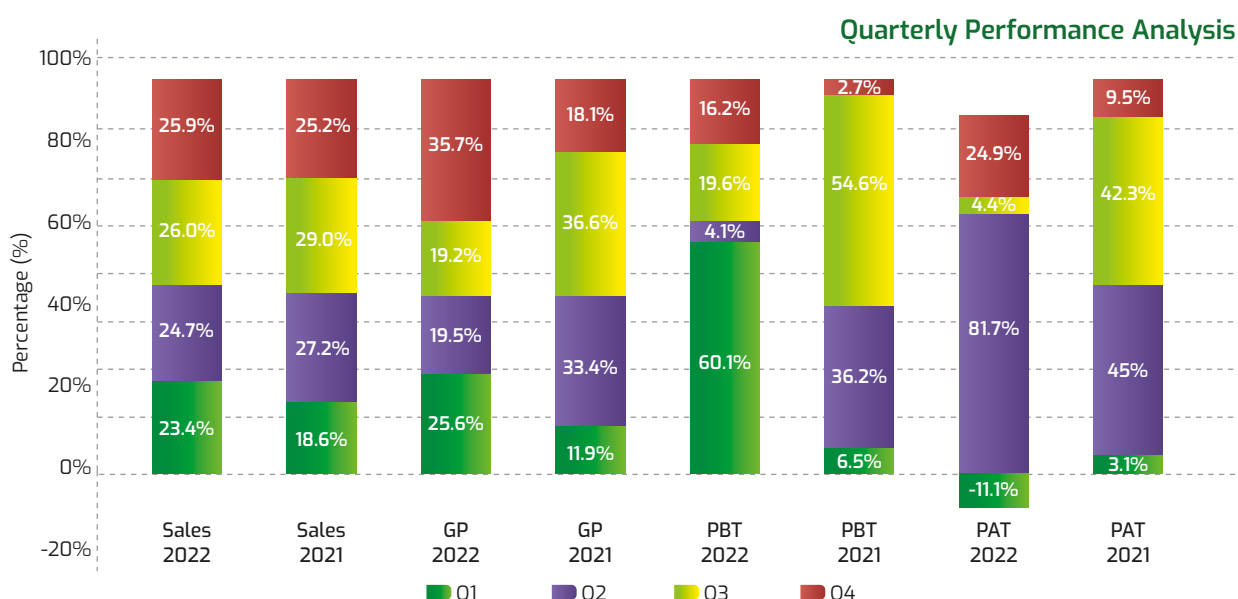
# DUPONT ANALYSIS 2022



# QUARTERLY PERFORMANCE ANALYSIS

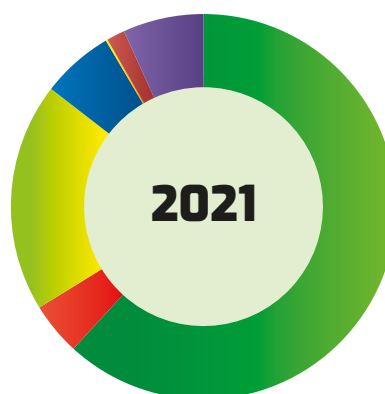
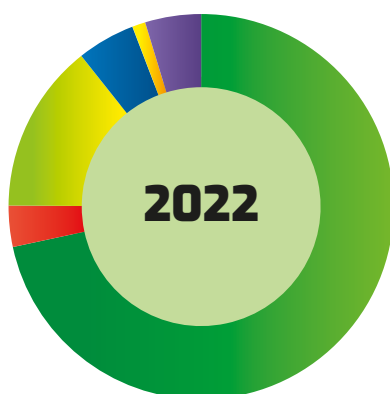
Rs. in million

	2022									
	Q1		Q2		Q3		Q4		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenue	8,859	100.0	9,366	100.0	9,841	100.0	9,792	100.0	37,858	100.0
Cost of sales	(7,666)	(86.5)	(8,454)	(90.3)	(8,945)	(90.9)	(8,124)	(83.0)	(33,189)	(87.7)
<b>Gross Profit</b>	<b>1,194</b>	<b>13.5</b>	<b>912</b>	<b>9.7</b>	<b>896</b>	<b>9.1</b>	<b>1,667</b>	<b>17.0</b>	<b>4,669</b>	<b>12.3</b>
Selling and distribution cost	(562)	(6.3)	(585)	(6.2)	(697)	(7.1)	(776)	(7.9)	(2,621)	(6.9)
Administration Cost	(82)	(0.9)	(67)	(0.7)	(69)	(0.7)	(127)	(1.3)	(346)	(0.9)
<b>Operating Profit</b>	<b>549</b>	<b>6.2</b>	<b>260</b>	<b>2.8</b>	<b>129</b>	<b>1.3</b>	<b>764</b>	<b>7.8</b>	<b>1,702</b>	<b>4.5</b>
Other expenses	(42)	(0.5)	(9)	(0.1)	(22)	(0.2)	(51)	(0.5)	(124)	(0.3)
Other income	1,922	21.7	137	1.5	930	9.4	272	2.8	3,261	8.6
<b>EBIT</b>	<b>2,428</b>	<b>27.4</b>	<b>388</b>	<b>4.1</b>	<b>1,037</b>	<b>10.5</b>	<b>985</b>	<b>10.1</b>	<b>4,839</b>	<b>12.8</b>
Finance cost	(232)	(2.6)	(240)	(2.6)	(319)	(3.2)	(392)	(4.0)	(1,182)	(3.1)
<b>PBT</b>	<b>2,197</b>	<b>24.8</b>	<b>149</b>	<b>1.6</b>	<b>719</b>	<b>7.3</b>	<b>593</b>	<b>6.1</b>	<b>3,657</b>	<b>9.7</b>
Taxation	(435)	(4.9)	(53)	(0.6)	(181)	(1.8)	(832)	(8.5)	(1,501)	(4.0)
<b>PAT</b>	<b>1,762</b>	<b>19.9</b>	<b>96</b>	<b>1.0</b>	<b>537</b>	<b>5.5</b>	<b>(239)</b>	<b>(2.4)</b>	<b>2,156</b>	<b>5.7</b>
<b>EPS (Rupees)</b>	<b>13.36</b>		<b>0.73</b>		<b>4.07</b>		<b>(1.81)</b>		<b>16.35</b>	



# STATEMENT OF VALUE ADDITION

	2022		2021	
	Rupees in '000	%	Rupees in '000	%
<b>Wealth Generated</b>				
Sales including sales tax	42,629,974	92.9%	33,125,035	96.9%
Other operating income	3,260,950	7.1%	1,054,431	3.1%
	<b>45,890,924</b>	<b>100%</b>	<b>34,179,466</b>	<b>100%</b>
<b>Wealth Distributed</b>				
Cost of material & services	32,873,576	71.6%	21,120,610	61.8%
<b>To Employees</b>				
Salaries & other related cost	1,586,593	3%	1,516,288	4%
<b>To Government</b>				
Taxes & Duties	6,414,648	14.0%	6,452,229	18.9%
Worker Profit Participation Fund	73,897	0.2%	82,376	0.2%
Worker Welfare Fund	35,831	0.1%	41,442	0.1%
	<b>6,524,376</b>	<b>14.2%</b>	<b>6,576,047</b>	<b>19.2%</b>
<b>To Providers of Capital</b>				
Dividend to shareholders	1,055,055	2.3%	1,318,817	3.9%
Finance cost	1,181,871	2.6%	755,715	2.2%
	<b>2,236,926</b>	<b>4.9%</b>	<b>2,074,532</b>	<b>6.1%</b>
<b>To Society</b>				
Donation	7,500	0.02%	53,350	0.2%
<b>Retained in Business</b>				
For replacement of fixed assets				
Depreciation & Amortization	506,285	1.1%	524,077	1.5%
To provide for growth: Retained Profit	2,155,668	4.7%	2,314,562	6.8%
	<b>2,661,953</b>	<b>5.8%</b>	<b>2,838,639</b>	<b>8.3%</b>
	<b>45,890,924</b>	<b>100%</b>	<b>34,179,466</b>	<b>100%</b>

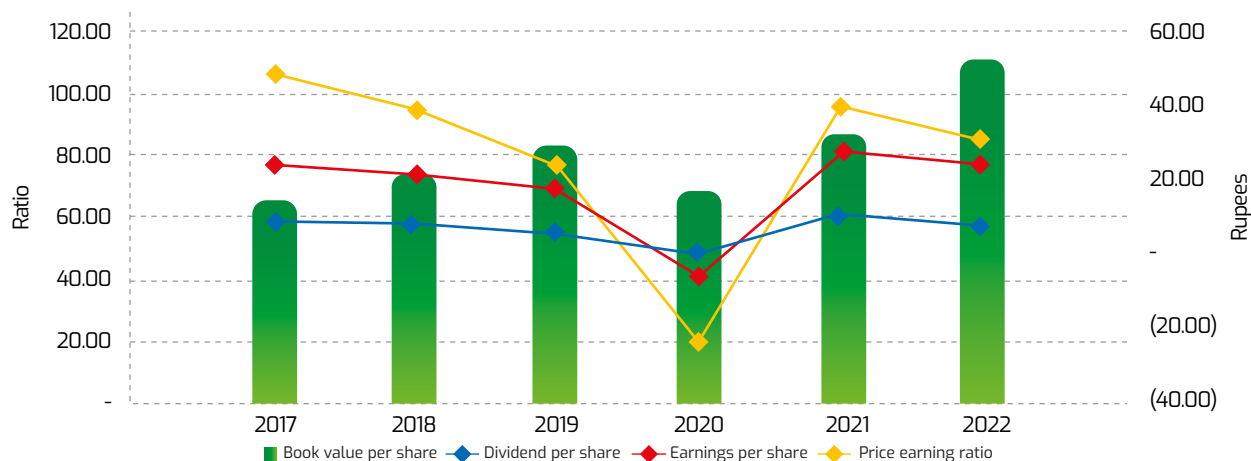


	2022	2021
Cost of material & services	71.6%	61.8%
To Employees	3.5%	4.4%
To Government	14.2%	19.2%
To Providers of Capital	4.9%	6.1%
To Society	0.02%	0.2%
Depreciation & Amortization	1.1%	1.5%
Retained Profit	4.7%	6.8%

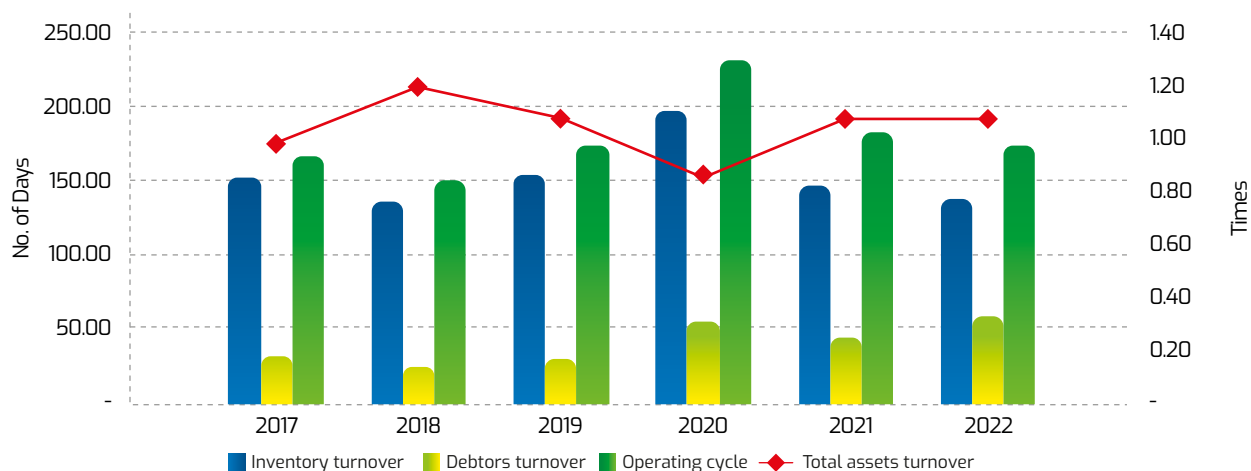


# PERFORMANCE AT A GLANCE

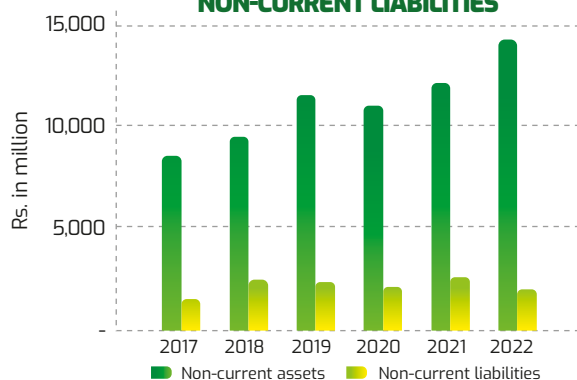
## MARKET VALUE RATIO



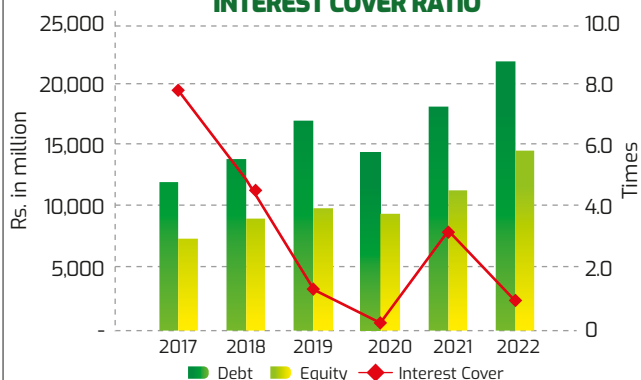
## ASSETS MANAGEMENT RATIO



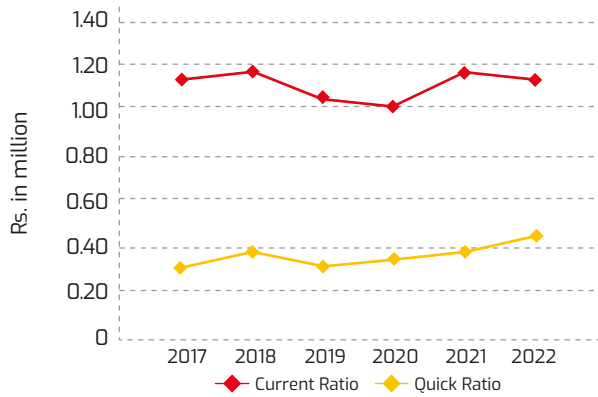
## NON-CURRENT ASSETS & NON-CURRENT LIABILITIES



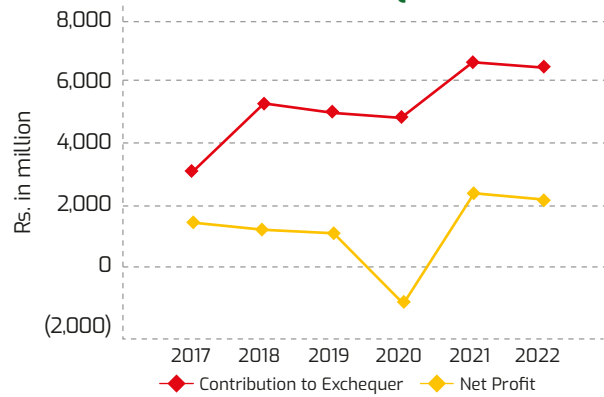
## DEBT MANAGEMENT & INTEREST COVER RATIO



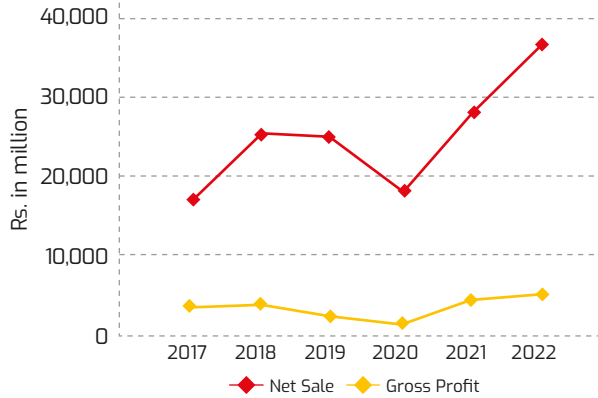
### LIQUIDITY RATIO



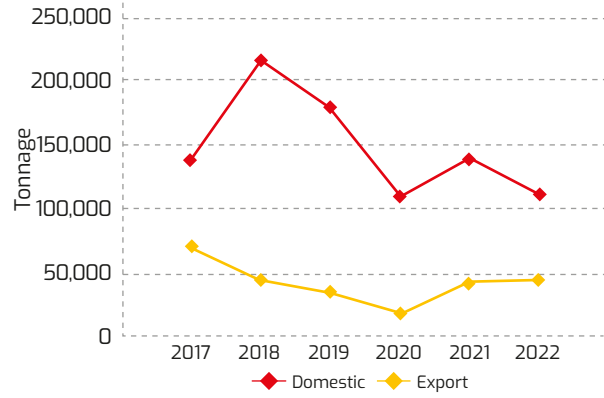
### NET PROFIT & CONTRIBUTION TO EXCHEQUER



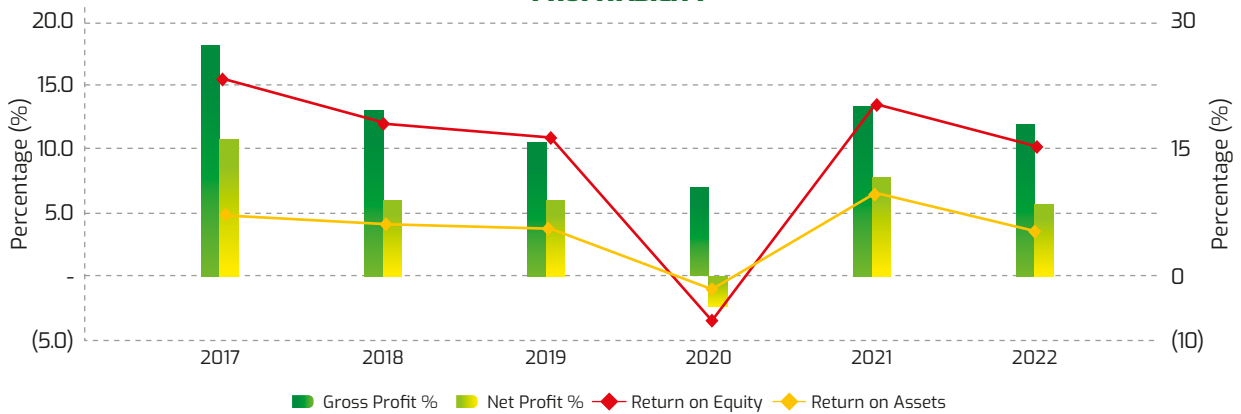
### NET SALES & GROSS PROFIT



### SALES BREAK-UP



### PROFITABILITY



# STATEMENT OF CASH FLOWS - DIRECT METHOD

	2022	2021
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	39,081,902	31,618,384
Cash paid to suppliers / service providers and employees	(39,474,671)	(31,774,870)
Workers Funds	(113,506)	(113,109)
Sales tax payments	(241,125)	(667,506)
Finance cost paid	(904,840)	(735,797)
Income on bank deposits received	1,424	792
Staff retirement benefits paid	(61,915)	(77,800)
Payment on account of compensated absences	(15,974)	(13,055)
Income tax paid - net	(618,418)	(323,382)
Decrease in long-term deposits	-	1,866
<b>Net cash used in operating activities</b>	<b>(2,347,123)</b>	<b>(2,084,477)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for acquisition of property, plant and equipment	(766,259)	(242,676)
Payment for acquisition of intangible assets	(2,063)	(300)
Payment for investment in wholly-owned subsidiary company	-	(77,273)
Proceeds from disposal of property, plant and equipment	71,848	98,969
Dividend received	2,269,471	735,166
<b>Net cash generated from investing activities</b>	<b>1,572,997</b>	<b>513,886</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term financing	359,171	1,458,844
Repayment of long-term financing	(883,894)	(434,087)
Receipt / (repayment) of short-term borrowings - net	649,000	(1,160,000)
Dividend paid	(1,116,889)	(467,180)
<b>Net cash used in financing activities</b>	<b>(992,612)</b>	<b>(602,423)</b>
Net decrease in cash and cash equivalents	(1,766,738)	(2,173,014)
Cash and cash equivalents at beginning of the year	(8,653,002)	(6,479,988)
Cash and cash equivalents at end of the year	(10,419,740)	(8,653,002)
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Cash and bank balances	113,580	73,489
Short-term borrowings maturing within three months	(10,533,320)	(8,726,491)
	<b>(10,419,740)</b>	<b>(8,653,002)</b>

# SHARE PRICE SENSITIVITY ANALYSIS

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

## INCREASE IN DEMAND

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

## INCREASE IN VARIABLE COST

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

## INCREASE/DECREASE IN STEEL PRICES

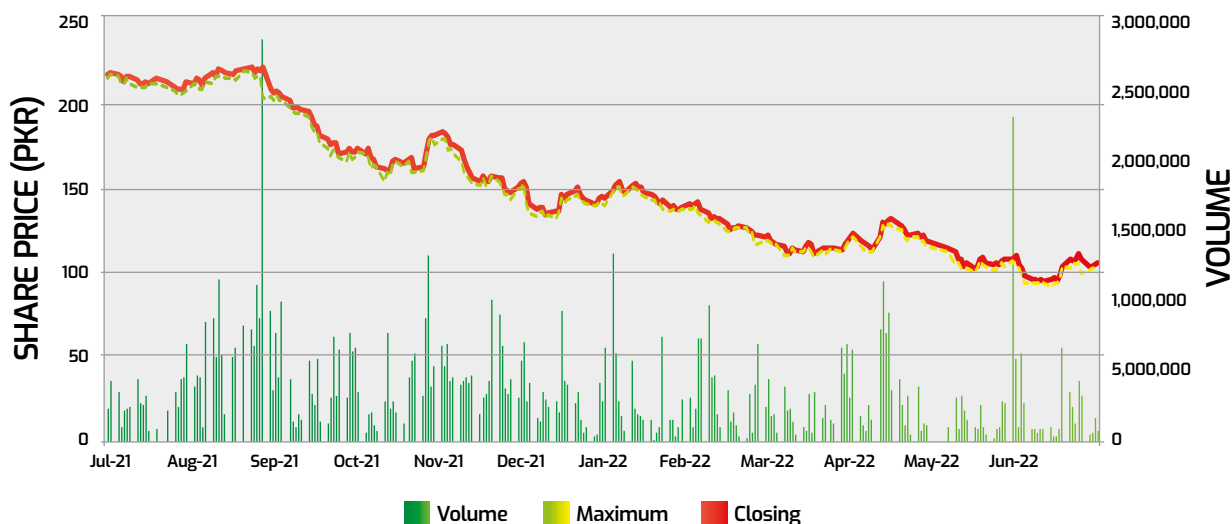
Cost of steel is a major component of the cost of the product. Instability in price which cannot be passed on to the customers will have an impact on profitability and the share price.

## INCREASE IN FIXED COSTS

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

## CHANGE IN GOVERNMENT POLICIES

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



# FORWARD LOOKING STATEMENT

The year 2022-23 continues to unfold newer challenges and opportunities; both nationally and internationally. While the Pakistan economy demonstrated robust post-COVID recovery, the devastation caused by the recent monsoon rains and floods has brought to an already slow economy to a standstill, at least for now.

Internationally, the war in Ukraine continues unabated but it is hoped that the easing up of global supply chain challenges may bring about some improvement in global economic conditions and energy and food supply may ease out. However, the anticipation of high inflation at over 6% in developed economies and nearly 10% in emerging markets this year may dampen growth forecasts. Continued tightening of monetary policy by central banks across the globe will constrict the money supply. Against this background, businesses with efficient and sustainable resources and working capital management will stand the best chance of remaining healthy.

The recent floods have devastated crops and infrastructure alike on a vast scale. Pakistan will have to import a wide array of goods to ensure food supply and rebuild infrastructure. This may provide stimulus in setting a new pace of economic recovery after rescue and relief operations make way for the rehabilitation process. This recovery will largely depend on the volume of aid and grants generated from both within and from outside the country; the fact that economic hubs of the country in Karachi and Central Punjab have largely been spared may also contribute to a relatively speedy recovery. IIL, as the leading manufacturer of tubes & pipes in the domestic market, is poised to play its part in this effort.

IIL is Pakistan's No. 1 producer of Galvanized Iron (GI) pipes, Cold Rolled (CR) tubes, Stainless Steel tubes & pipes, Hollow Structural Sections (HSS) and Black & Scaffolding pipes, showcasing the largest product range in the segments it operates in. The IIL brand is a benchmark for quality and has, over several decades, earned continuing loyalty from its customers, dealers and business partners. The Company is continuously striving toward customer-centricity and synchronizing itself with market needs.

The Company continues to enhance its manufacturing capabilities and product portfolio. A plant has been commissioned recently to produce uPVC pipes and fittings, which will complement our PPRC business. While PPRC pipes are used for water transmission into properties, uPVC pipes are deployed to extract wastewater. The addition of uPVC to our product offerings will provide customers with complete solutions, backed by the IIL brand guaranteeing quality and is expected to provide a major boost to the revenues generated by our Polymer segment. Two additional polymer extruders were also added during the year to cater to the growing demand for PE and PPRC water pipes.

The Company is also poised to commission four new stainless steel tube mills and polishing machines for square and rectangular tubes and sections, which will further enhance our product range and increase capacity in this rapidly-growing segment.

The Company's activities to diversify and expand its global footprint continue to deliver positive outcomes. Our strategy to penetrate markets in Australia and North America through wholly-owned subsidiaries has provided a strong foothold for exports to these major markets. Recently, the Australian Border Force (ABF) has accredited IIL Australia Pty Ltd with the prestigious Australian Trusted Trader certification, which marks out this company as a significant entity and a preferred supplier in the Australian market. IIL Americas Inc has also started yielding promising results within the first two years of business and grew its sales volume by xxx% last year. Both these subsidiaries, as well as our exports to over 50 countries, contributed over USD62million to Pakistan's foreign exchange last year.



# FORWARD LOOKING STATEMENT

ILL Construction Solutions Ltd., another wholly-owned subsidiary, has also started to show good promise. . This company strives to introduce new concepts and products to revolutionize the Pakistani construction industry. It recently entered into a strategic partnership with MEVA Schalungs Systeme of Germany, a world-leading organization, to offer products and expertise using their formwork and shoring solutions. We believe that this business will complement the marketing and sale of various ILL products including HSS and scaffolding pipe.

The Company continues to actively enhance commercial and institutional customer engagement via nationwide events, sponsorships and direct engagement mechanisms. This is part of its keen focus on customer-centricity and garnering a deep understanding of market requirements.

The Company is keenly focused on the most efficient sourcing and generation of energy to meet its manufacturing requirements. To this end, it has embarked on major investments in introducing solar power generation into its energy mix and initially plans to install 4MW at its Karachi and Punjab factories during 2022-23.

Sources of information:

The management has quoted figures from the IMF, World Steel Association Report (2022) and Fast Markets, and has made estimates through market surveys, discussions with industry professionals, internal discussions and independent research.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INTERNATIONAL INDUSTRIES LIMITED

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

##### Opinion

We have audited the annexed unconsolidated financial statements of International Industries Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

##### Basis for Opinion

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

##### Key Audit Matter

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

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	<p><b>Revenue from contracts with customers</b></p> <p>(Refer note 3.11 and note 26 to the unconsolidated financial statements)</p> <p>The Company recognizes revenue from domestic as well as export customers when the performance obligation is satisfied by transferring control of a promised good to the customer. During the year, net sales to the domestic and export customers have increased significantly by 15.93% and 89.48%.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>- evaluated management controls over revenue and checked their validation;</li> <li>- performed verification of sales with underlying documentation including gate pass, delivery order and invoice;</li> <li>- performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period;</li> <li>- verified that sales prices are negotiated and approved by appropriate authority;</li> <li>- recalculated the commission as per Company's policy and verified related distribution expenses;</li> <li>- obtained confirmations from debtors on sample basis; and</li> <li>- ensured that presentation and disclosures related to revenue are being addressed appropriately.</li> </ul>

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

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

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

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

## Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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



A.F. Ferguson & Co.  
Chartered Accountants  
Karachi

Date: September 7, 2022

UDIN: AR202210073dX8hkeV2f





IIL Factory-1





# **UNCONSOLIDATED FINANCIAL STATEMENTS**

**Performing Beyond  
Expectations**

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	2022	2021
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	9,983,844	7,480,309
Intangible assets	5	2,730	1,608
Investments	6	3,372,515	3,372,515
Long-term deposits		1,653	1,653
Deferred taxation - net	7	-	277,977
		13,360,742	11,134,062
<b>CURRENT ASSETS</b>			
Stores and spares	8	277,500	221,945
Stock-in-trade	9	13,577,794	11,923,524
Trade debts	10	8,800,377	5,246,817
Advances, trade deposits and prepayments	11	60,302	84,477
Other receivables	12	70,393	26,974
Sales tax receivable		34,875	188,818
Cash and bank balances	13	113,580	73,489
		22,934,821	17,766,044
<b>TOTAL ASSETS</b>		<b>36,295,563</b>	<b>28,900,106</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share capital</b>			
Issued, subscribed and paid-up capital	14	1,318,819	1,318,819
<b>Revenue reserves</b>			
General reserve	15	2,700,036	2,700,036
Unappropriated profit		5,465,105	4,419,169
<b>Capital reserve</b>			
Revaluation surplus on property, plant and equipment	16	5,110,255	3,060,499
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>14,594,215</b>	<b>11,498,523</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing - secured	17	1,346,449	2,072,610
Deferred income - government grant	18	49,959	27,185
Gas Infrastructure Development Cess	19	122,020	202,820
Staff retirement benefits	20	155,545	115,338
Deferred taxation - net	7	192,669	-
		1,866,642	2,417,953
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	4,440,453	3,097,257
Contract liabilities	22	341,989	279,391
Short-term borrowings - secured	23	12,637,320	10,181,491
Unclaimed dividend		39,996	35,889
Current portion of long-term financing - secured	17	1,078,944	888,720
Taxation - net	24	1,015,977	447,376
Accrued mark-up		280,027	53,506
		19,834,706	14,983,630
<b>TOTAL LIABILITIES</b>		<b>21,701,348</b>	<b>17,401,583</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>36,295,563</b>	<b>28,900,106</b>

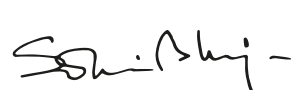
The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



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



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Revenue from contracts with customers	26	37,857,863	28,940,096
Cost of sales	27	(33,189,267)	(24,966,647)
<b>Gross profit</b>		<b>4,668,596</b>	<b>3,973,449</b>
Selling and distribution expenses	28	(2,587,596)	(1,494,240)
Administrative expenses	29	(345,679)	(383,116)
(Charge) / reversal of loss allowance on trade debts	10.3	(33,059)	52,567
		(2,966,334)	(1,824,789)
<b>Operating profit</b>		<b>1,702,262</b>	<b>2,148,660</b>
Finance cost	30	(1,181,871)	(755,715)
Other operating charges	31	(124,368)	(188,550)
		(1,306,239)	(944,265)
Other income	32	3,260,950	1,054,431
<b>Profit before income tax</b>		<b>3,656,973</b>	<b>2,258,826</b>
Income tax (expense) / credit	33	(1,501,305)	55,736
<b>Profit after tax for the year</b>		<b>2,155,668</b>	<b>2,314,562</b>
		(Rupees)	
<b>Earnings per share - basic and diluted</b>	34	<b>16.35</b>	<b>17.55</b>

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



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



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
<b>Profit for the year</b>		2,155,668	2,314,562
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified to Unconsolidated Statement of Profit or Loss			
Re-measurement of staff retirement benefits		(54,299)	(65,201)
Adjustment related to opening deferred tax balance		253	(1,318)
Related deferred tax for the year		12,693	15,098
		12,946	13,780
		(41,353)	(51,421)
Surplus on revaluation of land and buildings			
Freehold land	4.1.3	5,444	100,000
Leasehold land	4.1.3	1,548,602	639,805
		1,554,046	739,805
Buildings on freehold land		132,745	-
Buildings on leasehold land		584,887	-
Related deferred tax for the year		(167,750)	-
Adjustment related to opening deferred tax balance on buildings		(1,555)	11,635
		548,327	11,635
		2,102,373	751,440
Other comprehensive income for the year - net of tax		2,061,020	700,019
<b>Total comprehensive income for the year</b>		<b>4,216,688</b>	<b>3,014,581</b>

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



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



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer



# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

for the year ended June 30, 2022

	Issued, subscribed and paid-up capital	Revenue reserves	Capital reserve	Total
		General reserves	Un-appropriated profit	Revaluation surplus on property, plant and equipment
	(Rupees in '000)			
<b>Balance as at July 1, 2020</b>	1,318,819	2,700,036	2,554,370	2,372,304
Profit for the year	-	-	2,314,562	-
Other comprehensive income for the year	-	-	(51,421)	751,440
Total comprehensive income for the year	-	-	2,263,141	751,440
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	406	(406)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	62,839	(62,839)
<b>Transactions with owners recorded directly in equity - distributions</b>				
Dividend:				
- Interim dividend at 35% (i.e. Rs. 3.50 per share) for the year ended June 30, 2021	-	-	(461,587)	-
<b>Balance as at June 30, 2021</b>	1,318,819	2,700,036	4,419,169	3,060,499
Profit for the year	-	-	2,155,668	-
Other comprehensive income for the year	-	-	(41,353)	2,102,373
Total comprehensive income for the year	-	-	2,114,315	2,102,373
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	4,001	(4,001)
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	48,616	(48,616)
<b>Transactions with owners recorded directly in equity - distributions</b>				
Dividend:				
- Final dividend at 65% (i.e. Rs. 6.50 per share) for the year ended June 30, 2021	-	-	(857,232)	-
- Interim dividend at 20% (i.e. Rs. 2.00 per share) for the year ended June 30, 2022	-	-	(263,764)	-
<b>Balance as at June 30, 2022</b>	1,318,819	2,700,036	5,465,105	5,110,255
				14,594,215

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



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# UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	35	(747,400)	(937,101)
Finance cost paid		(904,840)	(735,797)
Income on bank deposits received		1,424	792
Staff retirement benefits paid		(61,915)	(77,800)
Payment on account of compensated absences		(15,974)	(13,055)
Income tax paid - net		(618,418)	(323,382)
Decrease in long-term deposits		-	1,866
<b>Net cash used in operating activities</b>		<b>(2,347,123)</b>	<b>(2,084,477)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of property, plant and equipment		(766,259)	(242,676)
Payment for acquisition of intangible assets		(2,063)	(300)
Payment for investment in wholly-owned subsidiary company		-	(77,273)
Proceeds from disposal of property, plant and equipment		71,848	98,969
Dividend received		2,269,471	735,166
<b>Net cash generated from investing activities</b>		<b>1,572,997</b>	<b>513,886</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term financing		359,171	1,458,844
Repayment of long-term financing		(883,894)	(434,087)
Receipt / (repayment) of short-term borrowings - net		649,000	(1,160,000)
Dividend paid		(1,116,889)	(467,180)
<b>Net cash used in financing activities</b>		<b>(992,612)</b>	<b>(602,423)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,766,738)</b>	<b>(2,173,014)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(8,653,002)</b>	<b>(6,479,988)</b>
<b>Cash and cash equivalents at end of the year</b>	36	<b>(10,419,740)</b>	<b>(8,653,002)</b>

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



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# NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 1. STATUS AND NATURE OF BUSINESS

International Industries Limited ("the Company") was incorporated in Pakistan on March 1, 1948 under the Companies Act, 1913 (now the Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The Company is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes and polymer pipes & fittings. The registered office of the Company is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Company are situated as follows:

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

The sales offices of the Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore;
- ii) Office no. 303-A, 3rd Floor, Evacuee Trust Complex, Sir Aga Khan Road, Sector F-5/1, Islamabad;
- iii) 1592, 2nd Floor, Quaid-e-Azam Shopping Centre no. 1, Multan Cantt;
- iv) Office no. 1/1, Wahab Centre, Electrocitiy Plaza, Susan Road, Faisalabad; and
- v) Office no. 1 & 2, 1st Floor, Hurmaz Plaza, Main University Road, Peshawar.

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Basis of measurement

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

## 2.3 Functional and presentation currency

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

## 2.4 Use of estimates and judgements

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

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

- Property, plant and equipment (note 3.1)
- Trade debts, advances and other receivables (note 3.4.2.1)
- Stores and spares (note 3.5)
- Stock-in-trade (note 3.6)
- Taxation (note 3.7)
- Staff retirement benefits (note 3.9)
- Impairment (note 3.13)
- Provisions (note 3.14)
- Contingent liabilities (note 3.15)

## 2.5 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2021. However, these do not have any significant impact on the Company's financial reporting.

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

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated financial statements.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computations adopted in the preparation of these unconsolidated financial statements are same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended June 30, 2021.

#### **3.1 Property, plant and equipment**

##### **3.1.1 Operating assets and depreciation**

###### **Initial recognition**

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

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

###### **Measurement**

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

- (a) its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and
- (b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- (c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

###### **Subsequent expenditure**

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

###### **Depreciation**

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



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

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

### **Revaluation surplus**

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

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

Gains and losses on disposal of assets are taken to the Unconsolidated Statement of Profit or Loss, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to retained earnings.

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

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

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

#### **3.2 Intangible assets**

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

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

### **Indefinite intangible**

These are stated at cost less impairment, if any.

### **Definite intangible**

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

## **3.3 Investments**

### **Investments in subsidiaries**

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

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

### **Investments in associates**

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

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

## **3.4 Financial instruments**

### **3.4.1 Initial measurement of financial asset**

The Company classifies its financial assets into following three categories:

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

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

### Subsequent measurement

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

### 3.4.2 Non-derivative financial assets

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

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

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

#### 3.4.2.2 Cash and cash equivalents

For the purpose of presentation in the Unconsolidated Statement of Cash Flows, cash and cash equivalents comprise cash in hand, balances with banks on current, savings and deposit accounts, short-term investments with original maturities of three months or less and short term borrowing and short term finances availed by the Company, which form an integral part of the Company's cash management.

### **3.4.3 Financial liabilities**

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

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

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

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

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

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

#### **3.4.3.3 Contract liabilities**

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

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

Derivatives that do not qualify for hedge accounting are recognised in the Unconsolidated Statement of Financial Position at estimated fair value with corresponding effect to Unconsolidated Statement of Profit or Loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

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

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

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

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

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

### **3.5 Stores and spares**

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

Provision is made for obsolete and slow moving spares and is recognised in the Unconsolidated Statement of Profit or Loss.

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

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

### **3.7 Taxation**

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

#### **Current tax**

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

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



## **Deferred tax**

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **3.8 Share capital**

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

## **3.9 Staff retirement benefits**

### **3.9.1 Defined benefit plan**

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

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

### 3.9.2 Defined contribution plan

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

### 3.9.3 Compensated absences

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

### 3.10 Foreign currency transactions and translation

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

### 3.11 Revenue recognition

- Domestic sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides with delivery, as this is the point in time that the consideration becomes unconditional, because only the passage of time is required before the payment is due.
- Export sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representative, based on terms of arrangement.
- Revenue from power generation plant on account of sales of surplus electricity is recognised on transmission of electricity to K-Electric Limited (KE).
- Toll manufacturing / partial manufacturing income is recognised when related services are rendered.
- Dividend income is recognised when the right to receive the dividend is established.
- Gains / losses arising on sale of investments are included in the Unconsolidated Statement of Profit or Loss in the period in which they arise.
- Service income is recognised when related services are rendered.
- Rental income is recognised on straight line basis over the term of the respective lease agreement.

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

### 3.12 Income on bank deposits and finance cost

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

### 3.13 Impairment

#### 3.13.1 Financial assets

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

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 - 60 months before June 30, 2022 or July 1, 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product (GDP) and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

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

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

A financial asset is considered in default when the counterparty fails to make contractual payments within one year of when they fall due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

### **3.13.2 Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, stock-in-trade and stores and spares are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Unconsolidated Statement of Profit or Loss.

### **3.14 Provisions**

A provision is recognised in the Unconsolidated Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate. The nature of provision is not stated in the financial statements where such is expected to materially prejudice company's position, as allowed under the applicable accounting framework.

### **3.15 Contingent liabilities**

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### **3.16 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting structure. The management monitors the operating results of its products (i.e. Steel and Polymer pipes) separately for the purposes of making decisions regarding resource allocation and performance assessment. Further, due to significant returns from its investment in 56.33% owned subsidiary and an associated company, the management monitors returns from its strategic investments separately. Accordingly, investments has also been identified as a reportable segment.

The Company does not consider sale of electricity to K-Electric Limited (KE) as separate reportable segment as the power plant of the Company is installed primarily to supply power to its production facilities and currently only excess electricity, if any, is sold to KE.

### **3.17 Dividend and appropriation to / from reserves**

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognised as a liability in the period in which these are approved.

### **3.18 Government grants**

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognised on a systematic basis in the income for the year in which the related expenses are recognised. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit, that is the government grant, is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

### **3.19 Leasing arrangements**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.



## 4. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees in '000)	
Operating assets	4.1	9,911,467	7,439,289
Capital work-in-progress (CWIP)	4.2	65,839	26,138
Stores and spares held for capital expenditures - at cost	4.3	6,538	14,882
		<b>9,983,844</b>	<b>7,480,309</b>

### 4.1 Operating assets

	Land - revalued - note 4.1.2 & 4.1.3		Buildings - revalued - note 4.1.2 & 4.1.3		Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
	(Rupees in '000)							
<b>Balance as at July 1, 2021</b>								
Cost / revalued amount	701,426	2,681,474	412,531	1,493,651	5,418,790	135,295	169,539	11,012,706
Accumulated depreciation	-	-	(75,263)	(263,636)	(3,025,129)	(107,954)	(101,435)	(3,573,417)
Net book value (NBV)	701,426	2,681,474	337,268	1,230,015	2,393,661	27,341	68,104	7,439,289
Transfers from CWIP	-	689	2,584	71,337	581,391	19,302	59,599	734,902
Surplus / (loss) on revaluation - note 4.1.3	5,444	1,548,602	132,745	584,887	-	-	-	2,271,678
Disposals - note 4.1.4								
- Cost	-	-	-	(23,283)	(105,718)	(2,829)	(39,447)	(171,277)
- Accumulated depreciation	-	-	-	7,592	96,776	2,818	35,033	142,219
	-	-	-	(15,691)	(8,942)	(11)	(4,414)	(29,058)
Depreciation charge - note 4.1.1	-	-	(30,497)	(122,351)	(309,553)	(13,736)	(29,207)	(505,344)
<b>Balance as at June 30, 2022 (NBV)</b>	<b>706,870</b>	<b>4,230,765</b>	<b>442,100</b>	<b>1,748,197</b>	<b>2,656,557</b>	<b>32,896</b>	<b>94,082</b>	<b>9,911,467</b>
<b>Gross carrying value as at June 30, 2022</b>								
Cost / revalued amount	706,870	4,230,765	442,100	1,748,197	5,894,463	151,768	189,691	13,363,854
Accumulated depreciation	-	-	-	-	(3,237,906)	(118,872)	(95,609)	(3,452,387)
<b>Net book value</b>	<b>706,870</b>	<b>4,230,765</b>	<b>442,100</b>	<b>1,748,197</b>	<b>2,656,557</b>	<b>32,896</b>	<b>94,082</b>	<b>9,911,467</b>
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	
<b>Balance as at July 1, 2020</b>								
Cost / revalued amount	601,426	2,041,669	412,531	1,456,248	5,404,012	130,464	156,779	10,203,129
Accumulated depreciation	-	-	(38,700)	(131,420)	(2,782,246)	(99,439)	(98,340)	(3,150,145)
Net book value (NBV)	601,426	2,041,669	373,831	1,324,828	2,621,766	31,025	58,439	7,052,984
Transfers from CWIP	-	-	-	39,547	146,892	8,248	35,370	230,057
Surplus on revaluation	100,000	639,805	-	-	-	-	-	739,805
Disposals								
- Cost	-	-	-	(2,144)	(132,114)	(3,417)	(22,610)	(160,285)
- Accumulated depreciation	-	-	-	1,635	74,095	3,358	21,315	100,403
	-	-	-	(509)	(58,019)	(59)	(1,295)	(59,882)
Depreciation charge	-	-	(36,563)	(133,851)	(316,978)	(11,873)	(24,410)	(523,675)
<b>Balance as at June 30, 2021 (NBV)</b>	<b>701,426</b>	<b>2,681,474</b>	<b>337,268</b>	<b>1,230,015</b>	<b>2,393,661</b>	<b>27,341</b>	<b>68,104</b>	<b>7,439,289</b>

	Land - revalued - note 4.1.2 & 4.1.3		Buildings - revalued - note 4.1.2 & 4.1.3		Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
	(Rupees in '000)							
Gross carrying value as at June 30, 2021								
Cost / revalued amount	701,426	2,681,474	412,531	1,493,651	5,418,790	135,295	169,539	11,012,706
Accumulated depreciation	-	-	(75,263)	(263,636)	(3,025,129)	(107,954)	(101,435)	(3,573,417)
Net book value	701,426	2,681,474	337,268	1,230,015	2,393,661	27,341	68,104	7,439,289
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	

\* Accumulated depreciation of buildings has been adjusted against the gross carrying amount of the assets using the elimination approach to incorporate the revaluation impact.

**4.1.1** The depreciation charge for the year has been allocated as follows:

	Note	2022	2021
(Rupees in '000)			
Cost of sales	27	465,086	484,951
Selling and distribution expenses	28	15,647	13,642
Administrative expenses	29	12,314	12,377
Income from power generation	32.1	12,297	12,705
		<b>505,344</b>	<b>523,675</b>

**4.1.2** Particulars of immovable property (i.e. land and building) in the name of the Company and related forced sales values are as follows:

Particulars	Location	Area of land (Acres)	Covered Area (Square Feet)	Forced sales value (Rupees in '000)
Leasehold Land and Building (Manufacturing plant)	Plot no. LX15 - 16, HX-7/4, Landhi Industrial Estate, Karachi	25.59	791,614	5,833,421
Leasehold Land and Building (Manufacturing plant)	22 KM Sheikhpura Road, Mouza Khanpur Nabipur, Tehsil Ferozpur, District Sheikhpura	31.45	370,664	1,436,404
Freehold Land and Building (Manufacturing plant)	Survey no. 402, 405 - 406, Deh Sharabi, Landhi Town, Karachi	10	220,480	1,638,937
Leasehold Building (Office premises)	Office no. 101 - 105, 1st Floor, Beaumont Plaza, 10 Beaumont Road, Karachi	Not applicable	13,676	191,459
Leasehold Building (Sales office premises)	Chinoy House, 2nd and 3rd Floor, Off Thornton Road, Hadbast Mouza Khas, Lahore	Not applicable	4,906	39,616
Freehold Land and Building (Sales godown)	Plot no. NEIR - 61, Khasra no. 3303 - 3308, Hadbast Mouza Naulakha, GT Road, Lahore	0.17	6,295	50,315
Freehold Land and Building (Sales godown)	Plot no. 47, Khasra no. 298/1, 2978/1, Ghoray Shah Road, Hadbast Mouza Khoi Meran, Lahore	0.18	6,215	32,208
				<b>9,222,360</b>

**4.1.3** The revaluation of freehold land, leasehold land and buildings thereon was carried out as at June 30, 2022 by MYK Associates (Private) Limited (an external valuer who is located in Karachi) resulted in a surplus amounting to Rs. 2,271.68 million which was incorporated in the books of the Company as at June 30, 2022.

A Desktop Evaluation of freehold land, leasehold land and buildings was also carried out by the same valuer as at June 30, 2021 resulting in a surplus amounting to Rs. 739.81 million on freehold and leasehold land.

The Company commissioned independent valuation of freehold land, leasehold land and buildings thereon during the years / periods ended June 30, 1988, June 30, 1997, June 30, 2000, June 30, 2004, December 31, 2007, June 30, 2013, June 30, 2016, June 30, 2019 and June 30, 2022.

The carrying amount of the aforementioned assets as at June 30, 2022, if the said assets had been carried at historical cost, would have been as follows:

	Cost	Accumulated depreciation	Net book value
	----- (Rupees in '000) -----		
Freehold land	141,962	-	141,962
Leasehold land	725,145	-	725,145
Buildings	1,490,758	(657,374)	833,384
<b>As at June 30, 2022</b>	<b>2,357,865</b>	<b>(657,374)</b>	<b>1,700,491</b>
As at June 30, 2021	2,301,316	(575,565)	1,725,751

**4.1.4** Details of property, plant and equipment disposed off / scrapped having book value of five hundred thousand rupees or more each are as follows:

Asset category	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
----- (Rupees in '000) -----								
<b>Buildings on leasehold land</b>								
Pickling Building	6,155	4,924	1,231	563	(668)	Negotiation	Al-Hadeed Engineering Services	Third party
Fibre Glass Roofing	17,009	2,566	14,443	14,926	483	Insurance claim	Jubilee General Insurance Company Limited	Third party
	23,164	7,490	15,674	15,489	(185)			
<b>Plant and machinery</b>								
Gas Generator	33,840	30,419	3,421	3,419	(2)	Negotiation	Orient Energy Systems (Private) Limited	Third party
Gas Generator	32,793	30,773	2,020	3,419	1,399	Negotiation	Orient Energy Systems (Private) Limited	Third party
Heat Recovery Boiler	10,396	9,274	1,122	1,496	374	Negotiation	Nagina Engineering Works	Third party
Heat Recovery Boiler	6,046	5,154	892	1,496	604	Negotiation	Nagina Engineering Works	Third party
2 Hi Plant	13,601	12,186	1,415	10,471	9,056	Negotiation	North Metal / Al-Hadeed Engineering Services	Third party
	96,676	87,806	8,870	20,301	11,431			
<b>Vehicles</b>								
Toyota Corolla	2,129	1,384	745	2,353	1,608	As per company policy	Mr. Nasir Arif Raja	Employee
Toyota Corolla	2,394	1,795	599	3,350	2,751	Negotiation	International Steels Limited	Subsidiary company
Suzuki Alto	1,433	287	1,146	1,400	254	Insurance claim	Jubilee General Insurance Company Limited	Third party
	5,956	3,466	2,490	7,103	4,613			
<b>Total</b>	<b>125,796</b>	<b>98,762</b>	<b>27,034</b>	<b>42,893</b>	<b>15,859</b>			

**4.1.5** Operating fixed assets include fully depreciated assets having cost of Rs. 1.69 billion (2021: Rs. 1.21 billion).

## 4.2 Capital work-in-progress (CWIP)

	2022				2021			
	As at July 1, 2021	Additions / adjustments	Transfers / adjustments	As at June 30, 2022	As at July 1, 2020	Additions / adjustments	Transfers / adjustments	As at June 30, 2021
	(Rupees in '000)							
Leasehold land	-	689	(689)	-	-	-	-	-
Buildings on freehold land	-	4,847	(2,584)	2,263	-	-	-	-
Buildings on leasehold land	1,673	112,832	(71,337)	43,168	603	40,617	(39,547)	1,673
Plant and machinery	24,031	575,752	(581,391)	18,392	3,558	167,365	(146,892)	24,031
Furniture, fixtures and office equipment	434	20,717	(19,302)	1,849	-	8,682	(8,248)	434
Vehicles	-	59,766	(59,599)	167	-	35,370	(35,370)	-
	26,138	774,603	(734,902)	65,839	4,161	252,034	(230,057)	26,138

## 4.3 Stores and spares held for capital expenditures - at cost

	Note	2022	2021
		(Rupees in '000)	
Net book value (NBV) at beginning of the year		14,882	24,240
Additions during the year		16,841	11,349
Transfers made during the year		(25,185)	(20,707)
NBV at end of the year		6,538	14,882

## 5. INTANGIBLE ASSETS

Operating intangible assets	5.1	2,730	1,308
Capital work-in-progress (CWIP)		-	300
		2,730	1,608

## 5.1 Operating intangible assetst

	Note	2022	2021
		(Rupees in '000)	
Net book value at beginning of the year		1,308	630
Additions / transfers		2,363	1,080
Amortisation	5.1.2	(941)	(402)
Balance at end of the year		2,730	1,308
Gross carrying value as at June 30			
Cost		79,050	76,687
Accumulated amortisation		(76,320)	(75,379)
Net book value		2,730	1,308
		Percent	
Amortisation rate (per annum)		33.33	33.33

5.1.1 Intangible assets comprise of computer software and licenses.

5.1.2 The amortisation expense for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in '000)	
Cost of sales	27	360	180
Selling and distribution expenses	28	281	222
Administrative expenses	29	300	-
		941	402

## 6. INVESTMENTS

2022	2021		Note	2022	2021
(Number of shares)				(Rupees in '000)	
Quoted Companies					
245,055,543	245,055,543	International Steels Limited (ISL)	6.1	2,450,555	2,450,555
		- subsidiary company, at cost			
6,092,470	6,092,470	Pakistan Cables Limited (PCL)	6.2	817,553	817,553
		- associated company, at cost			
Un-quoted Companies					
150,000	150,000	IIL Americas Inc. (IIL Americas)	6.4	17,966	17,966
		- subsidiary company, at cost			
100,000	100,000	IIL Australia Pty. Limited (IIL Australia)	6.5	9,168	9,168
		- subsidiary company, at cost			
7,727,270	7,727,270	IIL Construction Solutions (Private) Limited (IIL CSL)	6.6	77,273	77,273
		- subsidiary company, at cost			
				3,372,515	3,372,515

- 6.1** The Company holds 56.33% (2021: 56.33%) ownership interest in ISL. The Chief Executive Officer of ISL is Mr. Yousuf H. Mirza. The price per share of ISL as at reporting date was Rs. 59.36 (2021: Rs. 93.41) resulting in a market value of total investment amounting to Rs. 14,546.5 million (2021: Rs. 22,890.6 million).
- 6.1.1** The Company has pledged 500,000 shares of International Steels Limited in the Honourable Sindh High Court as explained in note 25.1.2.
- 6.2** The Company holds 17.124% (2021: 17.124%) ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Fahd K. Chinoy. The Company considers it has significant influence over PCL as, in addition to its holding, the Chairman of the Board of the Company is also the Chairman of the Board of PCL. The price per share of PCL as at reporting date was Rs. 139.50 (2021: Rs. 149.50) resulting in a market value of total investment amounting to Rs. 849.89 million (2021: Rs. 910.82 million).
- 6.3** Market values of the investments disclosed in note 6.1 and 6.2 is categorised as level 1 fair value measurement in accordance with IFRS 13 'Fair Value Measurement'.
- 6.4** The Company holds 100% (2021: 100%) ownership interest in IIL Americas. The Chief Executive Officer of IIL Americas is Mr. Sa'ad Shah. IIL Americas is incorporated in Canada. The Company has invested CAD 150,000 (2021: CAD 150,000) in IIL Americas as at year end. The book value of IIL Americas based on the financial statements as at June 30, 2022 is CAD 424,983 (Rs. 67.27 million) [2021: CAD 220,649 (Rs. 27.98 million)].
- 6.5** The Company holds 100% (2021: 100%) ownership interest in IIL Australia. The Chief Executive Officer of IIL Australia is Mr. Sohail R. Bhojani. The Company is incorporated in Australia. The latest available financial statements are prepared on going concern basis. IIL Australia has been audited by KST Partners Chartered Accountants and they have expressed an unqualified opinion on the financial statements of the subsidiary. The Company has invested AUD 100,000 (2021: AUD 100,000) in IIL Australia as at year end. The book value of IIL Australia based on the financial statements as at June 30, 2022 is AUD 620,898 (Rs. 87.33 million) [2021: AUD 363,499 (Rs. 42.96 million)].
- 6.6** The Company holds 100% (2021: 100%) ownership interest in IIL CSL amounting to Rs. 77.3 million (2021: Rs. 77.3 million). IIL CSL has its registered office situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530. The principal business activity of this subsidiary is to carry on the business of providing scaffolding solutions. The Chief Executive Officer of IIL CSL is Mr. Zulfiqar Mooraj. The book value of IIL CSL based on the financial statements as at June 30, 2022 is Rs. 124.9 million (2021: Rs. 77.3 million).
- 6.7** The above investments have been made in accordance with the requirements of Companies Act, 2017.



## 7. DEFERRED TAXATION - NET

	Accelerated tax depreciation	Surplus on revaluation of buildings	Provision for infrastructure cess	Loss allowance on trade debts	Provision for compensated absences	Staff retirement benefits	Gas Infrastructure Development Cess	Minimum Tax - note 7.3	Tax loss - note 7.3	Total
<b>Balance at July 1, 2021</b>	(269,389)	(163,933)	153,751	21,735	1,563	26,708	(9,460)	369,866	147,136	277,977
Credit / (charge) to profit or loss for the year	(17,731)	16,052	51,258	7,934	(394)	(3,294)	1,755	(319,486)	-	(263,906)
Credit / (charge) to other comprehensive income for the year	-	(169,305)	-	-	-	12,945	-	-	-	(156,360)
Adjustment of minimum tax - note 24	-	-	-	-	-	-	-	(50,380)	-	(50,380)
<b>Balance at June 30, 2022</b>	<b>(287,120)</b>	<b>(317,186)</b>	<b>205,009</b>	<b>29,669</b>	<b>1,169</b>	<b>36,359</b>	<b>(7,705)</b>	<b>-</b>	<b>147,136</b>	<b>(192,669)</b>
Balance at July 1, 2020	(307,662)	(194,626)	133,153	42,465	-	22,055	-	-	-	(304,615)
Credit / (charge) to profit or loss for the year	38,273	19,058	20,598	(20,730)	1,563	(9,127)	(9,460)	543,053	147,136	730,364
Credit to other comprehensive income for the year	-	11,635	-	-	-	13,780	-	-	-	25,415
Adjustment of minimum tax - note 24	-	-	-	-	-	-	-	(173,187)	-	(173,187)
<b>Balance at June 30, 2021</b>	<b>(269,389)</b>	<b>(163,933)</b>	<b>153,751</b>	<b>21,735</b>	<b>1,563</b>	<b>26,708</b>	<b>(9,460)</b>	<b>369,866</b>	<b>147,136</b>	<b>277,977</b>

- 7.1** The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the Unconsolidated Statement of Financial Position.
- 7.2** Deferred tax assets and liabilities are restricted to 70.84% (2021: 79.85%) of the total deferred tax assets and liabilities except tax loss based on the assumptions that export sales will continue to fall under Final Tax Regime and the current trend of export and local sales ratio will continue to be the same in the foreseeable future.
- 7.3** The deferred tax asset on tax loss will be recoverable based on the estimated future taxable income and approved business plans and budgets.
- 7.4** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. As per Finance Act, 2022, companies operating in certain sectors, including steel, are liable to pay super tax at 10% for tax year 2022 and upto 4% for subsequent years. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate.

## 8. STORES AND SPARES

	Note	2022	2021
		(Rupees in '000)	
Stores		187,729	133,561
Spares		105,394	111,867
Loose tools		11,876	4,016
		304,999	249,444
Less: Provision for net realisable value write down		(27,499)	(27,499)
		<b>277,500</b>	<b>221,945</b>

## 9. STOCK-IN-TRADE

	Note	2022	2021
		(Rupees in '000)	
Raw material - in hand	9.1	2,834,857	4,893,900
- in transit		5,033,016	1,622,101
		7,867,873	6,516,001
Work-in-process		1,539,000	1,444,729
Finished goods		4,015,843	3,908,988
By-products		50,531	11,040
Scrap material		104,547	42,766
		13,577,794	11,923,524

- 9.1** Raw material amounting to Rs. 7.7 million as at June 30, 2022 (2021: Rs. 5.2 million) was held at a vendor's premises for the production of pipe caps.

## 10. TRADE DEBTS

	Note	2022	2021
		(Rupees in '000)	
Considered good - secured	10.1	103,564	310,586
- unsecured		8,696,813	4,936,231
		8,800,377	5,246,817
Considered doubtful		126,923	93,864
		8,927,300	5,340,681
Loss allowance on trade debts	10.3	(126,923)	(93,864)
		8,800,377	5,246,817

- 10.1** These represent trade debts arising on account of export sales of Rs. 100.1 million (2021: Rs. 259.7 million) which are secured by way of Export Letters of Credit and Rs. 3.46 million (2021: Rs. 50.9 million) on account of domestic sales which are secured by way of Inland Letters of Credit.

- 10.2** Related parties from whom trade debts are due as at June 30, 2022 are as under:

	Note	2022	2021
		(Rupees in '000)	
IIL Australia Pty Limited		2,502,578	1,744,058
IIL Americas Inc.		2,833,767	789,600
Pakistan Cables Limited		680	1,665
IIL Construction Solutions (Private) Limited		265,669	-
Cherat Cement Company Limited		1,123	-
		5,603,817	2,535,323

**10.2.1** The maximum aggregate amount due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 6,262.8 million (2021: Rs. 1,784.5 million). Companies fully owned subsidiaries, IIL Americas and IIL Australia, have obtained credit insurance on their debtors.

**10.2.2** The ageing of trade debts from related parties as at the reporting date is as under:

Note	2022	2021
	(Rupees in '000)	
Not yet due	3,420,318	2,523,680
Past due 1 - 60 days	1,729,194	11,539
Past due 61 - 180 days	450,618	104
Past due 181 - 365 days	3,687	-
	<b>5,603,817</b>	<b>2,535,323</b>

### 10.3 Loss allowance on trade debts

Balance at beginning of the year	93,864	146,431
Charge / (reversal) of loss allowance on trade debts	33,059	(52,567)
Balance at end of the year	<b>126,923</b>	<b>93,864</b>

## 11. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS

Considered good - unsecured			
- Suppliers	11.1	46,106	50,081
- Employees for business related expenses	11.1 & 11.2	3,567	9,220
Trade deposits	11.1	3,594	20,583
Prepayments		7,035	4,593
		<b>60,302</b>	<b>84,477</b>

**11.1** These advances and trade deposits are non interest bearing.

**11.2** These include Eid advance to workers which is deductible from the salary of respective employees.

## 12. OTHER RECEIVABLES

	Note	2022	2021
		(Rupees in '000)	
Considered good			
Insurance claim		14,926	-
Receivable from K-Electric Limited (KE)			
- unsecured		27,543	26,954
Receivable from Provident Fund			
- unsecured	12.1	27,924	-
Others		-	20
		70,393	26,974
Considered doubtful			
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods		25,940	25,940
		96,333	52,914
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior periods		(25,940)	(25,940)
		70,393	26,974

12.1 This represents amount receivable from International Industries Limited - Employees' Contributory Provident Fund, a related party.

## 13. CASH AND BANK BALANCES

	Note	2022	2021
		(Rupees in '000)	
<b>Cash at bank</b>			
<b>Conventional</b>			
Current accounts - local currency		2	4,009
- foreign currency		70,339	69,278
Savings accounts - local currency	13.1	42,600	-
		112,941	73,287
<b>Islamic</b>			
Current accounts - local currency		-	202
		112,941	73,489
Cash in hand		639	-
		113,580	73,489

13.1 At June 30, 2022, the rates of mark up on savings accounts range from 12.25% to 12.50% (2021: Nil) per annum.

#### 14. AUTHORIZED SHARE CAPITAL

2022	2021		2022	2021
(Number of shares)			(Rupees in '000)	
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 each	<u>2,000,000</u>	<u>2,000,000</u>
<b>Issued, subscribed and paid-up-capital</b>				
2022	2021		2022	2021
(Number of shares)			(Rupees in '000)	
6,769,725	6,769,725	Fully paid ordinary shares of Rs.10 each issued for cash	67,697	67,697
125,112,155	125,112,155	Fully paid ordinary shares of Rs.10 each issued as bonus shares	1,251,122	1,251,122
<u>131,881,880</u>	<u>131,881,880</u>		<u>1,318,819</u>	<u>1,318,819</u>

- 14.1 Pakistan Cables Limited, an associated company, due to shareholding and common directorship, held 633,600 (2021: 633,600) ordinary shares of Rs. 10 each at the year end.

#### 15. GENERAL RESERVE

General reserve is maintained for fulfilling various business needs including meeting contingencies, offsetting future losses, enhancing the working capital and paying dividends.

#### 16. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees in '000)	
Freehold land			
Balance at beginning of the year		559,464	459,464
Surplus on revaluation of freehold land		5,444	100,000
Balance at end of the year		564,908	559,464
Leasehold land			
Balance at beginning of the year		1,957,018	1,317,213
Surplus on revaluation of leasehold land		1,548,602	639,805
Balance at end of the year		3,505,620	1,957,018
Buildings			
Balance at beginning of the year		707,950	790,253
Surplus on revaluation of buildings		717,632	-
Disposal of buildings		(5,222)	(509)
Transferred to retained earnings (un-appropriated profit) in respect of incremental depreciation charged during the year		(63,447)	(81,794)
		1,356,913	707,950
Related deferred tax liability	16.2	(317,186)	(163,933)
Balance at end of the year - net of deferred tax		1,039,727	544,017
		<u>5,110,255</u>	<u>3,060,499</u>

- 16.1** The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.

<b>16.2 Movement in related deferred tax liability</b>	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		163,933	194,626
Deferred tax for the year		167,750	-
Effect of change in Normal Tax Regime ratio		1,555	(11,635)
Tax effect on disposal of buildings		(1,222)	(103)
Tax effect on incremental depreciation transferred to retained earnings		(14,830)	(18,955)
Balance at end of the year		317,186	163,933

## 17 LONG-TERM FINANCING - secured

### Conventional

Long-Term Finance Facility (LTFF)	17.2	570,667	433,085
Long-term finance		1,186,364	1,581,818
Payroll Refinance Scheme	17.3	194,993	454,985
		1,952,024	2,469,888

### Islamic

Diminishing Musharakah		181,819	318,182
Islamic Long-Term Finance Facility (ILTFF)	17.4	114,048	118,866
Islamic Temporary Economic Refinance Facility (ITERF)	17.5	240,281	105,959
		536,148	543,007

Less: Deferred income - government grant	18	2,488,172	3,012,895
		(62,779)	(51,565)

Less: Current portion of long-term financing

### Conventional

Long-Term Finance Facility (LTFF)		(87,273)	(87,272)
Long-term finance		(645,455)	(395,454)
Payroll Refinance Scheme		(194,993)	(259,991)
		(927,721)	(742,717)

### Islamic

Diminishing Musharakah		(136,364)	(136,364)
Islamic Long-Term Finance Facility (ILTFF)		(14,859)	(9,639)
		(1,078,944)	(888,720)
		1,346,449	2,072,610



## 17.1 Long-term finances utilised under mark-up arrangements

CONVENTIONAL		Sale price (Rupees in '000)	Purchase price (Rupees in '000)	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount 2022 (Rupees in '000)	2021 (Rupees in '000)
i)	<b>LTFF</b>							
	MCB Bank Limited Assistance for plant and machinery	550,000	906,963	34 quarterly October 29, 2016	March 28, 2025 to November 20, 2027	3.7% / 5.2% (fixed rate)	218,494	281,045
	MCB Bank Limited Assistance for plant and machinery	100,000	149,976	34 quarterly August 31, 2019	August 31, 2027	3.5% (fixed rate)	66,497	75,762
	MCB Bank Limited Assistance for plant and machinery	100,000	147,862	34 quarterly March 30, 2020	June 30, 2028	3.5% (fixed rate)	60,827	76,278
	Allied Bank Limited Assistance for plant and machinery	500,000	578,167	16 half yearly December 30, 2023	June 15, 2032	2.5% (fixed rate)	224,849	-
							570,667	433,085
ii)	<b>Payroll Refinance Scheme</b>							
	Habib Metropolitan Bank Limited Payroll finance facility	550,000	660,000	8 quarterly March 31, 2021	March 31, 2023	0.75% (fixed rate)	194,993	454,985
iii)	<b>Long-term finance</b>							
	MCB Bank Limited Refinancing of capital expenditure / balancing, modernization and replacement (BMR)	800,000	1,164,316	11 half yearly June 30, 2020	December 28, 2024	0.1% over 6 months KIBOR	436,364	581,818
	Allied Bank of Pakistan Limited Refinancing of capital expenditure	1,000,000	1,494,500	4 half yearly June 29, 2022	December 29, 2023	0.1% over 6 months KIBOR	750,000	1,000,000
							1,186,364	1,581,818
							1,952,024	2,469,888
ISLAMIC								
i)	<b>Diminishing Musharakah</b>							
	Meezan Bank Limited Acquisition of Musharakah assets	500,000	950,361	5 half yearly & 12 quarterly June 30, 2018	June 30, 2023	0.1% over 3 months KIBOR	90,910	181,820
	Meezan Bank Limited Acquisition of Musharakah assets	250,000	279,978	3 half yearly & 16 quarterly June 30, 2019	June 30, 2024	0.1% over 3 months KIBOR	90,909	136,362
							181,819	318,182
ii)	<b>ILTFF</b>							
	Habib Bank Limited Acquisition of Musharakah assets	150,000	187,500	16 half yearly February 22, 2022	May 31, 2030	2.5% (fixed rate)	114,048	118,866
iii)	<b>ITERF</b>							
	Habib Bank Limited Assistance for plant and machinery	131,000	163,750	32 quarterly June 28, 2023	April 9, 2031 to June 18, 2031	2% (fixed rate)	115,281	93,125
	Bank Islami Pakistan Limited Assistance for plant and machinery	125,000	156,250	32 quarterly July 25, 2023	May 6, 2031 June 17, 2031	2% (fixed rate)	125,000	12,834
							240,281	105,959
							536,148	543,007
							2,488,172	3,012,895

- 17.1.1** These facilities are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at Plot Number LX - 15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi.
- 17.1.2** In relation to above borrowings the Company needs to observe certain financial and non-financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.
- 17.2** This represents finance facility loan obtained from various banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 17.3** This represents long-term loans obtained by the Company for financing its salaries and wages under SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.
- 17.4** This represents finance facility loan obtained from an Islamic bank under SBP's Islamic Long Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 17.5** This represents long-term loans obtained by the Company under SBP's Islamic Temporary Economic Refinance Facility available from various Islamic banks at below-market interest rates.
- 17.6** During the year, mark-up paid on conventional and Islamic long term finance amounts to Rs. 163.8 million (2021: Rs. 107.7 million) and Rs. 28.8 million (2021: Rs. 35.8 million) respectively.

**18. DEFERRED INCOME - GOVERNMENT GRANT**

Note

2022

2021

(Rupees in '000)

Balance at beginning of the year

51,565

18,608

Deferred grant recorded:

- under Islamic Temporary Economic  
Refinance Facility

18.1

39,695

34,228

- under Payroll Refinance Scheme

18.1

-

29,287

Government grant recognised in income

32

(28,481)

(30,558)

Balance at end of the year

62,779

51,565

Less: current portion of deferred income

- government grant

21

(12,820)

(24,380)

49,959

27,185

- 18.1** This represents deferred grant recognised in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in respect of SBP's Refinance Scheme for Payment of Wages and Salaries and the Islamic Temporary Economic Refinance Facility obtained at concessionary rates. The Company has fulfilled the criteria of the said loans and have accordingly recognised the grant income in the Unconsolidated Statement of Profit or Loss.

## 19. GAS INFRASTRUCTURE DEVELOPMENT CESS

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	318,187	354,470
Provision for the year	-	4,568
Unwinding of Gas Infrastructure Development Cess (GIDC)	22,028	11,684
Gain on remeasurement of GIDC	(14,137)	(52,535)
	326,078	318,187
Less: Current portion of GIDC	(204,058)	(115,367)
Balance at end of the year	122,020	202,820

- 19.1** Supreme Court of Pakistan (SCP) upheld the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) through its judgement dated August 13, 2020 and advised the Government of Pakistan (the GoP) to initiate the gas pipeline project within six months. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act, 2015 in complete sense and the benefits allowed under Section 8(2) of the GIDC Act to the industrial sector are also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 instalments instead of 24 instalments.

The Company has also filed a civil suit before Sindh High Court (SHC) on the ground that the Company has not passed on the burden of the Cess. A stay order was granted in the aforesaid suit, which is operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the GoP did not initiate the gas project within six months. Therefore, during the prior financial year, the Company has filed a petition with the SHC challenging the validity of the GIDC Act, 2015.

## 20. STAFF RETIREMENT BENEFITS

### 20.1 Defined contribution plan

#### Staff Provident Fund

All investments in collective investment schemes, listed equity and listed debt securities out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

### 20.2 Defined benefit scheme

#### Staff Gratuity Fund

- 20.2.1** As stated in note 3.9, the Company operates approved funded defined benefit gratuity plan for all permanent employees meeting the specified criteria and defined contribution plan for all active employees subject to minimum service of prescribed period as per the respective trust deeds. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2022.

**20.2.2** Plan assets held in trust are governed by local regulations which mainly include Sindh Trusts Act, 2020; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the respective trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The Company appoints trustees from among its employees.

### 20.2.3 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

**Final salary risk** - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Asset volatility** - Most assets are invested in risk free investments of 3, 5 or 10 year Regular Income Certificates, Defence Savings Certificates and Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

**Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

**Investment risks** - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

**Risk of insufficiency of assets** - This is managed by making regular contribution to the Fund as advised by the actuary.

### 20.2.4 Funding

The gratuity plan is fully funded by the Company. The funding requirements are based on the Gratuity Fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions used in determining defined benefit liability. Employees are not required to contribute to the plan.

**20.2.5** The actuarial valuation of gratuity was carried out at June 30, 2022 under projected unit credit method using the following significant assumptions:

		2022	2021
		per annum	
<b>Financial Assumptions</b>			
Discount Rate		13.25%	10.00%
Salary increase rate			
First year	- Unionized staff	13.25%	10.00%
First year	- Management	13.25%	10.00%
Long term		13.25%	10.00%
<b>Demographic Assumptions</b>			
Mortality rate		SLIC 2001-05-1	SLIC 2001-05-1
Rates of employee turnover		Heavy	Heavy
Retirement assumption		Age 60 years	Age 60 years

**20.2.6** The amounts recognised in Unconsolidated Statement of Financial Position are as follows:

	Note	2022	2021
		(Rupees in '000)	
Present value of defined benefit obligation	20.2.9	646,535	578,407
Fair value of plan assets	20.2.10	(490,990)	(463,069)
Deficit as at June 30		155,545	115,338

**20.2.7 Movements in the net defined benefit liability**

Balance at beginning of the year		115,338	89,552
Expense chargeable to Unconsolidated Statement of Profit or Loss	20.2.8	47,823	38,385
Contribution paid during the year		(61,915)	(77,800)
Re-measurements recognised in other comprehensive income during the year		54,299	65,201
Balance at end of the year		155,545	115,338

**20.2.8 Amount recognised in total comprehensive income**

The following amounts have been charged in respect of these benefits to Unconsolidated Statement of Profit or Loss and Unconsolidated Statement of Comprehensive Income:

	Note	2022	2021
Component of defined benefit costs recognized in profit or loss		(Rupees in '000)	
Service cost			
Current service cost		36,720	31,077
Interest cost on defined benefit obligation		56,884	46,677
Return on plan assets		(45,781)	(39,369)
		11,103	7,308
		47,823	38,385
Component of defined benefit costs (re-measurement) recognised in other comprehensive income			
Actuarial loss on obligation		29,438	97,590
Actuarial loss / (gain) on plan assets		24,861	(32,389)
Total re-measurements recognised in other comprehensive income		54,299	65,201
Total defined benefit cost / (income) recognised in profit or loss and other comprehensive income		102,122	103,586

## 20.28.1 Analysis of remeasurements recognised in other comprehensive income

Re-measurements: Actuarial loss on obligation		
Loss due to change in financial assumptions	6,145	76,687
Loss due to change in experience adjustments	23,293	20,903
Total actuarial loss on obligation	29,438	97,590
Re-measurements: Actuarial loss / (gain) on plan assets		
Actual return on plan assets	(20,920)	(52,630)
Interest income on plan assets	45,781	39,369
Opening difference	-	(19,128)
Total actuarial loss / (gain) on plan assets	24,861	(32,389)
	54,299	65,201

## 20.2.9 Movements in the present value of defined benefit obligation

Present value of defined benefit obligation at beginning of the year	578,407	559,293
Current service cost	36,720	31,077
Interest cost	56,884	46,677
Benefits paid	(54,914)	(156,230)
Re-measurements: Actuarial loss on obligation	29,438	97,590
Present value of defined benefit obligation	646,535	578,407



## 20.210 Movements in the fair value of plan assets

Note	2022	2021
	(Rupees in '000)	
Fair value of plan assets at beginning of the year	463,069	469,741
Interest income on plan assets	45,781	39,369
Contribution to the fund	61,915	77,800
Benefits paid	(54,914)	(156,230)
"Re-measurements: Actuarial gain / (loss) on plan assets	(24,861)	32,389
Fair value of plan assets	490,990	463,069

## 20.211 Analysis of present value of defined benefit obligation

Vested / non-vested		
Vested benefits	645,486	575,019
Non-vested benefits	1,049	3,388
	646,535	578,407
Type of benefits earned to date		
Accumulated benefit obligation	311,388	320,914
Amounts attributed to future salary increases	335,147	257,493
	646,535	578,407

## 20.212 Disaggregation of fair value of plan assets

Cash and cash equivalents (after adjusting current liabilities)	12,336	8,180
Equity instruments - listed	93,428	106,053
Debt instruments		
Pakistan Investment Bonds	108,630	98,521
Market Treasury Bills	6,167	-
Defence Saving Certificates	209,466	188,568
Regular Income Certificates	60,963	61,747
	490,990	463,069

**20.213** The Company ensure asset / liability matching by investing in government securities, bank deposits and equity securities and does not use derivatives to manage its risk.

**20.214 Maturity profile of the defined benefit obligation**

	2022	2021
	Years	
Weighted average duration of the defined benefit obligation	6.81	7.05
	Note	
	2022	2021
	(Rupees in '000)	
Distribution of timing of benefit payments		
One year	88,091	56,326
Two years	83,313	91,286
Three years	87,917	73,489
Four years	86,881	77,673
Five years	109,642	72,154
Six years to ten years	535,867	444,526

**20.215** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2022	2021
	(Rupees in '000)	
Discount rate + 1%	605,168	540,153
Discount rate - 1%	693,662	622,123
Long term salary increases + 1%	695,384	622,901
Long term salary increases - 1%	602,978	538,858

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

**20.216** The expense in relation to gratuity benefit for the year ending June 30, 2023 is expected to be Rs. 57.69 million which is also the expected contribution.

## 21. TRADE AND OTHER PAYABLES

	Note	2022	2021
		(Rupees in '000)	
Trade creditors	21.1	262,733	196,080
Bills payable		1,810,739	826,378
Accrued expenses	21.2	1,335,198	1,211,273
Provision for Infrastructure Cess	21.3	877,022	663,983
Short-term compensated absences		5,000	6,750
Workers' Profit Participation Fund	21.4	9,980	7,065
Workers' Welfare Fund	21.5	122,645	127,956
Current portion of deferred income			
- government grant		12,820	24,380
Payable to Provident Fund		-	4,898
Others		4,316	28,494
		<b>4,440,453</b>	<b>3,097,257</b>

**21.1** These include payable to Jubilee Life Insurance Limited, related party of the Company, amounting to Nil (2021: Rs. 1.3 million).

**21.2** These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 204.06 million (2021: Rs. 115.4 million), a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 116.55 million (2021: Rs. 99.93 million).

### 21.3 Provision for Infrastructure Cess

	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		663,983	540,653
Charge for the year		213,039	123,330
Balance at end of the year		<b>877,022</b>	<b>663,983</b>

**21.3.1** This represents a provision against the amount guaranteed to Excise and Taxation Department. The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court (SHC), passed an interim order directing that every company subsequent to December 27, 2006, is required to clear the goods by paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above-mentioned interim order amounting to Rs. 992 million (2021: Rs. 780 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Company on the basis of prudence. Subsequently through the Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh infrastructure cess. The Company had obtained a stay against this and the ultimate dispute had been linked with the previous infrastructure cess case.

The case was decided on June 4, 2021 by the SHC whereby the court declared the first four versions of the law unconstitutional and a release of bank guarantees was ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order remained suspended till September 3, 2021. The Company was not in agreement with the above orders and filed an appeal before the Supreme Court of Pakistan (SCP).

On September 1, 2021, the SCP granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Company in pursuant to the order of the High Court is valid and enforceable. The Court further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

#### 21.4 Workers' Profit Participation Fund

Note	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	7,065	855
Interest on funds utilized in the Company's business - 75.00% (2021: 45.85%)	987	45
	8,052	900
Expense for the year	74,980	82,376
	83,032	83,276
Payments made during the year	(73,052)	(76,211)
Balance at end of the year	9,980	7,065

#### 21.5 Workers' Welfare Fund

Note	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	127,957	123,457
Charge for the period	36,130	41,442
Adjustment	(41,442)	(36,943)
Balance at end of the year	122,645	127,957

**21.5.1** The Company filed a constitutional petition with the SHC against notice to the Company for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014 despite the fact that the Company is making the payments of Workers Welfare Fund to the Federal Government. A stay was obtained on the ground that the Company is a trans-provincial establishment operating industrial and commercial activities across Pakistan and is liable to pay Workers Welfare Fund under federal Workers Welfare Fund Ordinance, 1971.

## 22. CONTRACT LIABILITIES

**22.1** During the year, the Company recognised revenue amounting to Rs. 122.8 million (2021: Rs. 160.8 million) out of the contract liabilities balance outstanding at beginning of the year.

**23. SHORT-TERM BORROWINGS - secured**

	Note	2022	2021
		(Rupees in '000)	
<b>Conventional</b>			
Running finance under mark-up arrangement from banks	23.1	3,348,023	267,156
Short-term borrowing under Money Market Scheme maturing within three months	23.1	1,320,000	6,469,489
Short-term borrowing under Export Refinance Scheme	23.2	2,104,000	955,000
<b>Islamic</b>			
Short-term borrowing under Money Market Scheme maturing within three months"		-	1,422,000
Short-term borrowing under Running Musharakah	23.3	5,865,297	567,846
Short-term borrowing under Export Refinance Scheme		-	500,000
		<b>12,637,320</b>	<b>10,181,491</b>

**23.1** These facilities for short-term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from 10.88% to 14.81% (2021: 7.40% to 8.28%) per annum.

**23.2** The Company has obtained short-term finance under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities is 2.50% (2021: 3.00%) per annum. These facilities mature within six months and are renewable.

**23.3** The Company has obtained facilities for short-term finance under Running Musharakah. The rates of profit on these facilities range from 11.95% to 14.51% (2021: 7.42% to 7.99%) per annum.

**23.4** As at June 30, 2022, the unavailed facilities from the above borrowings amounted to Rs. 5,601 million (2021: Rs. 6,028 million).

**23.5** The above facilities are secured by way of a joint pari passu charge and ranking charge over all current and future moveable assets of the Company.

## 24. TAXATION - NET

	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		447,376	269,317
Tax payments / adjustments made during the year		(618,418)	(323,382)
Adjustment of minimum tax	7	(50,380)	(173,187)
		(221,422)	(227,252)
Less: Provision for income tax		1,237,399	674,628
Balance at end of the year		1,015,977	447,376

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

Description of factual basis of the proceeding and relief sought	Name of court	Principal parties	Date instituted
<p><b>25.1.1</b> The Collector of Customs has charged the Company for a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Company has filed an appeal before the Sindh High Court (SHC), which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the SHC. The management anticipates that the chances of admission of such appeal are remote.</p>	Sindh High Court	Collector of Customs / Federation of Pakistan	August 30, 2007
<p><b>25.1.2</b> The Company filed the suit before SHC challenging the chargeability of tax on inter corporate dividend in respect of dividend declared by its subsidiary, International Steels Limited. On October 21, 2016 Court granted stay against which 500,000 shares of subsidiary company were pledged as a security with Nazir of the Court. In one of the litigation to which the Company is not a party, Supreme Court of Pakistan (SCP) issued an order on February 21, 2018 whereby continuity of suits was made subject to depositing minimum 50% of the tax calculated by the tax authorities. A review petition has been filed against such order of the SCP in which the Company is not a party and the decision is awaited. In view of such developments, the suit was withdrawn</p>	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of Pakistan	November 01, 2016



Description of factual basis of the proceeding and relief sought	Name of court	Principal parties	Date instituted
<p>and a petition was filed before the SHC, which is pending hearing. Application for release of pledged shares is in process.</p> <p>On a separate application challenging the chargeability of tax on inter corporate dividend, stay is granted by the SHC in respect of dividends declared by the subsidiary company on June 2, 2017, September 26, 2017, January 23, 2018, September 29, 2021 and January 31, 2022 against bank guarantees amounting to Rs. 76.6 million, Rs. 36.8 million, Rs. 55.1 million, Rs. 257.3 million and Rs. 73.5 million respectively submitted to the Nazir of the Court.</p> <p><b>25.1.3</b> As per section 95 of the Custom Act read with Customs Rules, 2001, the Company sold zinc wastages generated from imports under manufacturing bond at 0% duty for export during 2012-13, 2013-14 and 2014-15. All these sales were subject to sales tax payments in term of Custom Rules.</p> <p>However, on August 31, 2020, the Collector of Customs (Adjudication - II) has passed ONO no. 473, 474 and 475 against the Company and ordered for recovery of customs duty amounting to Rs. 402.72 million on zinc wastages.</p> <p>The Company filed appeals against these orders in the Customs Tribunal. However, due to non-functioning of Tribunal and considering the importance, the Company preferred to file an appeal with the SHC. SHC granted stay order against the order of the Collector of Customs and issued notices for the hearing.</p> <p>During the year, the SHC vide its order dated October 12, 2021 has disposed off the case with directions to the Appellate Tribunal to decide the pending appeal within sixty days. The SHC further directed that the respondents shall not take any coercive action against the Company in respect of the impugned demand till the conclusion of the appeal. The case is still pending at the Appellate Tribunal despite the order of the SHC.</p>	Sindh High Court	Collector of Customs	October 10, 2020

## 25.2 Commitments

**25.2.1** Capital expenditure commitments outstanding as at June 30, 2022 amounted to Rs. 48.65 million (2021: Rs. 177.6 million).

**25.2.2** Commitments under Letters of Credit for raw materials and stores and spares as at June 30, 2022 amounted to Rs. 802.2 million (2021: Rs. 3,047.5 million).

**25.2.3** Commitments under purchase contracts as at June 30, 2022 amounted to Rs. 685.8 million (2021: Rs. 99.1 million).

**25.2.4** The facilities for opening letters of credit and guarantees from banks as at June 30, 2022 amounted to Rs. 12,700 million (2021: Rs. 11,700 million) and Rs. 3,050 million (2021: Rs. 2,550 million) respectively, of which the unutilised balance at year-end amounted to Rs. 11,851 million (2021: Rs. 8,987 million) and Rs. 955 million (2021: Rs. 810 million) respectively.

## 26. REVENUE FROM CONTRACTS WITH CUSTOMERS

Note

2022

2021

(Rupees in '000)

Sale of goods less returns

Local

33,774,824

28,749,702

Sales tax

(4,772,111)

(4,184,939)

Trade discounts

(2,241,307)

(1,481,072)

26,761,406

23,083,691

Export

11,136,274

5,912,316

Export commission & discounts

(39,817)

(55,911)

11,096,457

5,856,405

37,857,863

28,940,096

### 26.1 DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

Note

2022

2021

(Rupees in '000)

**Primary geographical markets:**

Local

26,761,406

23,083,691

Asia

854,472

1,652,187

Europe

2,252,198

721,115

Australia

4,316,766

2,429,182

Africa

18,952

10,284

Americas

3,654,069

1,043,637

37,857,863

28,940,096

	Note	2022	2021
		(Rupees in '000)	
Major Product Lines:			
Steel products		35,207,248	25,576,542
Polymer products		2,650,615	3,363,554
		<b>37,857,863</b>	<b>28,940,096</b>

## 27. COST OF SALES

<b>Raw material consumed</b>			
Opening stock of raw material		4,893,900	4,433,572
Purchases		28,911,355	24,666,892
		<b>33,805,255</b>	<b>29,100,464</b>
Closing stock of raw material	9	(2,834,857)	(4,893,900)
		<b>30,970,398</b>	<b>24,206,564</b>
<b>Manufacturing overheads</b>			
Salaries, wages and benefits	27.1	1,180,553	1,025,313
Rent, rates and taxes		4,335	3,560
Electricity, gas and water		443,785	421,058
Insurance		10,915	10,573
Security and janitorial		38,290	36,457
Depreciation and amortisation	4.1.1 & 5.1.2	465,446	485,131
Operational supplies and consumables		144,319	123,633
Repairs and maintenance		136,208	135,111
Postage, telephone and stationery		12,762	10,862
Vehicle, travel and conveyance		33,972	18,690
Internal material handling		41,969	38,528
Environment controlling expense		438	326
Sundries		8,275	6,456
		<b>2,521,267</b>	<b>2,315,698</b>
		<b>33,491,665</b>	<b>26,522,262</b>
<b>Work-in-process</b>			
Opening stock		1,444,729	1,648,287
Closing stock	9	(1,539,000)	(1,444,729)
		<b>(94,271)</b>	<b>203,558</b>
<b>Cost of goods manufactured</b>		<b>33,397,394</b>	<b>26,725,820</b>

	Note	2022	2021
		(Rupees in '000)	
<b>Finished goods, by-products and scrap:</b>			
Opening stock		3,962,794	2,203,621
Closing stock	9	(4,170,921)	(3,962,794)
		(208,127)	(1,759,173)
		<b>33,189,267</b>	<b>24,966,647</b>

**27.1** These include Rs. 15.78 million (2021: Rs. 13.47 million) in respect of contribution to the Provident Fund, Rs. 33.71 million (2021: Rs. 28.11 million) in respect of the Gratuity Fund and Rs. 10.85 million (2021: Rs. 9.52 million) in respect of compensated absences.

<b>28. SELLING AND DISTRIBUTION EXPENSES</b>	Note	2022	2021
		(Rupees in '000)	
Freight and forwarding		2,271,509	1,215,820
Salaries, wages and benefits	28.1	190,264	181,586
Advertising and sales promotion		60,760	52,031
Vehicle, travel and conveyance		28,122	14,120
Depreciation and amortisation	4.1.1 & 5.1.2	15,928	13,864
Rent, rates and taxes		1,987	1,916
Electricity, gas and water		2,738	1,595
Insurance		359	567
Repairs and maintenance		996	789
Postage, telephone and stationery		4,642	4,720
Office supplies		57	42
Certification and registration charges		4,561	4,089
Others		5,673	3,101
		<b>2,587,596</b>	<b>1,494,240</b>

**28.1** These include Rs. 4.97 million (2021: Rs. 4.87 million) in respect of contribution to the Provident Fund, Rs. 6.14 million (2021: Rs. 4.31 million) in respect of the Gratuity Fund and Rs. 2.71 million (2021: Rs. 0.37 million) in respect of compensated absences.

## 29. ADMINISTRATIVE EXPENSES

	Note	2022	2021
		(Rupees in '000)	
Salaries, wages and benefits	29.1	208,422	302,937
Rent, rates and taxes		202	86
Electricity, gas and water		3,524	2,807
Insurance		1,245	1,289
Depreciation and amortisation	4.1.1 & 5.1.2	12,614	12,377
Repairs and maintenance		2,146	2,371
Postage, telephone and stationery		9,990	8,127
Office supplies		666	565
Vehicle, travel and conveyance		13,927	7,534
Entertainment		11,836	3,161
Legal and professional charges		51,644	23,339
Certification and registration charges		12,691	9,243
Others		16,772	9,280
		<b>345,679</b>	<b>383,116</b>

**29.1** These include Rs. 6.51 million (2021: Rs. 6.35 million) in respect of contribution to the Provident Fund, Rs. 7.91 million (2021: Rs. 5.84 million) in respect of the Gratuity Fund and Rs. 0.48 million (2021: Rs. 9.79 million) in respect of compensated absences.

## 30. FINANCE COST

	Note	2022	2021
		(Rupees in '000)	
<b>Conventional:</b>			
- Interest on long-term financing		186,750	140,626
- Interest on short-term borrowings		802,706	390,929
		<b>989,456</b>	<b>531,555</b>
<b>Islamic:</b>			
- Mark-up on long-term financing		39,071	32,683
- Mark-up on short-term borrowings		112,402	172,576
		<b>151,473</b>	<b>205,259</b>
Exchange gain on borrowings		-	(7,957)
Interest on Workers' Profit Participation Fund	21.4	987	45
Unwinding of Gas Infrastructure Development Cess		22,028	11,684
Bank charges		17,927	15,129
		<b>1,181,871</b>	<b>755,715</b>

### 31. OTHER OPERATING CHARGES

	Note	2022	2021
		(Rupees in '000)	
Auditors' remuneration	31.1	4,090	3,310
Donations	31.2	7,500	53,350
Workers' Profit Participation Fund		74,980	82,376
Workers' Welfare Fund		36,130	41,442
Business development expense		1,668	8,072
		<b>124,368</b>	<b>188,550</b>

#### 31.1 Auditors' remuneration

##### Audit services

Audit fee	1,625	1,625
Half yearly review	466	466
Out of pocket expenses	789	162
	<b>2,880</b>	<b>2,253</b>

##### Non-audit services

Certifications for regulatory purposes	1,210	1,057
	<b>4,090</b>	<b>3,310</b>

#### 31.2 Donations

**31.2.1** Donation to the following organization exceeds 10% of total amount of donations made or Rs. 1 million, whichever is higher:

	Note	2022	2021
		(Rupees in '000)	
Amir Sultan Chinoy Foundation		5,700	11,000
SINA Health, Education and Welfare Trust (IL Clinic)		-	13,800
Al-Rehmat Benevolent Trust Hospital		-	1,000
The Citizen Foundation (IL Campus)		-	24,800
Tasha Trust		-	1,000
Citizens-Police Liaison Committee		-	1,200
		<b>5,700</b>	<b>52,800</b>



## 32. OTHER INCOME

Note	2022	2021
	(Rupees in '000)	
<b>Income from financial assets</b>		
Income on bank deposits - conventional	1,424	792
Exchange gain	889,124	63,468
Government grant	28,481	30,558
<b>Income from non-financial assets</b>		
Income / (loss) from power generation	32.1 63	(4,118)
Rental income from subsidiary company	32.2 11,787	114,184
Dividend income from associated company	32.3 63,971	-
Dividend income from subsidiary company	32.3 2,205,500	735,166
Gain on disposal of property, plant and equipment	42,790	39,087
Gain on remeasurement of Gas Infrastructure Development Cess	14,137	52,535
Insurance claims	2,348	8,423
Others	1,325	14,336
	<b>3,260,950</b>	<b>1,054,431</b>

### 32.1 Income / (loss) from power generation

Revenue		117,475	121,752
Cost of electricity produced:			
Salaries, wages and benefits		(7,354)	(6,452)
Electricity, gas and water		(93,471)	(102,122)
Insurance		(82)	(65)
Depreciation	4.1.1	(12,297)	(12,705)
Operational supplies and consumables		(2,292)	(2,275)
Repairs and maintenance		(1,916)	(2,251)
		<b>(117,412)</b>	<b>(125,870)</b>
Income / (loss) from power generation		<b>63</b>	<b>(4,118)</b>

**32.1.1** These include Rs. 0.26 million (2021: Rs. 0.30 million) in respect of contribution to provident fund, Rs. 0.07 million (2021: Rs. 0.12 million) in respect of gratuity fund and Rs. 0.18 million (2021: 0.12 million) in respect of compensated absences.

**32.1.2** The Company has 4MW electricity power generation facility at its premises generating electricity in excess of its requirements which is supplied to K-Electric Limited under an agreement.

**32.2** This represents rental income from International Steels Limited, and minimum lease payments receivable on lease are as follows:

	Note	2022	2021
		(Rupees in '000)	
Within one year		12,671	11,787
Between one and five years		28,265	40,937
		<b>40,937</b>	<b>52,724</b>

**32.3** This represents dividend income from International Steels Limited and Pakistan Cables Limited.

### 33. INCOME TAX (EXPENSE) / CREDIT

	Note	2022	2021
		(Rupees in '000)	
Current	33.1	(1,237,399)	(674,628)
Deferred		(263,906)	730,364
		<b>(1,501,305)</b>	<b>55,736</b>

**33.1** This includes super tax of Rs. 398.75 million (2021: Nil) as imposed by the Finance Act 2022.

	2022	2021	2022	2021
	Effective tax rate (%)		(Rupees in '000)	
Profit before income tax			3,656,973	2,258,826
Tax at the enacted tax rate	(29.00%)	(29.00%)	(1,060,522)	(655,060)
<b>Tax effect of:</b>				
Income subject to final tax regime	(1.27%)	(4.09%)	(46,407)	(92,482)
Super tax	(10.90%)	0.00%	(398,750)	-
Income taxed as separate block of income	8.69%	4.56%	317,726	102,923
Minimum tax and tax loss	0.00%	30.56%	-	690,188
Write off of minimum tax	(8.74%)	0.00%	(319,486)	-
Permanent differences	(0.03%)	0.37%	(1,253)	8,292
Change in Normal Tax Regime ratio	0.20%	0.08%	7,387	1,875
	<b>(41.05%)</b>	<b>2.48%</b>	<b>(1,501,305)</b>	<b>55,736</b>

### 34. EARNINGS PER SHARE - BASIC AND DILUTED

Note	2022	2021
	(Rupees in '000)	
Profit for the year attributable to ordinary shareholders	2,155,668	2,314,562
Weighted average number of ordinary shares outstanding during the year	14	131,881,880
	(Rupees)	
Earnings per share - basic and diluted	16.35	17.55

34.1 There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2022 and 2021.

### 35. CASH USED IN OPERATIONS

Note	2022	2021
	(Rupees in '000)	
Profit before income tax	3,656,973	2,258,826
<b>Adjustments for non-cash charges and other items</b>		
Depreciation of property, plant and equipment	4.11	505,344
Amortisation of intangible assets	5.1.2	941
Charge / (reversal) of loss allowance on trade debts	10.3	33,059
Provision for staff retirement benefits	20.2.8	47,823
Provision for compensated absences		14,224
Income on bank deposits	32	(1,424)
Gain on disposal of property, plant and equipment	32	(42,790)
Gain on remeasurement of Gas Infrastructure Development Cess		(14,137)
Unwinding of Gas Infrastructure Development Cess		22,028
Dividend income		(2,269,471)
Government grant income		(28,481)
Finance cost	30	1,159,843
	3,083,932	2,686,103
Changes in working capital	35.1	(3,831,332)
	(747,400)	(937,101)

### 35.1 CHANGES IN WORKING CAPITAL

Note

	2022	2021
	(Rupees in '000)	
(Increase) / decrease in current assets:		
Stores and spares	(55,555)	(8,574)
Stock-in-trade	(1,654,270)	(3,517,717)
Trade debts	(3,586,619)	(1,526,885)
Advances, trade deposits and prepayments	24,175	(55,951)
Other receivables	(43,419)	7,032
Sales tax receivable	153,943	28,944
	(5,161,745)	(5,073,151)
Increase / (decrease) in current liabilities:		
Trade and other payables	1,267,815	1,463,664
Contract liabilities	62,598	(13,717)
	(3,831,332)	(3,623,204)

### 36. CASH AND CASH EQUIVALENTS

Cash and bank balances	13	113,580	73,489
Running finance under mark-up arrangement from banks	23	(3,348,023)	(267,156)
Short-term borrowing under Money Market scheme maturing within three months	23	(1,320,000)	(7,891,489)
Short-term borrowing under Running Musharakah maturing within three months	23	(5,865,297)	(567,846)
		(10,419,740)	(8,653,002)

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

	Chief Executives		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Managerial Remuneration	22,909	44,151	-	-	193,283	181,387
Bonus	7,636	14,717	-	-	64,427	60,462
Variable performance pay	5,250	19,605	-	-	41,181	87,549
Retirement benefits	1,908	2,482	-	-	16,666	13,736
Rent, utilities allowance etc.	23,343	31,483	-	-	96,641	95,654
Ex Gratia	-	49,560	-	-	2,181	-
Directors' fee	-	-	8,550	7,500	-	-
	61,046	161,998	8,550	7,500	414,379	438,788
Number of persons	1	1	9	9	60	64

**37.1** The Chief Executive, Directors and certain executives are provided with free use of Company maintained vehicles and Chief Executive is provided with security in accordance with the Company's policy.

**37.2** Fees paid to 9 (2021: 9) non-executive directors were Rs. 8.6 million (2021: Rs. 7.5 million) on account of meetings attended by them.

**37.3** Reimbursement of chairman expense was Rs. 5.6 million (2021: Rs. 5.3 million).

## **38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

### **Financial risk management**

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### **Risk management framework**

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

### **38.1 Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations without considering the fair value of the collateral available there against.

#### **38.1.1 Exposure to credit risk**

The carrying amount of respective financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2022	2021
		(Rupees in '000)	
Long-term deposits		1,653	1,653
Trade debts - net of provision	10	8,800,377	5,246,817
Trade deposits	11	3,594	20,583
Other receivables	12	70,393	26,974
Bank balances	13	112,941	73,489
		<b>8,988,958</b>	<b>5,369,516</b>

The Company does not take into consideration the value of collateral while testing financial assets for impairment. The Company considers the credit worthiness of counterparties as part of its risk management.

### Long-term deposits

These represent long-term deposits with various parties for the purpose of securing supplies of raw materials and services. The Company does not foresee any credit exposure there against as the amounts are paid to counterparties as per agreements and are refundable on termination of the agreements with respective counterparties.

### Trade debts

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The majority of the customers have been transacting with the Company for several years. The Company establishes an allowance for impairment that represents its estimate of incurred losses.

### Trade deposits

These represent deposits placed with various suppliers as per the terms of securing availability of services. The management does not expect to incur credit loss there against.

### Other receivables

This mainly includes amount receivable from K-Electric Limited (KE) amounting to Rs. 27.54 million (2021: Rs. 26.95 million) on account of electricity provided to it under an agreement from the 4 MW power plant located at the factory site. The Company does not expect to incur credit loss against these receivables.

Analysis of gross amounts receivable from local and foreign trade debtors and from KE are as follows:

	Note	2022	2021
		(Rupees in '000)	
Domestic		3,096,165	2,331,162
Export		5,858,678	2,927,827
		<b>8,954,843</b>	<b>5,258,989</b>



### 38.1.2 Impairment losses

The ageing of trade debtors and receivable from KE as per above at the reporting date was as follows:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
0-30 Days	7,362,027	5,143	4,871,382	3,688
31-60 Days	859,643	868	167,661	393
61-90 Days	386,782	942	76,842	317
91-120 Days	167,721	1,758	41,660	460
121-150 Days	12,524	280	7,088	174
151-180 Days	15,102	1,202	764	90
181-210 Days	16,104	1,391	764	241
211-240 Days	14,363	1,715	138	84
241-270 Days	8,082	3,001	-	-
271-300 Days	3,118	1,965	10,591	6,473
301-330 Days	8,016	7,624	664	509
331-360 Days	26,319	25,992	-	-
Over 1 year	75,042	75,042	81,435	81,435
	<b>8,954,843</b>	<b>126,923</b>	<b>5,258,989</b>	<b>93,864</b>

Management believes that the unimpaired balances that are past dues are still collectible in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debtors are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

#### Bank balances

Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks within which balances are held or credit lines available:

Bank	Rating agency	Rating	
		Short Term	Long Term
Habib Bank Limited	VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Faysal Bank Limited	PACRA	A-1+	AA
Bank Al Habib Limited	PACRA	A-1+	AAA
MCB Bank Limited	PACRA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AAA
Bank Alfalah Limited	PACRA	A-1+	AA+

Bank	Rating agency	Rating	
		Short Term	Long Term
Allied Bank Limited	PACRA	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+
Samba Bank Limited	VIS	A-1	AA
Soneri Bank Limited	PACRA	A-1+	AA-
Industrial & Commercial Bank of China	Moody's	P-1*	A-1
Bank Islami Pakistan Limited	PACRA	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+

### 38.1.3 Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date.

### 38.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash to meet expected working capital requirements by having credit lines available. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2022				
	Contractual cashflows				
	Carrying amount	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees in '000)				
<b>Non-derivative financial liabilities</b>					
Long-term financing	2,425,393	(689,542)	(591,719)	(1,239,424)	(320,770)
Trade and other payables	3,412,986	(3,412,986)	-	-	-
Accrued mark-up	280,027	(280,027)	-	-	-
Short-term borrowings	12,637,320	(12,637,320)	-	-	-
Unclaimed dividend	39,996	(39,996)	-	-	-
	18,795,722	(17,059,871)	(591,719)	(1,239,424)	(320,770)
					(19,211,784)

	2021				
	Contractual cashflows				
	Carrying amount	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees in '000)				
<b>Non-derivative financial liabilities</b>					
Long-term financing	2,961,330	(405,228)	(650,864)	(2,159,811)	(164,811)
Trade and other payables	2,267,123	(2,267,123)	-	-	-
Accrued mark-up	53,506	(53,506)	-	-	-
Short-term borrowings	10,181,491	(10,181,491)	-	-	-
Unclaimed dividend	35,889	(35,889)	-	-	-
	15,499,339	(12,943,237)	(650,864)	(2,159,811)	(164,811)
					(15,918,723)

**38.2.1** The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rate of mark-up have been disclosed in respective notes to these unconsolidated financial statements.

**38.2.2** Long-term financing from various banks contains certain loan covenants. A breach of covenant, in future, may require the Company to repay the respective loans earlier than as directed in the above table.

### 38.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is exposed to currency risk and interest rate risk only.

#### 38.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

#### Exposure to currency risk

The Company is exposed to currency risk on trade debts, borrowings, accrued mark-up and trade creditors that are denominated in a currency other than the respective functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2022				
	Rupees	US Dollars	Australian Dollars (Rupees in '000)	Euro	Canadian Dollars
<b>Financial assets</b>					
Bank Balance	70,339	345	-	-	-
Trade debts	5,858,678	3,036	17,788	-	17,289
<b>Financial liabilities</b>					
Trade and other payables	(1,810,739)	(8,813)	-	(36)	-
<b>Net exposure</b>	<b>4,118,278</b>	<b>(5,432)</b>	<b>17,788</b>	<b>(36)</b>	<b>17,289</b>

	2021				
	Rupees	US Dollars	Australian Dollars (Rupees in '000)	Euro	Canadian Dollars
<b>Financial assets</b>					
Bank Balance	69,728	441	-	-	-
Trade debts	2,927,827	3,540	14,600	-	5,208
<b>Financial liabilities</b>					
Trade and other payables	(826,378)	(5,139)	-	(85)	-
<b>Net exposure</b>	<b>2,171,177</b>	<b>(1,158)</b>	<b>14,600</b>	<b>(85)</b>	<b>5,208</b>

The following significant exchange rates were applicable during the year:

	Reporting date rate	
	2022	2021
	Buying/Selling	Buying/Selling
US Dollars (USD) to Pakistan Rupee	204.17 / 204.59	157.12 / 157.49
Australian Dollars (AUD) to Pakistan Rupee	140.66 / 140.93	118.19 / 118.45
Euro to Pakistan Rupee	213.59 / 214.03	187.04 / 187.45
Canadian Dollars (CAD) to Pakistan Rupee	158.29 / 158.60	126.84 / 127.12

### Sensitivity analysis

A 10 percent strengthening / weakening of the Pak Rupee against the USD, AUD, Euro and CAD at June 30 would have decreased / increased the equity / profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for both the years.

		Effect on Unconsolidated Statement of Profit or Loss	
		2022	2021
		(Rupees in '000)	
<b>As at 30 June</b>			
Effect in USD		73,475	12,139
Effect in AUD		165,211	113,940
Effect in Euro		509	1,052
Effect in CAD		180,703	43,618

### 38.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from short and long-term borrowings from banks.

		Carrying amount	
		2022	2021
		(Rupees in '000)	
<b>Fixed rate instruments</b>			
Financial liabilities	17 & 23	3,161,210	2,516,330
<b>Variable rate instruments</b>			
Financial liabilities	17 & 23	11,901,503	10,626,491

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / decreased equity and the profit after tax by Rs. 76.17 million (2021: Rs. 68.01 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for both the years.

### 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 or loss. Therefore a change in interest rates at the reporting date would not affect the Unconsolidated Statement of Profit or Loss.

	2022			
	Short-term borrowings	Long-term financing	Unappropriated profit	Total
	(Rupees in '000)			
<b>Balance as at July 1, 2021</b>	10,227,781	2,968,546	4,419,169	17,615,496
Changes from financing cash flows				
Repayment of long-term loan	-	(883,894)	-	(883,894)
Proceeds from long-term loan	-	359,171	-	359,171
Dividend paid	-	-	(1,116,889)	(1,116,889)
<b>Total changes from financing activities</b>	-	(524,723)	(1,116,889)	(1,641,612)
Other changes				
Interest expense	915,108	225,821	-	1,140,929
Interest paid	(693,257)	(192,666)	-	(885,923)
Deferred government grant recognised	-	(39,695)	-	(39,695)
Changes in short-term borrowings	2,455,829	-	-	2,455,829
<b>Total loan related other changes</b>	2,677,680	(6,540)	-	2,671,140
Equity related other changes	-	-	2,162,825	2,162,825
<b>Balance as at June 30, 2022</b>	12,905,461	2,437,283	5,465,105	20,807,849

	2021			
	Short-term borrowings	Long-term financing	Unappropriated profit	Total
	(Rupees in '000)			
<b>Balance as at July 1, 2020</b>	9,462,326	1,977,491	2,554,370	13,994,187
Changes from financing cash flows				
Repayment of long-term loan	-	(434,087)	-	(434,087)
Proceeds from long-term loan	-	1,458,844	-	1,458,844
Dividend paid	-	-	(467,180)	(467,180)
<b>Total changes from financing activities</b>	-	1,024,757	(467,180)	557,577
Other changes				
Interest expense	563,505	173,309	-	736,814
Interest paid	(585,084)	(143,496)	-	(728,580)
Deferred government grant recognised	-	(63,515)	-	(63,515)
Changes in short-term borrowings	787,034	-	-	787,034
<b>Total loan related other changes</b>	765,455	(33,702)	-	731,753
Equity related other changes	-	-	2,331,979	2,331,979
<b>Balance as at June 30, 2021</b>	10,227,781	2,968,546	4,419,169	17,615,496



### 38.5 Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has no exposure to price risk as its investments are measured at cost.

### 38.6 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the Unconsolidated Statement of Financial Position approximate their fair values.

### 38.7 Financial instruments by categories

	Note	2022	2021
		(Rupees in '000)	
<b>Financial assets</b>			
Held at amortised cost			
- Long-term deposits		1,653	1,653
- Trade debts	10	8,800,377	5,246,817
- Trade deposits	11	3,594	20,583
- Other receivables	12	70,393	26,974
- Cash and bank balances	13	113,580	73,489
		<b>8,989,597</b>	<b>5,369,516</b>
<b>Financial liabilities</b>			
Held at amortised cost			
- Long-term financing	17	2,425,393	2,961,330
- Trade and other payables	21	3,412,986	2,267,123
- Accrued mark-up		280,027	53,506
- Short-term borrowings	23	12,637,320	10,181,491
- Unclaimed dividend		39,996	35,889
		<b>18,795,722</b>	<b>15,499,339</b>

## 39. CAPITAL MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company intends to manage its capital structure by monitoring return on capital, as well as the level of dividends to ordinary shareholders.

#### 40. MEASUREMENT OF FAIR VALUES

Management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2022, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Company measures the Land and Buildings at fair value and all of the resulting fair value estimates in relation to Land and Buildings of the Company are included in Level 3.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the unconsolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The following table provides the valuation approach, inputs used and inter-relationship between significant unobservable inputs and fair value measurement of the Company's Land and Buildings measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
- Land and Building	June 30, 2022	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair values are subject to change owing to changes in input. However, management does not expect material sensitivity to the fair values arising from the non-observable inputs.

Management assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade debts, short-term borrowings, trade and other payables, accrued mark-up and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long-term deposit and long-term financing, management consider that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates. Fair values of investment in quoted subsidiary and associate are disclosed in note 6 to these unconsolidated financial statements.

#### 41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the subsidiary companies, associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to follow a policy whereby transactions with related parties are entered into at commercial terms and at rate agreed under a contract / arrangement / agreement. The contributions to the defined contribution plan (Provident Fund) are made as per the terms of employment and contribution to the defined benefit plan (Gratuity Fund) are made on the basis of latest actuarial advice. Remuneration of key management personnel are in accordance with their terms of engagements.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, non-executive directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

#### 41.1 Transactions with related parties

	2022	2021
	(Rupees in '000)	
<b>Subsidiary companies</b>		
Sales	8,134,354	3,431,516
Sales of fixed assets	3,350	56,742
Purchases	8,936,182	1,032
Purchases of fixed assets	2,350	-
Investments in Subsidiary Company	-	77,273
Cost of shared resources	67,304	73,017
Rental income	11,787	114,184
Dividend received	2,205,500	735,167
Reimbursement of expenses	8,764	13,168
<b>Associated companies</b>		
Sales	8,223	172,149
Purchases	11,852	4,427
Purchase of vehicles	-	20,969
Insurance premium	24,609	36,575
Insurance claim	1,318	35,952
Dividend paid	9,234	5,193
Dividend received	63,971	-
Registration and training	2,523	21
Subscription	2,000	2,213
Reimbursement of expenses	1,354	630
Donation	-	24,800
<b>Key management personnel</b>		
Remuneration	371,932	364,303
<b>Non-executive directors</b>		
Directors' fee	8,550	7,500
<b>Reimbursement of Chairman's expenses</b>	5,617	5,286
<b>Staff retirement funds</b>		
Contributions paid	149,312	132,580

- 41.2** The following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year.

Name of the related party	Relationship and percentage of shareholding
International Steels Limited	Subsidiary company - 56.33% (2021:56.33%) shareholding
ILL Australia Pty. Limited	Wholly owned subsidiary company
ILL Americas Inc.	Wholly owned subsidiary company
ILL Construction Solutions (Private) Limited.	Wholly owned subsidiary company
Pakistan Cables Limited	Associated company - 17.12% (2021:17.12%) shareholding
Jubilee General Insurance Company Limited*	Associated company by virtue of common directorship
Jubilee Life Insurance Company Limited	Associated company by virtue of common directorship
Cherat Cement Company Limited	Associated company by virtue of common directorship
ICI Pakistan Limited	Associated company by virtue of common directorship
The Pakistan Business Council	Associated company by virtue of common directorship
Lahore University of Management Sciences	Associated company by virtue of common directorship

\* During the year, Jubilee General Insurance Company Limited ceased to be a related party.

- 41.3** Outstanding balances with related parties have been separately disclosed in trade debts, prepayments and trade and other payables. These are settled in ordinary course of business.

## 42. ANNUAL PRODUCTION CAPACITY

Name-plate production capacity at the year end was as follows:

	2022	2021
	(Metric Tonnes)	
Steel pipe	585,000	585,000
Galvanizing	90,000	120,000
Cold rolled steel strip	50,000	50,000
Polymer pipes and fittings	35,000	32,000
Stainless steel - pipe	4,800	2,600
The actual production for the year was:		
Steel pipe	144,539	169,545
Galvanizing	64,230	75,111
Polymer pipes and fittings	7,582	11,787
Stainless steel - pipe	1,867	1,510

Actual production during the year was sufficient to meet the market demand.

The name-plate capacities of the plants are determined based on a certain product mix. The actual production mix was different.

## 43. SEGMENT REPORTING

Performance is measured based on respective segment results. Information regarding the Company's reportable segments specified in note 3.16 are presented below.

### 43.1 Segment revenue and results

	2022			
	Steel segment	Polymer segment	Investment segment	Total
	(Rupees in '000)			
<b>For the year ended June 30, 2022</b>				
Revenue from contract with customers				
Local	24,110,791	2,650,615	-	26,761,406
Exports	11,096,457	-	-	11,096,457
	35,207,248	2,650,615	-	37,857,863
Cost of sales	(30,759,103)	(2,430,164)	-	(33,189,267)
<b>Gross profit</b>	4,448,145	220,451	-	4,668,596
Selling and distribution expenses	(2,494,712)	(92,884)	-	(2,587,596)
Administrative expenses	(330,483)	(15,196)	-	(345,679)
Reversal of loss allowance on trade debts	4,692	(37,751)	-	(33,059)
<b>Operating profit</b>	(2,820,503)	(145,831)	-	(2,966,334)
Finance cost	(1,099,122)	(82,749)	-	(1,181,871)
Other operating charges	(124,368)	-	-	(124,368)
	(1,223,490)	(82,749)	-	(1,306,239)
Other income	991,479	-	2,269,471	3,260,950
<b>Profit before income tax</b>	1,395,631	(8,129)	2,269,471	3,656,973
Income tax expense				(1,501,305)
<b>Profit after tax for the year</b>				2,155,668



	2021			
	Steel segment	Polymer segment	Investment segment	Total
	(Rupees in '000)			
For the year ended June 30, 2021				
Revenue from contract with customers				
Local	19,724,054	3,359,637	-	23,083,691
Exports	5,852,488	3,917	-	5,856,405
	25,576,542	3,363,554	-	28,940,096
Cost of sales	(22,135,307)	(2,831,340)	-	(24,966,647)
Gross profit	3,441,235	532,214	-	3,973,449
Selling and distribution expenses	(1,410,261)	(83,979)	-	(1,494,240)
Administrative expenses	(358,619)	(24,497)	-	(383,116)
Reversal of loss allowance on trade debts	52,191	376	-	52,567
Operating profit	(1,716,689)	(108,100)	-	(1,824,789)
Finance cost	(667,882)	(87,833)	-	(755,715)
Other operating charges	(165,485)	(23,065)	-	(188,550)
	(833,367)	(110,898)	-	(944,265)
Other income	319,265	-	735,166	1,054,431
Profit before income tax	1,210,444	313,216	735,166	2,258,826
Income tax expense				55,736
Profit after tax for the year				2,314,562

## 43.2 Segment assets and liabilities

	Steel segment	Polymer segment	Investments segment	Total
	(Rupees in '000)			
As at June 30, 2022				
Segment assets	29,223,455	2,755,839	3,372,515	35,351,809
Segment liabilities	16,669,182	1,151,798	-	17,820,980
As at June 30, 2021				
Segment assets	22,387,009	1,778,101	3,372,515	27,537,625
Segment liabilities	13,621,522	819,573	-	14,441,095

Reconciliation of segment assets and liabilities with total assets and liabilities in the Unconsolidated Statement of Financial Position is as follows:

	2022	2021
	(Rupees in '000)	
Total for reportable segments assets	35,351,809	27,537,625
Unallocated assets	943,754	1,362,481
Total assets as per Unconsolidated Statement of Financial Position	36,295,563	28,900,106
Total for reportable segments liabilities	17,820,980	14,441,095
Unallocated liabilities	3,880,368	2,960,488
Total liabilities as per Unconsolidated Statement of Financial Position	21,701,348	17,401,583

**43.3** Segment revenues reported above are revenues generated from external customers. There were no inter-segment sales during the year.

**43.4** Segment assets reported above comprise of property, plant and equipment, stock-in-trade and trade debts. Segment assets and liabilities are measured in the same way as in the unconsolidated financial statements. These assets are identified based on the operations of the segment and remaining assets and liabilities are presented as unallocated assets and liabilities.

**43.5** Additions to non-current assets in relation to steel, polymer and investments segments amounts to Rs. 417.6 million (2021: Rs. 148.3 million), Rs. 283.4 million (2021: Rs. 50.3 million and Nil (2021: Rs. 77.3 million) respectively.

#### **43.6 Information about major customers**

Revenue from major customers individually accounting for more than 10% of the segment revenue for polymer segment and steel segment was Nil (2021: Rs. 976 million) and Rs. 4,318.4 million (2021: Nil) respectively.

#### **43.7 Geographical information**

The Company's net revenue from external customers by geographical location is disclosed in note 26.1.

Management considers that revenue from its ordinary activities are shariah compliant.

As at June 30, 2022, all non-current assets of the Company are located in Pakistan with an exception of its investment in IIL Australia Pty. Limited which is domiciled in Victoria, Australia & IIL Americas Inc. which is domiciled in Ontario, Canada.

#### 44. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

Total employees of the Company at the year end  
Average employees of the Company during the year

2022	2021
(Number)	
947	959
951	954

#### 45. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Company, in their meeting held on August 22, 2022 has proposed a final cash dividend of Rs. 6.00 (2021:Rs. 6.50) per share amounting to Rs.791.29 million (2021: Rs. 857.23 million) for the year ended June 30, 2022. The approval of the members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on September 30, 2022. The unconsolidated financial statements for the year ended June 30, 2022 do not include the effect of the proposed final cash dividend which will be accounted for in the year ending June 30, 2023.

#### 46. CORRESPONDING FIGURES

Comparative information has been reclassified or re-arranged in these unconsolidated financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current year, having insignificant impact.

#### 47. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue on August 22, 2022 by the Board of Directors of the Company.



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



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer





IIL Factory-2





# **CONSOLIDATED FINANCIAL HIGHLIGHTS**

**Success Beyond Numbers**

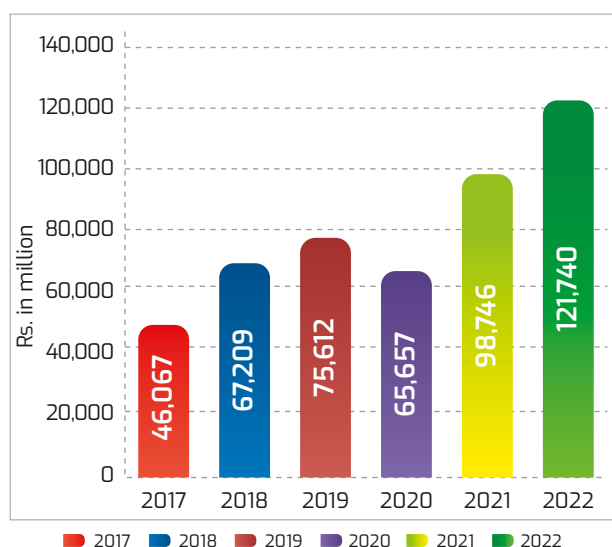


# CONSOLIDATED FINANCIAL HIGHLIGHTS

	2022	2021	Change %
	(Rupees in million)		
Revenue from contracts with customers	121,740	98,746	23.3%
Gross Profit	16,376	17,568	-6.8%
Property, Plant & Equipment	30,771	26,706	15.2%
Shareholders equity	24,023	19,950	20.4%
Non - controlling interest	9,377	8,247	13.7%

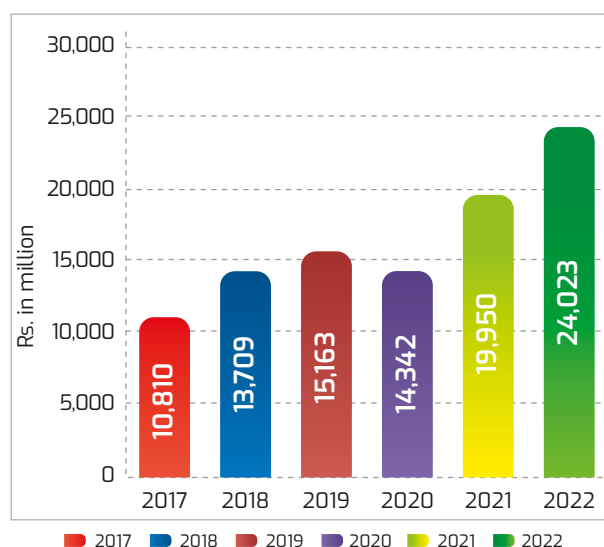
## BUSINESS GROWTH

### Net Sales

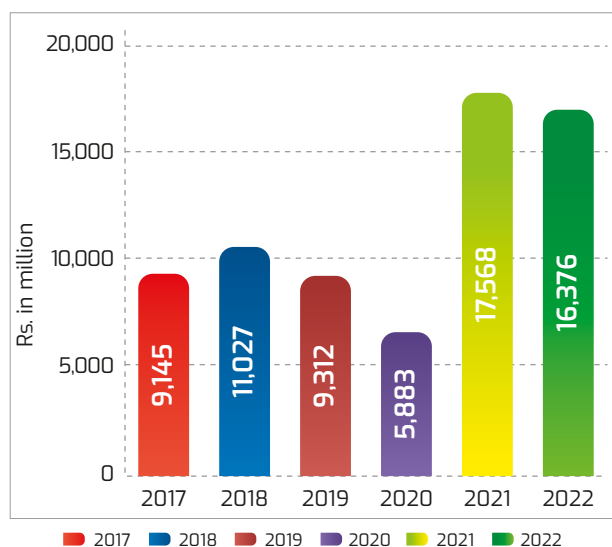


## SHARE HOLDER VALUE ACCRETION

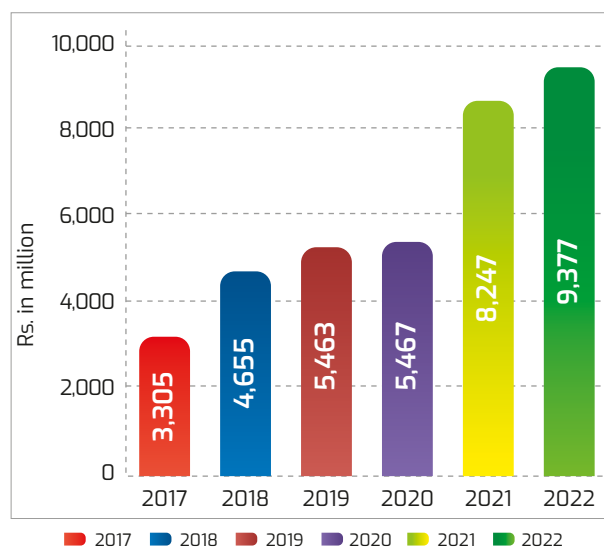
### Shareholder's Equity



### Gross Profit



### Non - Controlling Interest



# ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statement of Financial Position

	2022	2021	2020	2019	2018	2017
	(Rupees in million)					
Property, plant and equipment	30,771	26,706	27,720	27,224	24,032	18,814
Investments	1,239	1,132	1,095	1,015	1,004	300
Other non current assets	213	14	21	10	74	71
Current assets	57,036	40,288	35,138	34,440	30,391	23,368
<b>Total assets</b>	<b>89,260</b>	<b>68,140</b>	<b>63,973</b>	<b>62,688</b>	<b>55,501</b>	<b>42,553</b>
Shareholders' equity	24,023	19,950	14,342	15,163	13,709	10,810
Non - controlling interest	9,377	8,247	5,467	5,463	4,655	3,305
Non current liabilities	6,649	8,614	8,520	10,779	10,833	6,608
Current portion of long term financing	2,498	2,351	1,898	1,201	1,383	1,307
Short term borrowings	29,997	16,978	20,915	19,616	16,772	10,939
Other Current liabilities	16,716	12,000	12,831	10,466	8,149	9,583
<b>Total equity &amp; liabilities</b>	<b>89,260</b>	<b>68,140</b>	<b>63,973</b>	<b>62,688</b>	<b>55,501</b>	<b>42,553</b>

### Vertical Analysis

	Percentage					
Property, plant and equipment	34.5	39.2	43.3	43.4	43.3	44.2
Investments	1.4	1.7	1.7	1.6	1.8	0.7
Other non current assets	0.2	0.02	0.03	0.02	0.1	0.2
Current assets	63.9	59.1	54.9	54.9	54.8	54.9
<b>Total assets</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Shareholders' equity	26.9	29.3	22.4	24.2	24.7	25.4
Non - controlling interest	10.5	12.1	8.5	8.7	8.4	7.8
Non current liabilities	7.4	12.6	13.3	17.2	19.5	15.5
Current portion of long term financing	2.8	3.5	3.0	1.9	2.5	3.1
Short term borrowings	33.6	24.9	32.7	31.3	30.2	25.7
Other Current liabilities	18.7	17.6	20.1	16.7	14.7	22.5
<b>Total equity &amp; liabilities</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Horizontal Analysis

	Percentage					
Property, plant and equipment	15.2	-3.7	1.8	13.3	27.7	7.1
Investments	9.4	3.4	7.9	1.1	235.3	10.9
Other non current assets	1419.4	-32.2	113.3	-86.9	4.0	19.7
Current assets	41.6	14.7	2.0	13.3	30.1	59.2
<b>Total assets</b>	<b>31.0</b>	<b>6.5</b>	<b>2.0</b>	<b>13.0</b>	<b>30.4</b>	<b>30.6</b>
Shareholders' equity	20.4	39.1	(5.4)	10.6	26.8	15.8
Non - controlling interest	13.7	50.9	0.1	17.3	40.8	22.9
Non current liabilities	(22.8)	1.1	(21.0)	(0.5)	63.9	6.2
Current portion of long term financing	6.3	23.8	58.1	(13.1)	5.8	52.4
Short term borrowings	76.7	(18.8)	6.6	17.0	53.3	61.6
Other Current liabilities	39.3	(6.5)	22.6	28.4	(15.0)	43.1
<b>Total equity &amp; liabilities</b>	<b>31.0</b>	<b>6.5</b>	<b>2.0</b>	<b>13.0</b>	<b>30.4</b>	<b>30.6</b>

# ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statement of Profit & Loss

	2022	2021	2020	2019	2018	2017
	(Rupees in million)					
Net Sales	121,740	98,746	65,657	75,612	67,209	46,067
Cost of Sales	(105,364)	(81,178)	(59,773)	(66,300)	(56,183)	(36,922)
<b>Gross Profit</b>	<b>16,376</b>	<b>17,568</b>	<b>5,883</b>	<b>9,312</b>	<b>11,027</b>	<b>9,145</b>
Administrative, Selling and Distribution expenses	(5,226)	(3,273)	(2,281)	(2,464)	(2,394)	(1,997)
Other operating expenses	(817)	(1,466)	(366)	(632)	(834)	(605)
Share of profit in equity accounted investee	166	34	(7)	50	35	36
Other income	575	493	208	618	338	176
<b>Profit before financing cost</b>	<b>11,074</b>	<b>13,355</b>	<b>3,439</b>	<b>6,884</b>	<b>8,172</b>	<b>6,755</b>
Finance cost	(2,504)	(1,567)	(3,547)	(2,214)	(981)	(680)
<b>Profit before Taxation</b>	<b>8,569</b>	<b>11,788</b>	<b>(109)</b>	<b>4,670</b>	<b>7,191</b>	<b>6,076</b>
Taxation	(3,835)	(3,071)	(211)	(1,381)	(1,922)	(2,011)
<b>Profit after Taxation</b>	<b>4,734</b>	<b>8,717</b>	<b>(320)</b>	<b>3,289</b>	<b>5,268</b>	<b>4,065</b>

### Vertical Analysis

	Percentage					
Net Sales	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales	(86.5)	(82.2)	(91.0)	(87.7)	(83.6)	(80.1)
<b>Gross Profit</b>	<b>13.5</b>	<b>17.8</b>	<b>9.0</b>	<b>12.3</b>	<b>16.4</b>	<b>19.9</b>
Administrative, Selling and Distribution expenses	(4.3)	(3.3)	(3.5)	(3.3)	(3.6)	(4.3)
Other operating expenses	(0.7)	(1.5)	(0.6)	(0.8)	(1.2)	(1.3)
Share of profit in equity accounted investee	0.1	0.03	(0.01)	0.1	0.1	0.1
Other income	0.5	0.5	0.3	0.8	0.5	0.4
<b>Profit before financing cost</b>	<b>9.1</b>	<b>13.5</b>	<b>5.2</b>	<b>9.1</b>	<b>12.2</b>	<b>14.7</b>
Finance cost	(2.1)	(1.6)	(5.4)	(2.9)	(1.5)	(1.5)
<b>Profit before Taxation</b>	<b>7.0</b>	<b>11.9</b>	<b>(0.2)</b>	<b>6.2</b>	<b>10.7</b>	<b>13.2</b>
Taxation	(3.2)	(3.1)	(0.3)	(1.8)	(2.9)	(4.4)
<b>Profit after Taxation</b>	<b>3.9</b>	<b>8.8</b>	<b>(0.5)</b>	<b>4.3</b>	<b>7.8</b>	<b>8.8</b>

### Horizontal Analysis

	Percentage					
Net Sales	23.3	50.4	(13.2)	12.5	45.9	32.9
Cost of Sales	29.8	35.8	(9.8)	18.0	52.2	27.8
<b>Gross Profit</b>	<b>(6.8)</b>	<b>198.6</b>	<b>(36.8)</b>	<b>(15.5)</b>	<b>20.6</b>	<b>58.3</b>
Administrative, Selling and Distribution expenses	59.7	43.5	(7.4)	2.9	19.9	10.9
Other operating expenses	(44.3)	300.8	(42.1)	(24.2)	37.9	58.8
Share of profit in equity accounted investee	(385.9)	624.2	(113.0)	41.7	(1.5)	100.8
Other income	16.6	136.4	(66.3)	82.8	91.7	(13.5)
<b>Profit before financing cost</b>	<b>(17.1)</b>	<b>288.4</b>	<b>(50.0)</b>	<b>(15.8)</b>	<b>21.0</b>	<b>76.9</b>
Finance cost	59.8	(55.8)	60.3	125.7	44.3	(36.4)
<b>Profit before Taxation</b>	<b>27.3</b>	<b>10,924.7</b>	<b>(102.3)</b>	<b>(35.1)</b>	<b>18.4</b>	<b>121.0</b>
Taxation	24.9	1,352.1	(84.7)	(28.2)	(4.4)	152.9
<b>Profit after Taxation</b>	<b>45.7</b>	<b>2,821.0</b>	<b>(109.7)</b>	<b>(37.6)</b>	<b>29.6</b>	<b>108.0</b>

# ANALYSIS OF CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Statement of Cash Flows

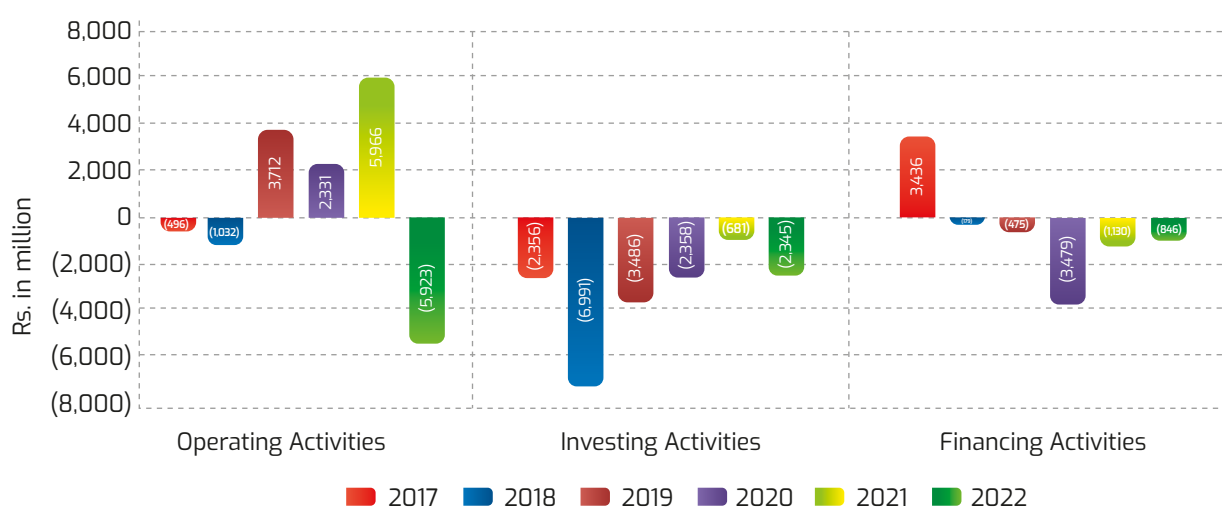
	2022	2021	2020	2019	2018	2017
	(Rupees in million)					
Net cash generated from/(used in) operating activities	(5,923)	5,966	2,331	3,712	(1,032)	(496)
Net cash inflows/(outflows) from investing activities	(2,345)	(681)	(2,358)	(3,486)	(6,991)	(2,356)
Net cash inflows/(outflows) from financing activities	(846)	(1,130)	(3,479)	(475)	(179)	3,436
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(9,113)</b>	<b>4,155</b>	<b>(3,506)</b>	<b>(250)</b>	<b>(8,202)</b>	<b>584</b>

### Vertical Analysis

	Percentage					
Net cash generated from/(used in) operating activities	(65.0)	(143.6)	66.5	1,486.6	(12.6)	(84.9)
Net cash inflows/(outflows) from investing activities	(25.7)	16.4	(67.2)	(1,396.4)	(85.2)	(403.3)
Net cash inflows/(outflows) from financing activities	(9.3)	27.2	(99.2)	(190.2)	(2.2)	588.2
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>100.0</b>

### Horizontal Analysis

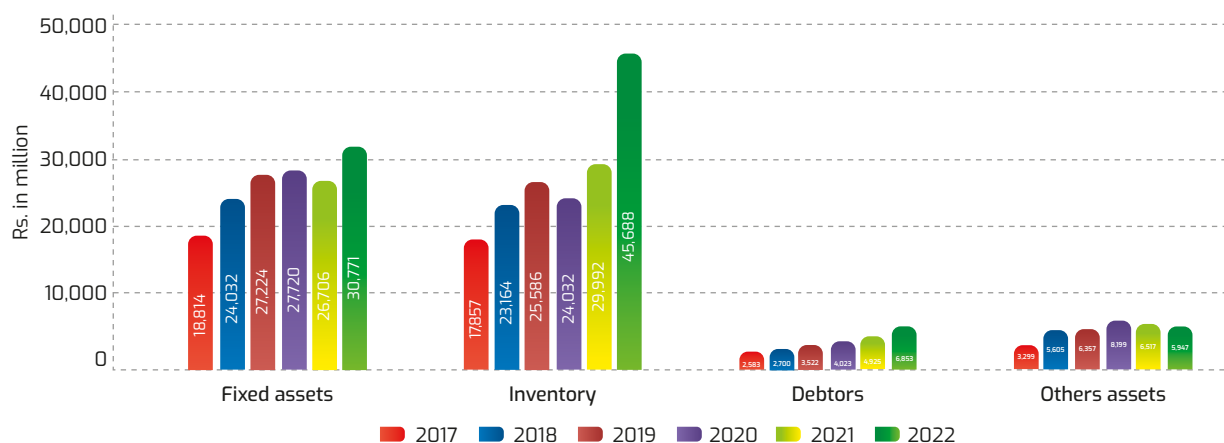
	Percentage					
Net cash generated from/(used in) operating activities	(199.3)	156.0	(37.2)	(459.6)	108.2	(110.3)
Net cash inflows/(outflows) from investing activities	244.4	(71.1)	(32.4)	(50.1)	196.7	75.9
Net cash inflows/(outflows) from financing activities	(25.2)	(67.5)	632.6	165.0	(105.2)	(151.0)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(319.3)</b>	<b>(218.5)</b>	<b>1,304.4</b>	<b>(97.0)</b>	<b>(1,503.8)</b>	<b>(118.0)</b>



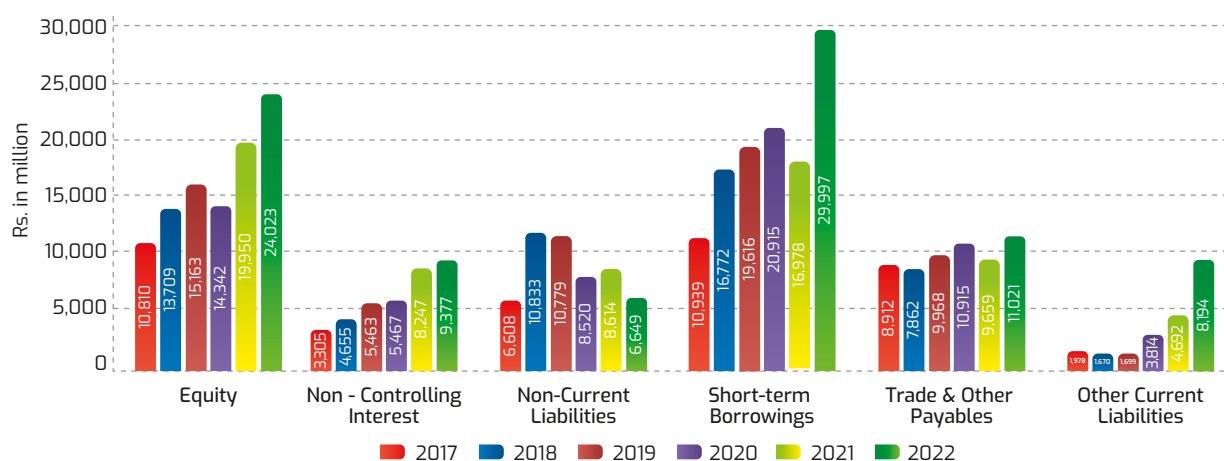
# GRAPHICAL PRESENTATION OF

Consolidated Statement of Financial Position and Profit & Loss Account

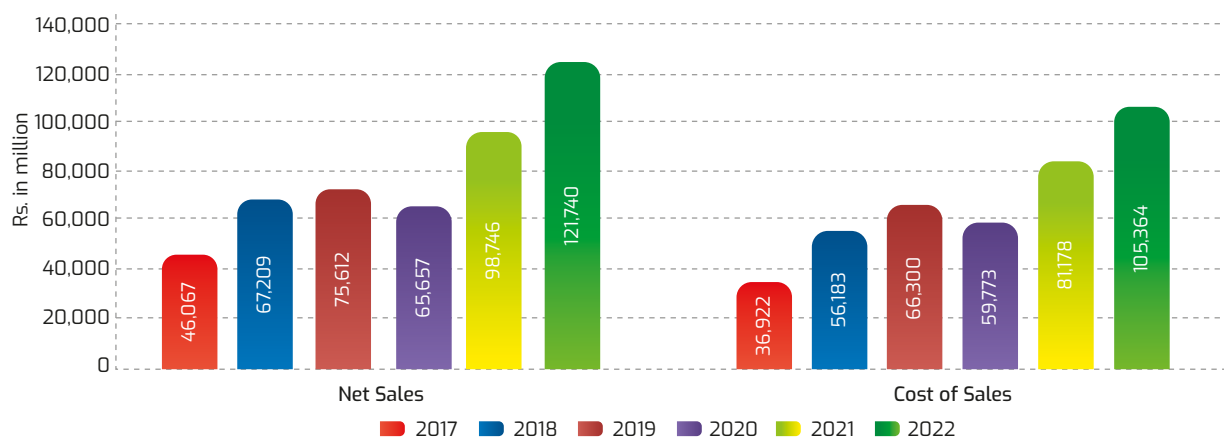
## Total Assets



## Equity & Liabilities



## Net Sales & Cost of Sales



# CONSOLIDATED KEY FINANCIAL INDICATORS

2022 2021 2020 2019 2018 2017

## Profitability Ratios

Gross profit ratio	%	13.45	17.79	8.96	12.32	16.4	19.9
Net profit to Sales	%	3.89	8.83	-0.49	4.35	7.8	8.8
EBITDA Margin to Sales	%	10.76	15.60	8.18	11.15	14.0	17.2
Cost to Income Ratio	Times	1.09	0.68	2.31	1.15	0.8	0.9
Operating Leverage	%	(0.65)	3.71	2.75	(0.84)	0.42	1.96
Return on Equity with Surplus on revaluation of fixed assets	%	14.17	30.92	-1.62	15.95	28.7	28.8
Return on Equity without Surplus on revaluation of fixed assets	%	17.92	36.43	-1.98	19.34	35.1	38.0
Return on Capital Employed	%	12.62	25.64	-1.21	11.46	19.4	21.5
Return on Total Assets	%	5.3	12.8	-0.5	5.2	9.5	9.6
Shareholders' funds ratio	%	37.4	41.4	31.0	32.9	33.1	33.2

## Liquidity Ratios

Current ratio	Times	1.16	1.29	0.99	1.10	1.16	1.07
Quick / Acid test ratio	Times	0.21	0.30	0.29	0.26	0.25	0.22
Cash to Current Liabilities	Times	(0.40)	(0.34)	(0.42)	(0.36)	(0.42)	(0.13)
Cash flow from Operations to Sales	Times	(0.05)	0.06	0.04	0.05	(0.02)	(0.01)

## Activity / Turnover Ratios

Inventory turnover ratio	Times	2.8	3.0	2.4	2.7	2.7	2.7
Inventory turnover in days	days	131	121	151	134	133	135
Debtor turnover ratio	Times	24.0	25.8	20.4	28.7	29.8	22.5
Debtor turnover in days	days	15	14	18	13	12	16
Creditor turnover ratio	Times	40.4	17.8	12.7	20.7	14.8	8.3
Creditor turnover in days	days	9	21	29	18	25	44
Total assets turnover ratio	Times	1.4	1.4	1.0	1.2	1.2	1.1
Fixed assets turnover ratio	Times	4.0	3.7	2.4	2.8	2.8	2.4
Operating cycle in days	days	137	115	141	129	121	108
Capital employed turnover ratio	Times	3.2	2.9	2.5	2.6	2.5	2.4

## Investment / Market Ratios

Earnings per share - basic and diluted	Rs.	18.38	41.38	(4.60)	18.26	28.75	22.91
Price earning ratio	Times	5.55	5.10	(19.93)	4.22	8.07	16.09
Dividend Yield ratio	%	9.80	4.74	-	8.43	3.66	2.44
Dividend Payout ratio	%	54.39	24.17	-	30.12	29.56	39.29
Dividend per share - Cash	Rs.	10.00	10.00	0.00	5.50	8.50	9.00
Bonus shares	%	-	-	-	1	-	-
Dividend Cover	Times	1.84	4.14	-	3.32	3.38	2.55
Market value per share at the end of the year	Rs.	102.02	211.02	92	77.07	231.98	368.57
Market value per share high during the year	Rs.	218.70	242.50	121	247.97	377.00	405.99
Market value per share low during the year	Rs.	94.00	92.10	64	71.25	203.00	85.80
Price to book ratio	(x)	0.15	0.41	0.19	0.15	0.50	1.04
Break-up value per share with revaluation of fixed assets	Rs.	182	151	109	126	114	90
Break-up value per share without revaluation of fixed assets	Rs.	129	119	81	96	86	62

## Capital Structure Ratios

Financial leverage ratio	(x)	1.7	1.4	2.2	2.0	2.0	2.0
Weight avg cost of debts	%	8.1	5.7	12.2	7.9	4.5	4.6
Net assets per share	Rs	253	214	150	172	153	118
Total Debt : Equity ratio	(x)	63 : 37	59 : 41	69 : 31	67 : 33	67 : 33	67 : 33
Interest cover	Times	4.5	9.1	1.0	3.1	8.8	10.5

## Value Addition

Employees as remuneration	Rs. M	2,862	2,605	2,109	2,192	2,163	1,759
Government as taxes	Rs. M	26,067	21,205	14,824	18,497	16,789	10,574
Shareholders as dividends	Rs. M	1,055	1,319	0	659	1,019	1,079
Retained within the business	Rs. M	3,679	7,399	(320)	2,510	4,249	2,986
Financial charges to providers of finance	Rs. M	2,504	1,567	3,547	2,214	981	680

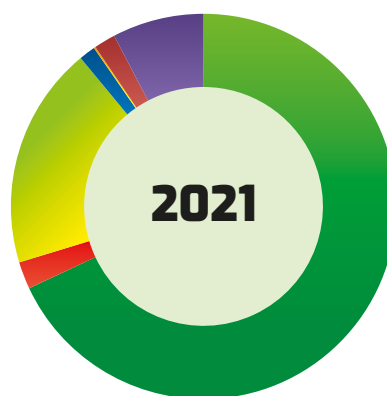
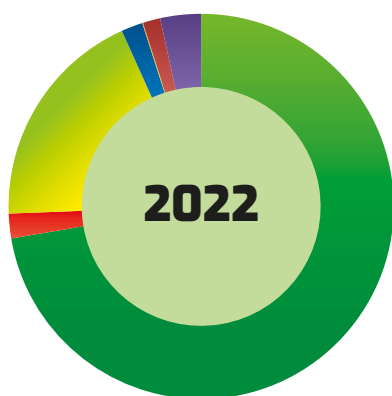
## Employee Productivity and others

Production per employee	Tons	498	601	466	625	613	619
Revenue per employee	Rs M	73	60	38	42	38	29
Spares inventory as % of assets cost	%	1.3	1.3	1.4	1.3	1.1	1.4
Maintenance cost as % of operating expenses	%	2.4	2.9	2.5	3.1	3.4	3.4



# CONSOLIDATED STATEMENT OF VALUE ADDITION

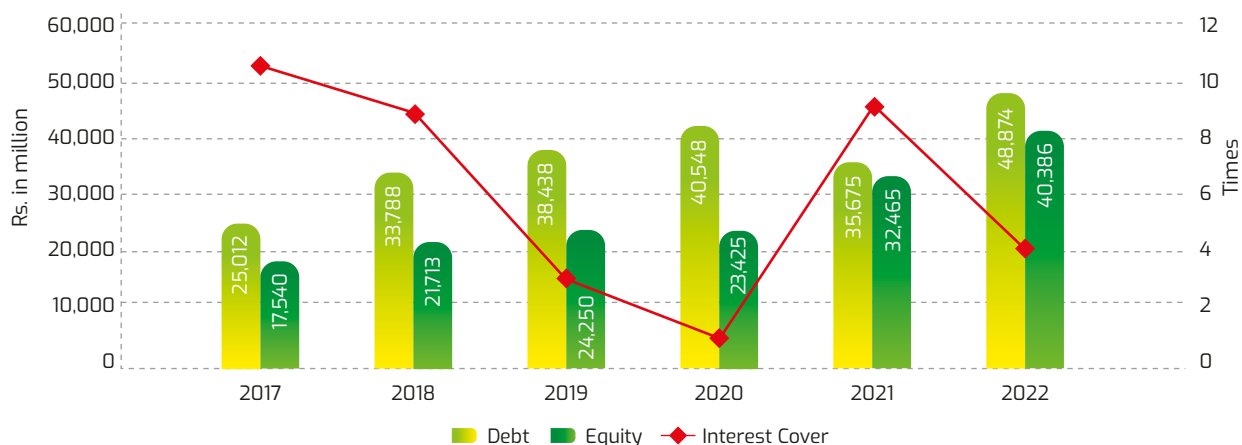
	2022		2021	
	Rupees in '000	%	Rupees in '000	%
<b>Wealth Generated</b>				
Sales including sales tax	137,813,544	99.6%	113,011,610	99.6%
Other operating income	574,756	0.4%	492,806	0.4%
	<b>138,388,300</b>	<b>100%</b>	<b>113,504,416</b>	<b>100%</b>
<b>Wealth Distributed</b>				
Cost of material & services	100,107,490	72.3%	77,197,957	68.0%
<b>To Employees</b>				
Salaries & other related cost	2,861,601	2.1%	2,605,401	2.3%
<b>To Government</b>				
Taxes & Duties	25,354,059	18.3%	20,300,143	17.9%
Worker Profit Participation Fund	505,128	0.4%	636,149	0.6%
Worker Welfare Fund	208,189	0.2%	268,523	0.2%
	<b>26,067,376</b>	<b>18.8%</b>	<b>21,204,815</b>	<b>18.7%</b>
<b>To Providers of Capital</b>				
Dividend to shareholders	-	0.0%	-	0.0%
Finance cost	2,504,160	1.8%	1,566,622	1.4%
	<b>2,504,160</b>	<b>1.8%</b>	<b>1,566,622</b>	<b>1.4%</b>
<b>To Society</b>				
Donation	93,090	0.1%	158,510	0.1%
<b>Retained in Business</b>				
For replacement of fixed assets				
Depreciation & Amortization	2,020,235	1.5%	2,053,705	1.8%
To provide for growth: Retained Profit	4,734,348	3.4%	8,717,406	7.7%
	<b>6,754,583</b>	<b>4.9%</b>	<b>10,771,111</b>	<b>9.5%</b>
	<b>138,388,300</b>	<b>100%</b>	<b>113,504,416</b>	<b>100%</b>



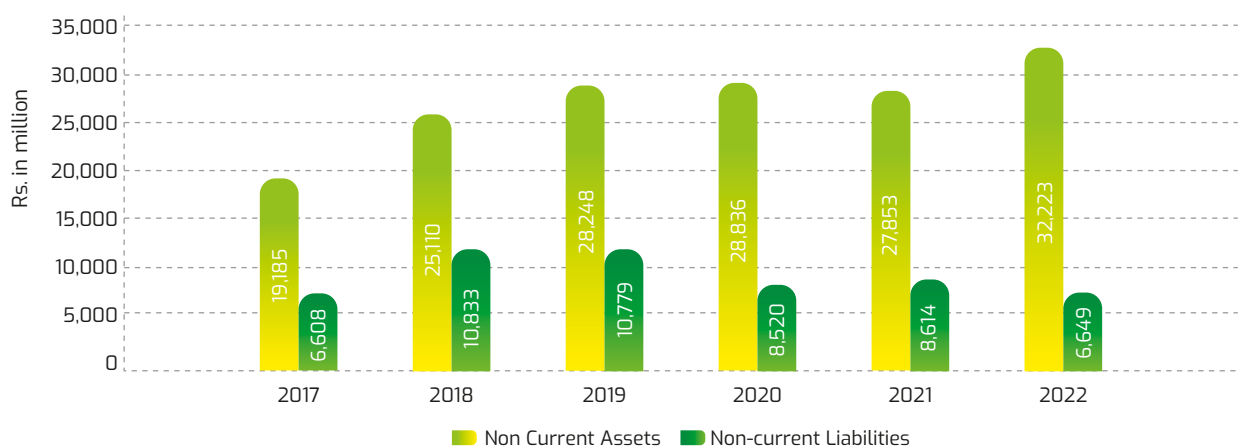
	2022	2021
Cost of material & services	72.3%	68.0%
To Employees	2.1%	2.3%
To Government	18.8%	18.7%
To Providers of Capital	1.8%	1.4%
To Society	0.1%	0.1%
Depreciation & Amortization	1.5%	1.8%
Retained Profit	3.4%	7.7%

# PERFORMANCE AT A GLANCE

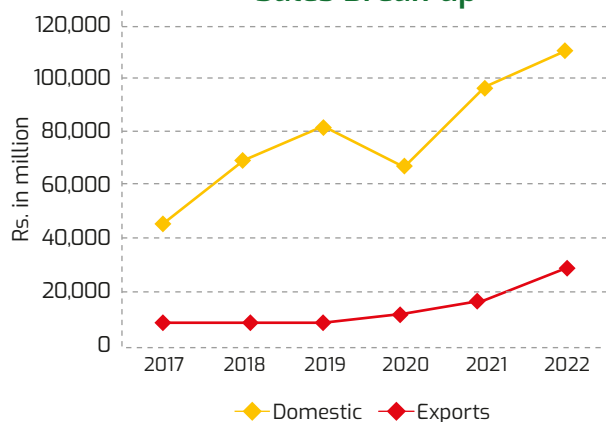
## Debt Management & Interest Cover Ratio



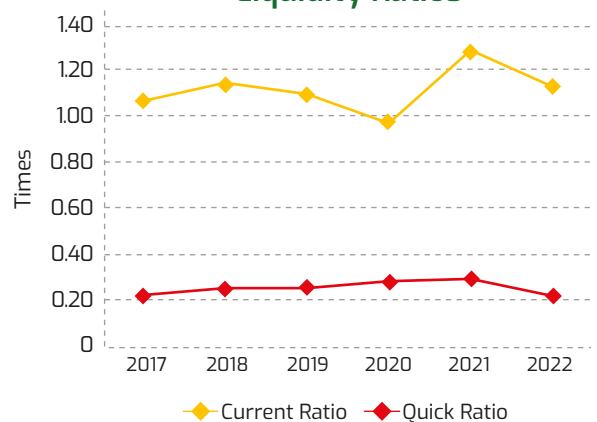
## Non-Current Assets & Non-Current Liabilities

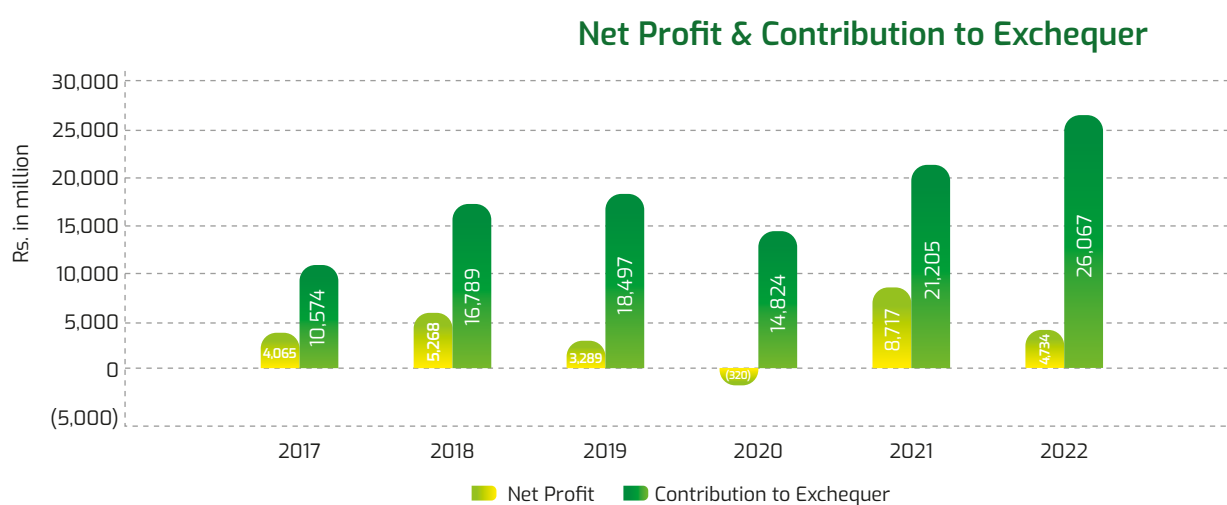
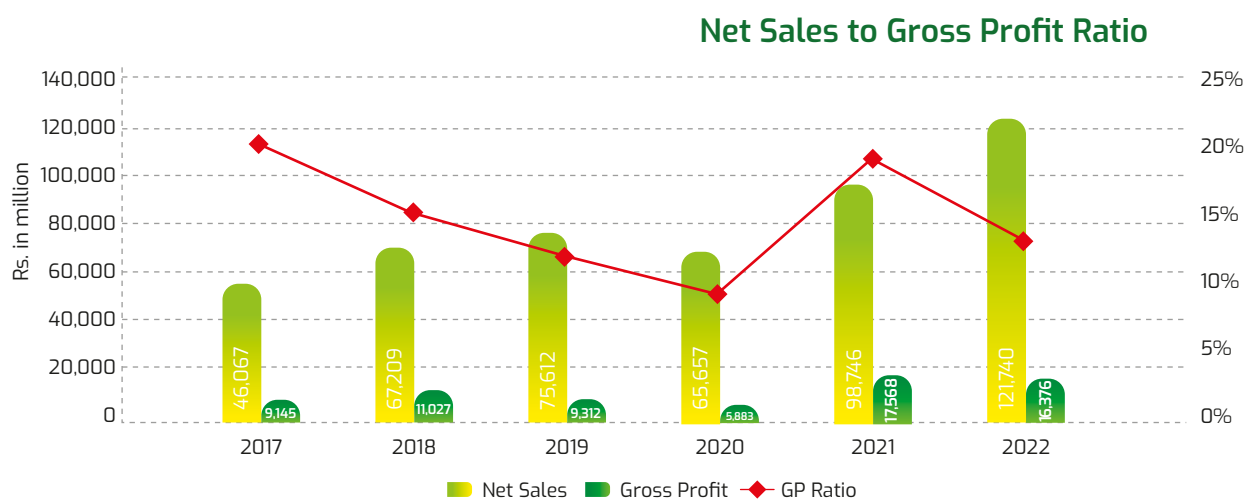


## Sales Break-up



## Liquidity Ratios









## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INTERNATIONAL INDUSTRIES LIMITED

#### Opinion

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

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

#### Basis for Opinion

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

#### Key Audit Matter

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

Following is the Key Audit Matter:

S. No.	Key audit matter	How the matter was addressed in our audit
(i)	<p><b>Revenue from contracts with customers</b></p> <p>(Refer note 3.11 and 27 to the consolidated financial statements)</p> <p>The Group recognises revenue from the domestic and export customers when the performance obligation is satisfied by transferring control of a promised good to the customer. During the year, net sales have increased by 23.29%.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• evaluated management controls over revenue and checked their validation;</li> <li>• performed verification of sales with underlying documentation including gate pass, delivery order and invoice;</li> <li>• performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period;</li> <li>• verified that sales prices are negotiated and approved by appropriate authority;</li> <li>• recalculated the commission as per Group's policy and verified related distribution expenses;</li> <li>• obtained confirmations from debtors on sample basis; and</li> <li>• ensured that presentation and disclosures related to revenue are being addressed appropriately.</li> </ul>

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

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

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

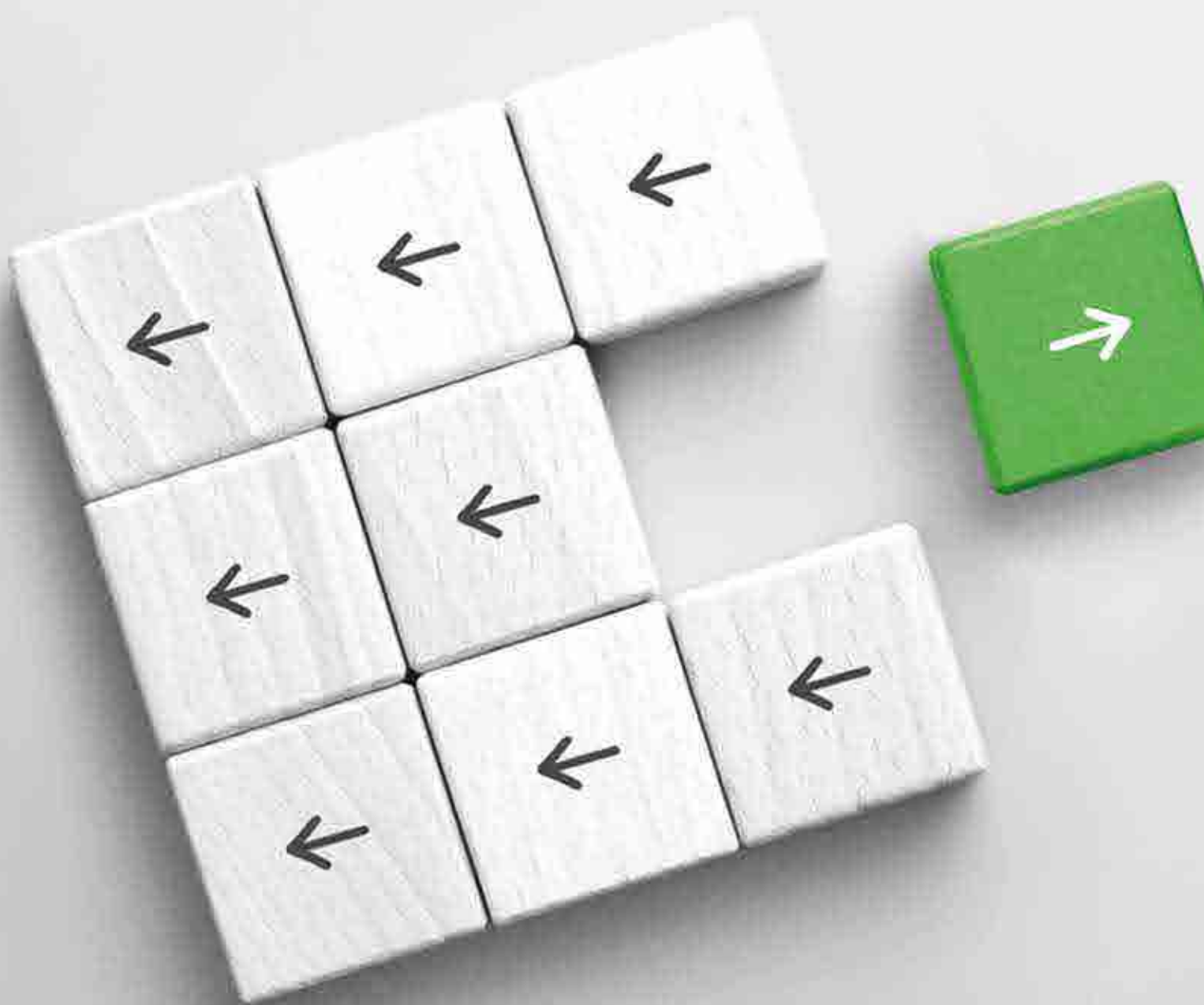


A.F. Ferguson & Co.  
Chartered Accountants

Karachi

Date: September 7, 2022

UDIN: AR202210073gYIOezdCk





# **CONSOLIDATED FINANCIAL STATEMENTS**

## **Reaching Beyond Targets**

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

Note	2022	2021
	(Rupees in '000)	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	4 30,771,384	26,706,486
Right-of-use assets	5.1 31,335	9,714
Intangible assets	6 179,596	2,493
Investment in equity accounted investee	7 1,238,598	1,132,235
Long-term deposits	2,427	1,835
	32,223,340	27,852,763
<b>CURRENT ASSETS</b>		
Stores and spares	8 1,181,526	898,627
Stock-in-trade	9 45,688,341	29,992,300
Trade debts	10 6,853,083	4,924,836
Advances, trade deposits and prepayments	11 202,923	2,020,014
Other receivables	12 121,355	62,376
Sales tax receivable	1,770,317	1,753,757
Cash and bank balances	13 1,218,770	635,590
	57,036,315	40,287,500
<b>TOTAL ASSETS</b>	89,259,655	68,140,263
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Share capital</b>		
Issued, subscribed and paid-up capital	14 1,318,819	1,318,819
<b>Revenue reserves</b>		
General reserve	15 2,991,258	2,991,258
Un-appropriated profit	12,699,443	11,365,899
Exchange translation reserve	27,392	5,863
<b>Capital reserve</b>		
Revaluation surplus on property, plant and equipment	16 6,986,115	4,267,987
<b>TOTAL SHAREHOLDERS' EQUITY</b>	24,023,027	19,949,826
<b>Non - controlling interest</b>	9,376,528	8,247,364
	33,399,555	28,197,190
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long-term financing - secured	17 4,125,295	5,803,471
Deferred income - government grant	18 186,509	28,203
Gas Infrastructure Development Cess	19 548,541	911,776
Staff retirement benefits	20 155,545	115,338
Deferred taxation - net	21 1,608,476	1,753,469
Lease liabilities	5.2 24,429	1,929
	6,648,795	8,614,186
<b>CURRENT LIABILITIES</b>		
Trade and other payables	22 11,020,587	9,658,752
Contract liabilities	23 2,654,961	1,566,409
Short-term borrowings - secured	24 29,996,873	16,977,836
Unclaimed dividend	39,996	35,889
Unclaimed dividend attributable to non-controlling interest (NCI)	10,301	8,798
Current portion of long-term financing - secured	17 2,498,439	2,351,155
Current portion of lease liabilities	5.2 7,510	11,068
Taxation - net	25 2,431,598	586,746
Accrued mark-up	551,040	132,234
	49,211,305	31,328,887
<b>TOTAL LIABILITIES</b>	55,860,100	39,943,073
<b>CONTINGENCIES AND COMMITMENTS</b>	26	
<b>TOTAL EQUITY AND LIABILITIES</b>	89,259,655	68,140,263

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



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



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2022

	Note	2022	2021
		(Rupees in '000)	
Revenue from contracts with customers	27	121,740,071	98,745,775
Cost of sales	28	(105,364,174)	(81,178,237)
<b>Gross profit</b>		<b>16,375,897</b>	<b>17,567,538</b>
Selling and distribution expenses	29	(4,456,860)	(2,524,761)
Administrative expenses	30	(730,782)	(791,370)
(Charge) / reversal of loss allowance on trade debts	10.3	(38,394)	42,768
		(5,226,036)	(3,273,363)
<b>Operating profit</b>		<b>11,149,861</b>	<b>14,294,175</b>
Finance cost	31	(2,504,160)	(1,566,622)
Other operating charges	32	(816,729)	(1,466,241)
		(3,320,889)	(3,032,863)
Other income	33	574,756	492,806
Share of profit of equity accounted investee	7	165,629	34,084
<b>Profit before income tax</b>		<b>8,569,357</b>	<b>11,788,202</b>
Income tax expense	34	(3,835,009)	(3,070,796)
<b>Profit after tax for the year</b>		<b>4,734,348</b>	<b>8,717,406</b>
<b>Profit attributable to:</b>			
- Owners of the Holding Company		2,424,585	5,457,176
- Non controlling interest (NCI)		2,309,763	3,260,230
		<b>4,734,348</b>	<b>8,717,406</b>
		(Rupees)	
<b>Earnings / (loss) per share - basic and diluted</b>	35	<b>18.38</b>	<b>41.38</b>

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

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

  
**Muhammad Akhtar**  
 Chief Financial  
 Officer

  
**Sohail R. Bhojani**  
 Chief Executive  
 Officer



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2022

Note	2022	2021
	(Rupees in '000)	
<b>Profit after tax for the year</b>	4,734,348	8,717,406
<b>Other comprehensive income</b>		
Items that will not be subsequently reclassified to Consolidated Statement of Profit or Loss		
Remeasurements of staff retirement benefits	(72,824)	(64,505)
Adjustment related to opening deferred tax balance	253	(1,318)
Related deferred tax for the year	18,064	14,896
	18,317	13,578
	(54,507)	(50,927)
Surplus on revaluation of land and buildings		
Freehold land	4.1.3 580,206	100,000
Leasehold land	4.1.3 1,548,602	639,805
	2,128,808	739,805
Buildings on freehold land	1,047,745	-
Buildings on leasehold land	584,887	-
Related deferred tax for the year	(433,099)	-
Adjustment related to opening deferred tax balance on buildings	(1,555)	11,635
	1,197,978	11,635
	3,326,786	751,440
Items that will be subsequently reclassified to Consolidated Statement of Profit or Loss		
Foreign operations - foreign currency translation difference	21,529	1,298
Proportionate share of other comprehensive income of equity accounted investee	4,723	2,918
	3,298,531	704,729
<b>Total comprehensive income for the year</b>	8,032,879	9,422,135
<b>Total comprehensive income attributable to:</b>		
- Owners of the Holding Company	5,194,215	6,161,689
- Non controlling interest (NCI)	2,838,664	3,260,446
	8,032,879	9,422,135

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



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



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2022

	Attributable to owners of the Holding Company					Total	Non-controlling interest	Total equity
	Issued, subscribed and paid up capital	Capital reserve Revaluation surplus on property, plant and equipment	General reserves	Revenue reserves Un-appropriated profit	Exchange translation reserves	Total revenue reserves		
(Rupees in '000)								
<b>Balance as at July 1, 2020</b>	1,318,819	3,616,039	2,991,258	6,411,432	4,565	9,407,255	14,342,113	5,466,668
- Profit after tax for the year	-	-	-	5,457,176	-	5,457,176	5,457,176	8,717,406
- Other comprehensive income / (loss) for the year	-	751,440	-	(48,225)	1,298	(46,927)	704,513	216
Total comprehensive income for the year	-	751,440	-	5,408,951	1,298	5,410,249	6,161,689	3,260,446
<b>Transactions with owners recorded directly in equity:</b>								
Distributions to owners of the Holding Company								
- Interim dividend at 35% (i.e. Rs. 3.50 per share) for the year ended June 30, 2021	-	-	-	(461,567)	-	(461,567)	(461,567)	-
Dividend to non-controlling interest	-	-	-	-	-	-	-	(569,834)
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	(406)	-	406	-	406	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	(96,761)	-	81,949	-	81,949	(14,812)	14,812
Proportionate share / reclassification of surplus on revaluation property, plant and equipments - NCI	-	(2,325)	-	-	-	-	(2,325)	-
Proportionate share of surplus on revaluation property, plant and equipment - PCL	-	-	-	(75,272)	-	(75,272)	(75,272)	75,272
<b>Balance as at June 30, 2021</b>	1,318,819	4,267,987	2,991,258	11,365,899	5,863	14,363,020	19,949,826	8,247,364
- Profit after tax for the year	-	-	-	2,424,585	-	2,424,585	2,424,585	2,309,763
- Other comprehensive income / (loss) for the year	-	2,792,141	-	(44,040)	21,529	(22,511)	2,769,630	528,901
Total comprehensive income for the year	-	2,792,141	-	2,380,545	21,529	2,402,074	5,194,215	2,838,664
	1,318,819	7,060,128	2,991,258	13,746,444	27,392	16,765,094	25,144,041	11,086,028
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	(4,001)	-	4,001	-	4,001	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	(67,726)	-	67,726	-	67,726	-	-
Proportionate share of surplus on revaluation property, plant and equipment - PCL	-	(2,286)	-	2,268	-	2,268	(18)	-
<b>Transactions with owners recorded directly in equity</b>								
Distributions to owners of the Holding Company								
- Final dividend @ 65% (Rs. 6.50 per share) for the year ended June 30, 2021	-	-	-	(857,232)	-	(857,232)	(857,232)	-
- Interim dividend at 20% (i.e. Rs. 2.00 per share) for the year ending June 30, 2022	-	-	-	(263,764)	-	(263,764)	(263,764)	-
Dividend to non-controlling interest	-	-	-	-	-	-	-	(1,709,500)
<b>Balance as at June 30, 2022</b>	1,318,819	6,986,115	2,991,258	12,699,443	27,392	15,718,093	24,023,027	9,376,528

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



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



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2022

	Note	2022	2021
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	36	(1,336,393)	9,131,404
Finance cost paid		(1,930,260)	(1,627,554)
Income on bank deposits received		31,252	42,352
Staff retirement benefits paid	20	(109,969)	(102,958)
Payment on account of compensated absences		(20,019)	(24,231)
Income tax paid - net	25	(2,556,797)	(1,460,988)
(Increase) / decrease in long-term deposits		(510)	1,866
<b>Net cash (used in) / generated from operating activities</b>		<b>(5,922,696)</b>	<b>5,959,891</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of property, plant and equipment	4	(2,803,084)	(760,660)
Payment for acquisition of intangible assets	6	(178,356)	(300)
Dividend received		63,971	-
Proceeds from disposal of property, plant and equipment		572,439	80,235
<b>Net cash used in investing activities</b>		<b>(2,345,030)</b>	<b>(680,725)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term financing		975,360	1,646,582
Repayment of long-term financing		(2,346,331)	(1,944,896)
Short-term borrowings - net		3,361,924	214,373
Lease liabilities		(11,781)	(9,361)
Dividends paid to non-controlling interest		(1,707,997)	(569,449)
Dividends paid to shareholders of the Holding Company		(1,116,889)	(467,180)
<b>Net cash used in financing activities</b>		<b>(845,714)</b>	<b>(1,129,931)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(9,113,440)</b>	<b>4,149,235</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(10,667,389)</b>	<b>(14,822,845)</b>
<b>Effects of exchange rate changes in cash and cash equivalents</b>		<b>39,507</b>	<b>6,221</b>
<b>Cash and cash equivalents at end of the year</b>		<b>(19,741,322)</b>	<b>(10,667,389)</b>

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.



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



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2022

## 1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of International Industries Limited (the Holding Company), its 56.33% owned subsidiary International Steels Limited (ISL), its wholly owned subsidiary IIL Construction Solutions (Private) Limited (IIL CSL) and its wholly owned foreign subsidiaries IIL Australia Pty. Limited (IIL Australia) and IIL Americas Inc. (IIL Americas) (together referred to as "the Group" and individually as "Group entities") and the Holding Company's 17.124% interest in an equity accounted investee namely Pakistan Cables Limited (PCL).

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

The manufacturing facilities of the Holding Company are situated as follows:

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

The sales offices of the Holding Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore
- ii) Office No. 303-A, 3rd Floor, Evacuee Trust Complex, Sir Agha Khan Road, Sector F-5/1, Islamabad
- iii) 1592, 2nd Floor, Quaid-e-Azam Shopping Centre No.1, Multan Cantt
- iv) Office No. 1/1, Wahab Centre, Electrocitiy Plaza, Susan Road, Faisalabad
- v) Office No. 1 & 2, 1<sup>st</sup> Floor, Hurmaz Plaza, Main University Road, Peshawar

1.3 International Steels Limited (ISL) was incorporated on September 03, 2007 as a public unlisted company limited by shares under the repealed Companies Ordinance, 1984 (now the companies Act 2017) and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to general public under Initial Public Offer, the Subsidiary Company was listed on the Pakistan Stock Exchange on June 1, 2011. The primary activities of the Subsidiary Company is the business of manufacturing of cold rolled steel coils and galvanized sheets. The Subsidiary Company commenced commercial operations on January 1, 2011. The registered office of the ISL is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530. The Holding Company has 56.33% ownership interest in International Steels Limited.

The manufacturing facilities of ISL are situated as follows:

- i) 399-405, Rehri Road, Landhi Industrial Area, Karachi
- ii) Plot No. LE 73-79, 102-103, 112-118, 125-129, Survey No. NC 98, near Arabian Country Club, National Industrial Parks (NIP), Bin Qasim Industrial zone, Karachi

The sales offices of ISL are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore
- ii) Office No. 303-A, 3rd Floor, Evacuee Trust Complex, Sir Agha Khan Road, Sector F-5/1, Islamabad
- iii) Office No. 708-A, United Mall, Abdali Road, Multan

- 1.4** IIL CSL was incorporated on August 19, 2020 under the Companies Act, 2017. It is engaged in the business of providing scaffolding and other building solutions. Its registered office is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi 75530. Its sales office are situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi 75530 and Chinoy House, 6 Bank Square, Lahore. The manufacturing facility of IIL CSL is located at LX 15 - 16, Landhi Industrial Area, Karachi.
- 1.5** IIL Australia was incorporated in Australia on May 2, 2014. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes, pre-galvanized pipes and sheets and coils. Its registered office and sales office are situated at 101-103, Abbot Road, Hallam, Victoria 3803, Australia.
- 1.6** IIL Americas was incorporated in Canada on October 8, 2019. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. Its registered office and sales office is situated at 36 Gerigs St. Scarborough Ontario, Canada MIL 0B9.
- 1.7** Details of the associated company are stated in note 7 to these consolidated financial statements.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

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

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

### **2.2 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except for the Group entities' liabilities under defined benefit plan (Gratuity Fund) that is determined based on the present value of defined benefit obligation determined by an independent actuary less fair value of plan assets and land and buildings that are stated at fair values determined by an independent valuer.

### **2.3 Functional and presentation currency**

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

## 2.4 Use of estimates and judgments

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

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

- Property, plant and equipment (note 3.2)
- Trade debts, advances and other receivables (note 3.5.2)
- Stores and spares (note 3.6)
- Stock-in-trade (note 3.7)
- Taxation (note 3.8)
- Staff retirement benefits (note 3.9)
- Impairment (note 3.13)
- Provisions (note 3.14)
- Contingent liabilities (note 3.15)

## 2.5 Changes in accounting standards, interpretations and pronouncements

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for annual accounting period which began on July 1, 2021. However, these do not have any significant impact on these consolidated financial statements.

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

There are certain amendments to the accounting and reporting standards that will be mandatory for the annual accounting periods beginning on or after July 1, 2022. However, these are considered either not to be relevant or to have any significant impact on the consolidated financial statements and, therefore, have not been disclosed in these consolidated financial statements.



## 2.6 Basis of consolidation

### i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated financial statements include International Industries Limited (the Holding Company) and all companies which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The financial statements of the Subsidiaries have been consolidated on a line-by-line basis. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

### ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of a subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 3.1 Lease liability and Right-of-use assets

The Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments.

At inception of a contract, the Group assesses whether a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Group mainly leases properties for its operations. The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The Group has various lease agreements for sales offices which were previously classified by the Group based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all the leases - i.e. these leases are on Consolidated Statement of Financial Position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the entity's incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Dismantling costs and Restoration costs.

The Group has not elected to recognise right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## **3.2 Property, plant and equipment**

### **3.2.1 Operating assets and depreciation**

#### **Initial Recognition**

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

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

#### **Measurement**

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

- (a) its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates;
- (b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- (c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### **Subsequent expenditure**

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

## **Depreciation**

Depreciation on all items except for land is charged on straight line method at the rates specified in note 4.1 to the consolidated financial statements and is generally recognised in the Consolidated Statement of Profit or Loss.

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

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

## **Revaluation surplus**

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

## **Gains and losses on disposal**

Gains and losses on disposal of assets are taken to the Consolidated Statement of Profit or Loss, and the related revaluation surplus on property, plant and equipment, if any, is transferred directly to unappropriated profit.

### **3.2.2 Capital work-in-progress**

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

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

## **3.3 Intangible assets**

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

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

### **Infinite Intangible**

These are stated at cost less impairment, if any.

### **Definite Intangible**

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s) (refer note 6).
- c) Amortisation on additions during the year is charged from the month in which the asset is intended to be used, whereas no amortisation is charged from the month the asset is disposed-off.

## **3.4 Investments in associates**

Investments in associates are accounted for using equity method of accounting in the consolidated financial statements in which the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

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

Impairment losses are recognised in Consolidated Statement of Profit or Loss. An impairment loss is reversed if there has been a change in estimate used to determine the recoverable amount but limited to the extent of the initial cost of investments. A reversal of impairment loss is recognized in the Consolidated Statement of Profit or Loss.

## **3.5 Financial Instruments**

### **Initial measurement of financial asset**

The Group classifies its financial assets into following three categories:

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

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

### **Subsequent measurement**

**Debt Investments at FVOCI** These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the Consolidated Statement of Profit or Loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the Consolidated Statement of Profit or Loss.

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

### 3.5.1 Non-derivative Financial assets

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

### 3.5.2 Trade debts, advances and other receivables

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

### 3.5.3 Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash in hand, balances with banks, short-term borrowings and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value and short-term borrowings availed by group entities, which are repayable on demand and form an integral part of the group entities' cash management.

### 3.5.4 Financial Liabilities

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



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

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

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

### **3.5.6 Trade and other payables**

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

### **3.5.7 Contract Liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group entities have received consideration. If a customer pays consideration before the Group entities transfer goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the group entities perform under the contract.

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

Derivatives that do not qualify for hedge accounting are recognised in the Consolidated Statement of Financial Position at estimated fair value with corresponding effect to the Consolidated Statement of Profit or Loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

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

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in the Consolidated Statement of Comprehensive Income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the Consolidated Statement of Profit or Loss. The amount accumulated in equity is removed therefrom and included in the initial carrying amount of non-financial asset upon recognition of non-financial asset.

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

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

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

### **3.6 Stores and spares**

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

Provision is made for obsolete and slow moving spares and is recognized in the Consolidated Statement of Profit or Loss.

### **3.7 Stock-in-trade**

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

### **3.8 Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Profit or Loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by an group entities, the current income tax law and the decisions of appellate authorities on certain issues in the past.

#### **Current tax**

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

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

#### **Deferred tax**

Deferred tax is recognized using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The group entities recognise a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **3.9 Staff retirement benefits**

#### **3.9.1 Defined benefit plan**

The Holding Company and ISL provide gratuity benefit to all their respective permanent employees who have completed their minimum qualifying period of service i.e. three years (except in case of workers where minimum qualifying period of service is six months). For executives and officers having total service of over twenty years, the benefit is available at one month's basic salary (eligible salary) for each completed year of service. For executives and officers having total service of less than twenty years, the benefit is available at half month's basic salary (eligible salary) for each completed year of service. For workers, the benefit is available at one month's gross salary less conditional allowances (eligible salary) for each completed year of service.

Obligations of Holding Company and ISL are determined through actuarial valuations carried out under the "Projected Unit Credit Method". Remeasurements which comprise actuarial gains or losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income in the consolidated financial statements.

The Holding Company and ISL determine their respective net interest expenses (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in the Consolidated Statement of Profit or Loss. The latest actuarial valuations were conducted at the reporting date by qualified professional firms of actuaries.

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

#### **3.9.2 Defined contribution plan**

The Holding Company and ISL provide provident fund to all its officers. Equal contributions are made, both by the Companies and their employees, at the rate of 8.33% of basic salary and cost of living allowance and the same is charged to the Consolidated Statement of Profit or Loss.

#### **3.9.3 Compensated absences**

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

### **3.10 Foreign currency transactions and translation**

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

### 3.11 Revenue recognition

- Domestic sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides with delivery, as this is the point in time that the consideration becomes unconditional, because only the passage of time is required before the payment is due.
- Export sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representative, based on terms of arrangement.
- Revenue from power generation plant on account of sales of surplus electricity is recognised on transmission of electricity to K-Electric Limited.
- Toll manufacturing / Partial manufacturing income is recognised when related services are rendered.
- Dividend income is recognised when the right to receive payment is established.
- Gains / losses arising on sale of investments are included in the Consolidated Statement of Profit or Loss in the period in which they arise.
- Service income is recognized when services are rendered.
- Rental income is recognized on straight line basis over the term of the respective lease agreement.

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

### 3.12 Income on bank deposits and finance cost

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

### 3.13 Impairment

#### 3.13.1 Financial assets

Loss allowances for Expected Credit Loss (ECL) are recognised in respect of financial assets measured at amortised cost.

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

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

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

The expected loss rates are based on payment profiles of sales over a period of 36 - 60 months before June 30, 2022 or July 1, 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group entities have identified the Gross Domestic Product (GDP) and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

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

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

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

### **3.13.2 Non-Financial assets**

The carrying amounts of non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss.

### **3.14 Provisions**

A provision is recognised in the Consolidated Statement of Financial Position when Group entities have a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate. The nature of provision is not

stated in the consolidated financial statements where such is expected to materially prejudice company's position, as allowed under the applicable accounting framework.

### **3.15 Contingent liabilities**

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### **3.16 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting structure. The operating results are monitored separately for each product category (i.e. Steel Coils and Sheets, Steel Pipes and Plastic Pipes) for the purposes of making decisions regarding resource allocation and performance assessment.

The Group entities do not consider sale of electricity to K-Electric Limited as separate reportable segment as the power plants of the entities are installed primarily to supply power to their production facilities and currently any excess electricity, if any, is sold to KE.

### **3.17 Dividend and appropriation to / from reserves**

Dividend distribution to the Group entities shareholders and appropriations to / from reserves are recognised as a liability in the period in which these are approved.

### **3.18 Government grants**

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the Group entities' operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Group entities' recognises government grants when there is reasonable assurance that grants will be received and the Group entities will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Group entities' for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below- market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.



### 3.19 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

## 4. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees in '000)	
Operating assets	4.1	29,619,422	25,870,650
Capital work-in-progress (CWIP)	4.2	641,655	177,131
Store and spares held for capital expenditure - at cost	4.3	510,307	658,705
		<b>30,771,384</b>	<b>26,706,486</b>

	Land - revalued - note 4.1.2 & 4.1.3		Buildings - revalued - note 4.1.2 & 4.1.3		Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
(Rupees in '000)								
<b>Balance as at July 1, 2021</b>								
Cost / revalued amount	2,942,867	2,681,474	3,769,970	1,498,186	25,632,977	285,534	347,305	37,158,313
Accumulated depreciation	-	-	(425,812)	(268,171)	(10,219,885)	(194,312)	(179,483)	(11,287,663)
Accumulated impairment	-	-	-	-	(383,369)	-	-	(383,369)
Net Book value (NBV)	2,942,867	2,681,474	3,344,158	1,230,015	15,029,723	91,222	167,822	25,870,650
Additions / transfers from CWIP	-	689	59,589	71,337	1,725,733	51,308	168,702	2,077,358
Surplus on revaluation - note 4.1.3	580,206	1,548,602	1,047,745	584,887	-	-	-	3,761,440
Translation reserve	-	-	-	-	-	903	-	903
Reversal of impairment								
- Cost	-	-	-	-	681,261	-	-	681,261
- Accumulated depreciation	-	-	-	-	(297,892)	-	-	(297,892)
	-	-	-	-	383,369	-	-	383,369
Disposals - note 4.1.4								
- Cost	-	-	(12,451)	(23,283)	(904,736)	(4,988)	(84,491)	(1,029,949)
- Accumulated depreciation	-	-	287	7,592	484,728	4,817	68,760	566,184
	-	-	(12,164)	(15,691)	(420,008)	(171)	(15,731)	(463,765)
Depreciation charge - note 4.1.1	-	-	(229,562)	(122,351)	(1,549,768)	(36,787)	(72,065)	(2,010,533)
<b>Balance as at June 30, 2022 (NBV)</b>	<b>3,523,073</b>	<b>4,230,765</b>	<b>4,209,766</b>	<b>1,748,197</b>	<b>15,169,049</b>	<b>106,474</b>	<b>248,728</b>	<b>29,619,422</b>
<b>Gross carrying value as at June 30, 2022</b>								
Cost / revalued amount	3,523,073	4,230,765	4,209,766	1,748,198	27,135,235	332,757	431,516	41,611,309
Accumulated depreciation	-	-	-	-	(11,582,817)	(226,282)	(182,788)	(11,991,887)
<b>Net book value</b>	<b>3,523,073</b>	<b>4,230,765</b>	<b>4,209,766</b>	<b>1,748,198</b>	<b>15,552,418</b>	<b>106,474</b>	<b>248,728</b>	<b>29,619,422</b>
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	

	Land - revalued - note 4.1.2 & 4.1.3		Buildings - revalued - note 4.1.2 & 4.1.3		Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
(Rupees in '000)								
Balance as at July 1, 2020	2,842,867	2,041,669	3,758,469	1,460,783	25,605,988	258,336	316,127	36,284,239
Cost / revalued amount	-	-	(191,359)	(135,955)	(8,696,470)	(172,139)	(166,136)	(9,362,059)
Accumulated depreciation	-	-	-	-	-	-	-	-
Net Book value (NBV)	2,842,867	2,041,669	3,567,110	1,324,828	16,909,518	86,197	149,991	26,922,180
Additions / transfers from CWIP	-	-	18,565	39,547	492,314	33,616	85,416	669,458
Surplus on revaluation	100,000	639,805	-	-	-	-	-	739,805
Translation reserve	-	-	-	-	-	76	-	76
Impairment	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	(681,261)	-	-	(681,261)
- Accumulated depreciation	-	-	-	-	297,892	-	-	297,892
	-	-	-	-	(383,369)	-	-	(383,369)
Disposals - note 4.1.4	-	-	-	-	-	-	-	-
- Cost	-	-	(7,064)	(2,144)	(81,956)	(6,494)	(54,238)	(151,896)
- Accumulated depreciation	-	-	91	1,635	69,432	6,330	41,728	119,216
	-	-	(6,973)	(509)	(12,524)	(164)	(12,510)	(32,680)
Depreciation charge - note 4.1.1	-	-	(234,544)	(133,851)	(1,592,847)	(28,503)	(55,075)	(2,044,820)
Balance as at June 30, 2021 (NBV)	2,942,867	2,681,474	3,344,158	1,230,015	15,413,092	91,222	167,822	25,870,650
Gross carrying value as at June 30, 2021	-	-	-	-	-	-	-	-
Cost / revalued amount	2,942,867	2,681,474	3,769,970	1,498,186	26,016,346	285,534	347,305	37,541,682
Accumulated depreciation	-	-	(425,812)	(268,171)	(10,219,885)	(194,312)	(179,483)	(11,287,663)
Accumulated impairment	-	-	-	-	(383,369)	-	-	(383,369)
Net book value	2,942,867	2,681,474	3,344,158	1,230,015	15,413,092	91,222	167,822	25,870,650
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	

\*Accumulated depreciation of buildings has been adjusted against the gross carrying amount of the assets using elimination approach to incorporate the revaluation impact.

#### 4.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2022	2021
(Rupees in '000)			
Cost of sales	28	1,829,748	1,874,715
Selling and distribution expenses	29	29,668	24,302
Administrative expenses	30	27,329	21,631
(Loss) / Income from power generation	33.1	123,788	124,172
		2,010,533	2,044,820

#### 4.1.2 Particulars of immovable property (i.e. land and building) in the name of the Group and related forced sales values are as follows:

Particulars	Location	Area of land (Acres)	Covered Area (Square Feet)	Forced sales value (Rupees in '000)
Leasehold land and building (manufacturing plant)	Plot no. LX15 - 16, HX-7/4, Landhi Industrial Estate, Karachi	25.59	791,614	5,833,421
Leasehold land and building (manufacturing plant)	22 KM Sheikhpura Road, Mouza Khanpur Nabipur, Tehsil Ferozpur, District Sheikhpura	31.45	370,664	1,436,404
Freehold land and building (manufacturing plant)	Survey no. 399 - 406, Deh Sharabi, Landhi Town, Karachi	42.45	1,634,002	5,674,846

Particulars	Location	Area of land (Acres)	Covered Area (Square Feet)	Forced sales value (Rupees in '000)
Leasehold building (office premises)	Office no. 101 - 105, 1st Floor, Beaumont Plaza, 10 Beaumont Road, Karachi	Not applicable	13,676	191,459
Office premises	Office no. 203, 2nd Floor, Beaumont Plaza, 10 Beaumont Road, Karachi	Not applicable	1,794	25,121
				39,616
Leasehold building (sales office premises)	Chinoy House, 2nd and 3rd Floor, Off Thornton Road, Hadbast Mouza Khas, Lahore	Not applicable	4,906	
Freehold land and building (sales godown)	Plot no. NEIR - 61, Khasra no. 3303 - 3308, Hadbast Mouza Naulakha, GT Road, Lahore	0.17	6,295	50,315
Freehold land and building (sales godown)	Plot no. 47, Khasra no. 298/1, 2978/1, Ghoray Shah Road, Hadbast Mouza Khoi Meran, Lahore	0.18	6,215	32,208
Service Center	Plot no. LE-73-79, 102 - 103, 112 - 118, 125 - 129 Survey no. NC. 98, near Arabian Country Club, NIP, Bin Qasim Industrial Park, Karachi	Not applicable	653,400	1,171,502
Multan Plot	Khewat no. (B)38, 114, 302, Khatooni no. 127, 475, 1114, Mouza Laar Bahawalpur Road, Multan	Not applicable	372,711	90,910
				<b>14,545,802</b>

**4.1.3** The revaluation of the freehold land, leasehold land and buildings thereon of the Holding Company and ISL was carried out as of June 30, 2022 by MYK Associates (Private) Limited (an independent valuer who is located in Karachi) which resulted in a surplus amounting to Rs. 3,761.44 million which was incorporated in the books of the Holding Company and ISL as at June 30, 2022.

A Desktop Evaluation of freehold land, leasehold land and buildings was carried out by the same valuer as of June 30, 2021 resulting in a surplus amounting Rs. 739.81 million on freehold land and leasehold land of the Holding Company. Further, no surplus was noted on the buildings of the Group since there was no significant change in the fair value of the buildings as compared to the valuation in 2019.

The Holding Company commissioned independent valuation of freehold land, leasehold land and buildings thereon during the years / periods ended June 30, 1988, June 30, 1997, June 30, 2000, June 30, 2004, December 31, 2007, June 30, 2013, June 30, 2016, June 30, 2019 and June 30, 2022. ISL commissioned independent valuation of freehold land and buildings thereon during the years / periods ended June 30, 2013, June 30, 2016, June 30, 2019 and June 30, 2022.

The carrying amount of the aforementioned assets as at June 30, 2022, if the said assets had been carried at historical cost, would have been as follows:

	Cost	Accumulated depreciation	Net book value
	----- (Rupees in '000) -----		
Freehold land	1,242,835	-	1,242,835
Leasehold land	725,145	-	725,145
Buildings	4,629,825	(1,501,529)	3,128,296
<b>As at June 30, 2022</b>	<b>6,597,805</b>	<b>(1,501,529)</b>	<b>5,096,276</b>
As at June 30, 2021	6,496,701	(1,268,874)	5,227,827

**4.1.4** Details of property, plant and equipment disposed off / scrapped having book value of five hundred thousand rupees or more each are as follows:

Description	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
----- (Rupees in '000) -----								
<b>Plant and machinery</b>								
Gas Generator	33,840	30,419	3,421	3,419	(2)	Negotiation	Orient Energy Systems (Private) Limited	Third party
Gas Generator	32,793	30,773	2,020	3,419	1,399	Negotiation	Orient Energy Systems (Private) Limited	Third party
Heat Recovery Boiler	10,396	9,274	1,122	1,496	374	Negotiation	Nagina Engineering Works	Third party
Heat Recovery Boiler	6,046	5,154	892	1,496	604	Negotiation	Nagina Engineering Works	Third party
Hi Plant	13,601	12,186	1,415	10,471	9,056	Negotiation	North Metal / Al-Hadeed Engineering Services	Third party
Chemical coater for GP 1	734	233	501	111	(390)	Negotiation	Islam Khan & Sons (Private) Limited	Third party
Backup roll with ring DIA 1100MM 4HI BRC	15,081	14,327	754	2,460	1,706	Negotiation	Alliance Traders	Third party
Uncoiler Mandrel drum accessories	2,748	1,924	824	108	(716)	Negotiation	Islam Khan & Sons (Private) Limited	Third party
Drum Shaft, Drum Segment and coil for uncoiler GP-I	4,191	1,029	3,162	192	(2,970)	Negotiation	Islam Khan & Sons (Private) Limited	Third party
Annealing extension	34,000	26,647	7,353	6,092	(1,261)	Negotiation	Bilal and Brothers	Third party
Entry and Exit Side of Rewinding	30,070	16,307	13,763	2,885	(10,878)	Negotiation	Islam Khan & Sons (Private) Limited	Third party
	183,500	148,273	35,227	32,149	(3,078)			
<b>Buildings</b>								
Pickling Building	6,155	4,924	1,231	563	(668)	Negotiation	Al-Hadeed Engineering Services	Third party
Fibre Glass Roofing	17,009	2,566	14,443	14,926	483	Insurance Claim	Jubilee General Insurance	Third party
Rail QU-80 & Gantries	12,451	287	12,164	12,944	780	Negotiation	M/S Zafar Associates	Third party
	35,615	7,777	27,838	28,433	595			
<b>Vehicles</b>								
Toyota Corolla	2,129	1,384	745	2,353	1,608	As per Policy	Mr. Nasir Arif Raja	Employee
Suzuki Alto	1,433	287	1,146	1,400	254	Insurance Claim	Jubilee General Insurance	Third Party
Honda City	1,613	1,102	511	2,015	1,504	As per Policy	Mr. Sanaullah Palijo	Employee
Honda Civic	2,613	1,742	871	3,050	2,179	As per Policy	Mr. Mujtaba Hussain	Employee
Suzuki Cultus VXR	1,771	620	1,151	1,835	684	Negotiation	Mr. Asif Moten	Employee
Suzuki Alto VXL	1,521	101	1,420	1,875	455	Negotiation	Ittehad Motors	Third Party
Honda City Manual	2,347	704	1,643	2,200	557	Insurance Claim	Jubilee General Insurance	Third Party
	13,427	5,940	7,487	14,728	7,241			
	232,542	161,990	70,552	75,310	4,758			

**4.1.5** Operating fixed assets include fully depreciated assets having cost of Rs. 2.14 billion (2021: Rs. 1.5 billion).

## 4.2 Capital work-in-progress (CWIP)

	Cost				Cost			
	As at July 1, 2021	Additions / adjustments	Transfers / adjustments	As at June 30, 2022	As at July 1, 2020	Additions / adjustments	Transfers / adjustments	As at June 30, 2021
(Rupees in '000)								
Freehold land	-	689	(689)	-	-	-	-	-
Buildings on freehold land	10,505	57,968	(59,589)	8,884	-	29,070	(18,565)	10,505
Buildings on leasehold land	1,673	112,832	(71,337)	43,168	603	40,617	(39,547)	1,673
Plant and machinery	135,125	2,141,766	(1,709,804)	567,087	78,713	548,726	(492,314)	135,125
Furniture, fixtures and office equipment	23,293	56,436	(67,193)	12,536	26,577	25,527	(28,811)	23,293
Vehicles	6,535	172,147	(168,702)	9,980	5,606	86,345	(85,416)	6,535
	177,131	2,541,838	(2,077,314)	641,655	111,499	730,285	(664,653)	177,131

## 4.3 Stores and spares held for capital expenditures

	2022	2021
(Rupees in '000)		
NBV at beginning of the year	658,705	685,847
Additions during the year	277,600	132,087
Transfers / adjustments made during the year	(399,767)	(106,419)
Provision for obsolescence against capital spares	(26,231)	(48,181)
Impairment loss during the year	-	(4,629)
NBV at end of the year	510,307	658,705

## 5. LEASES

### 5.1 Right-of-use assets

	2022	2021
(Rupees in '000)		
Balance at beginning of the year	9,714	14,093
Additions	32,973	-
Termination / re-assessment of leases	(2,903)	3,792
Depreciation charge during the year	(8,449)	(8,171)
Balance at end of the year	31,335	9,714

5.1.1

**5.1.1** The depreciation charge on right-of-use assets for the year has been allocated as follows:

	2022	2021
	(Rupees in '000)	
Selling and distribution expenses	5,284	6,257
Administrative expenses	3,165	1,914
	<b>8,449</b>	<b>8,171</b>

## 5.2 Lease liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of the Group and lessor. Wherever practicable, the Group seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

**5.2.1** Set out below the carrying amount of lease liabilities and the movements during the year:

	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		12,997	15,803
Additions		32,973	-
Re-assessment / (termination) / adjustment of leases		(3,601)	5,183
Interest expense	31	1,351	1,372
Payments		(11,781)	(9,361)
Balance at end of the year		<b>31,939</b>	<b>12,997</b>
Current portion		7,510	11,068
Non-current portion		24,429	1,929
		<b>31,939</b>	<b>12,997</b>

**5.2.2** Lease liabilities are payable as follows:

	2022		2021
	Minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	11,493	(3,983)	7,510
Between one and five years	28,726	(4,297)	24,429
	<b>40,218</b>	<b>(8,280)</b>	<b>31,939</b>



## 6. INTANGIBLE ASSETS

	Note	2022	2021
		(Rupees in '000)	
Operating intangible assets	6.1	3,303	2,193
Capital work-in-progress (CWIP)	6.2	176,293	300
		<b>179,596</b>	<b>2,493</b>

### 6.1 Operating intangible assets

	Note	2022	2021
		(Rupees in '000)	
Net book value at beginning of the year		2,193	1,827
Additions		2,363	1,080
Amortisation	6.1.2	(1,253)	(714)
Net book value at end of the year		<b>3,303</b>	<b>2,193</b>
<b>Gross carrying value as at June 30</b>			
Cost		102,317	99,954
Accumulated amortisation		(99,014)	(97,761)
Net book value		<b>3,303</b>	<b>2,193</b>
		(Percent)	
<b>Amortization rate (per annum)</b>		<b>20 - 33.33</b>	<b>20 - 33.33</b>

6.1.1 Intangible assets comprise of computer software and licenses.

6.1.2 The amortisation expense for the year has been allocated as follows:

	Note	2022	2021
		(Rupees in '000)	
Cost of sales	28	672	492
Selling and distribution expenses	29	281	222
Administrative expenses	30	300	-
		<b>1,253</b>	<b>714</b>

6.2 This includes capitalization of Advanced Supply Chain Software, Delmia Quintiq solutions, amounting to Rs. 171.16 million (2021: Nil).

## 7. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

2022	2021		Note	2022	2021
(Number of shares)				(Rupees in '000)	
<b>6,092,470</b>	<b>6,092,470</b>	Pakistan Cables Limited (PCL) - associated company	7.1	<b>1,238,598</b>	<b>1,132,235</b>

**7.1** The Holding Company holds 17.124% (2021: 17.124%) ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Fahd K. Chinoy. The Holding Company considers it has significant influence over PCL as, in addition to its holding, the Chairman of the Board of the Holding Company is also the Chairman of the Board of PCL. The price per share of PCL as at reporting date was Rs. 139.50 (2021: Rs. 149.50) resulting in a market value of total investment amounting to Rs. 849.90 million (2021: Rs. 910.82 million). The share of profit after acquisition is recognised based on unaudited condensed interim financial information as at March 31, 2022 as the latest financial statements as at June 30, 2022 were not presently available.

**7.1.1** Market value of the investment disclosed in note 7.1 is categorised as level 1 fair value measurement in accordance with IFRS 13 'Fair Value Measurement'.

**7.1.2** The summarized financial information of the associate and reconciliation with the carrying amount of the investment in these consolidated financial statements are set out below:

**7.1.2.1 Movement during the year**

	2022	2021
	(Rupees in '000)	
Investment at the beginning of the year	1,132,235	1,095,290
Share of profit from associate - before tax	237,983	62,576
Related tax	(72,354)	(28,492)
Share of profit from associate - net of tax	165,629	34,084
Share of other comprehensive income	4,723	2,918
Proportionate share of transfer from surplus on revaluation of building	(18)	(57)
Dividends received	(63,971)	-
Investment at end of the year	1,238,598	1,132,235

**7.1.2.2 Cost of investment**

817,553	817,553
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**7.1.2.3 Summarized statement of financial position of Associate**

Current assets	7,505,577	5,365,571
Non-current assets	6,545,349	4,680,805
<b>Total assets</b>	14,050,926	10,046,376
Current liabilities	(7,233,725)	(4,003,186)
Non-current liabilities	(1,114,706)	(961,832)
<b>Total liabilities</b>	(8,348,431)	(4,965,018)
<b>Net assets</b>	5,702,495	5,081,358

#### 7.1.2.4 Summarized statement of profit or loss of associate

	For the period from April 1, 2021 to March 31, 2022	For the period from April 1, 2020 to March 31, 2021
	(Rupees in '000)	
Net sales	19,550,254	10,632,299
Cost of sales	(16,955,751)	(9,488,376)
Gross profit	2,594,503	1,143,923
General and administration expenses	(1,372,265)	(941,679)
Other income	167,525	163,184
<b>Profit before tax for the period</b>	<b>1,389,763</b>	<b>365,428</b>
Taxation	(422,530)	(166,386)
<b>Profit after tax for the period</b>	<b>967,233</b>	<b>199,042</b>
Other comprehensive income for the period	27,579	17,042
Direct adjustment in equity	(106)	(333)
<b>Total comprehensive income for the period</b>	<b>994,706</b>	<b>215,751</b>

**7.1.2.5** Reconciliation of the above summarized financial information to the carrying amount of the interest in associate recognized in these consolidated financial statements is as follows:

	For the period from April 1, 2021 to March 31, 2022	For the period from April 1, 2020 to March 31, 2021
	(Rupees in '000)	
Net assets at beginning of the year	5,081,358	4,865,607
Total comprehensive income for the year	994,706	215,751
Dividend distributed during the year	(373,569)	-
<b>Net assets of the associate</b>	<b>5,702,495</b>	<b>5,081,358</b>
Proportion of Company's interest in associate	17.124%	17.124%
<b>Share of net assets of associate</b>	<b>976,495</b>	<b>870,132</b>
Goodwill and others	262,103	262,103
<b>Carrying amount of the Company's interest in associate</b>	<b>1,238,598</b>	<b>1,132,235</b>

## 8. STORES AND SPARES

	2022	2021
	(Rupees in '000)	
Stores	613,584	298,593
Spares	796,301	764,274
Loose tools	27,275	14,267
	1,437,160	1,077,134
Less: Provision for net realisable value write down	(255,634)	(178,507)
	1,181,526	898,627

## 9 STOCK-IN-TRADE

	Note	2022	2021
		(Rupees in '000)	
Raw material - in hand	9.1	15,436,789	7,935,726
- in transit		9,745,563	6,909,277
		25,182,352	14,845,003
Work-in-process		6,833,793	3,298,071
Finished goods - in hand		11,335,368	11,395,485
- in transit		2,110,127	313,044
By-products		72,635	28,356
Scrap material		154,066	112,341
		45,688,341	29,992,300

9.1 Raw material of Holding Company amounting to Rs. 7.7 million as at June 30, 2022 (2021: Rs. 5.2 million) is held at a vendor's premises for the production of pipe caps.

## 10. TRADE DEBTS

	Note	2022	2021
		(Rupees in '000)	
Considered good - secured	10.1	879,441	995,877
- unsecured		5,973,642	3,928,959
		6,853,083	4,924,836
Considered doubtful		143,332	101,714
		6,996,415	5,026,550
Loss allowance on trade debts	10.3	(143,332)	(101,714)
		6,853,083	4,924,836

10.1 This represents trade debts arising on account of export sales of Rs. 722.46 million (2021: Rs. 900.11 million) which are secured by way of Export Letters of Credit and Rs. 156.98 million (2021: Rs. 95.79 million) on account of domestic sales which are secured by way of Inland Letters of Credit.

**10.2** Related parties from whom trade debts are due as at June 30, 2022 are as under:

	2022	2021
	(Rupees in '000)	
Sumitomo Corporation	-	199,850
Pakistan Cables Limited	238,237	1,665
Cherat Cement Company Limited	1,123	-
	<b>239,360</b>	<b>201,515</b>

**10.2.1** The maximum aggregate amount due from the related parties at any time during the year calculated by reference to month-end balances is Rs. 6.51 million (2021: Rs. 217 million).

**10.2.2** The ageing of the trade debts receivable from related parties as at the reporting date are as under:

	2022	2021
	(Rupees in '000)	
Not yet due	239,360	199,851
Past due 1 - 60 days	-	1,664
	<b>239,360</b>	<b>201,515</b>

**10.3** Loss allowance on trade debts

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	101,714	144,482
Translation reserve	3,224	-
Charge / (reversal) of loss allowance on trade debts	38,394	(42,768)
Balance at end of the year	<b>143,332</b>	<b>101,714</b>

**11. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS**

	Note	2022	2021
		(Rupees in '000)	
Advances - Considered good - unsecured			
- Suppliers	11.1	131,008	1,888,080
- Employees for business related expenses	11.1 & 11.2	3,601	9,220
Trade deposits	11.1	47,788	97,356
Prepayments		20,526	25,358
		<b>202,923</b>	<b>2,020,014</b>

**11.1** These advances and trade deposits are non interest bearing.

**11.2** These include Eid advance to workers of the Holding Company which is deductible from the salary of respective employees.

## 12. OTHER RECEIVABLES

	Note	2022	2021
		(Rupees in '000)	
Considered good			
Insurance claim		14,926	-
Receivable from K-Electric Limited (KE) - unsecured		60,417	53,874
Receivable from Provident Fund - unsecured	12.1	27,924	-
Others		18,088	8,502
		121,355	62,376
Considered doubtful			
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods		25,940	25,940
		147,295	88,316
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Welfare Fund in prior periods		(25,940)	(25,940)
		121,355	62,376

12.1 This represents amount receivable from International Industries Limited - Employees' Contributory Provident Fund, a related party.

## 13. CASH AND BANK BALANCES

	Note	2022	2021
		(Rupees in '000)	
Cash at bank			
<b>Conventional</b>			
Current accounts			
- local currency		494,315	97,794
- foreign currency		557,380	537,386
Savings accounts			
- local currency	13.1	116,268	-
- foreign currency	13.2	50,168	-
Call deposit receipt		-	33
		1,218,131	635,213
<b>Islamic</b>			
Current accounts - local currency		-	267
Cash in hand		639	110
		1,218,770	635,590



- 13.1** At June 30, 2022, the rates of mark up on savings accounts denominated in local currency range from 12.25% to 12.50% (2021: Nil) per annum.
- 13.2** At June 30, 2022, the rate of mark up on the savings account denominated in foreign currency was 1.20% (2021: Nil) per annum.

#### 14. SHARE CAPITAL

##### Authorized share capital

2022	2021		2022	2021
(Number of shares)			(Rupees in '000)	
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 each	<u>2,000,000</u>	<u>2,000,000</u>

##### Issued, subscribed and paid-up-capital

2022	2021		2022	2021
(Number of shares)			(Rupees in '000)	
6,769,725	6,769,725	Fully paid ordinary shares of Rs.10 each issued for cash	67,697	67,697
125,112,156	125,112,156	Fully paid ordinary shares of Rs.10 each issued as bonus shares	1,251,122	1,251,122
<u>131,881,881</u>	<u>131,881,881</u>		<u>1,318,819</u>	<u>1,318,819</u>

- 14.1** Pakistan Cables Limited, an associated company due to shareholding and common directorship, held 633,600 (2021: 633,600) ordinary shares of the Holding Company of Rs. 10 each at the year end.

#### 15. GENERAL RESERVES

General reserve is maintained for fulfilling various business needs including meeting contingencies, offsetting future losses, enhancing the working capital and paying dividends.

#### 16. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

Note	2022	2021
	(Rupees in '000)	
Freehold land		
Balance at beginning of the year	1,356,866	1,256,866
Surplus on revaluation of freehold land	329,234	100,000
Balance at end of the year	1,686,100	1,356,866
Leasehold land		
Balance at beginning of the year	1,957,018	1,317,213
Surplus on revaluation of leasehold land	1,548,602	639,805
Balance at end of the year	3,505,620	1,957,018

	Note	2022	2021
		(Rupees in '000)	
Buildings			
Balance at beginning of the year		1,037,800	1,147,019
Surplus on revaluation of buildings		1,233,094	-
Disposal of buildings		(5,222)	(509)
Transferred to retained earnings (un-appropriated profit) in respect of incremental depreciation charged during the year		(90,364)	(108,710)
		2,175,308	1,037,800
Related deferred tax liability	16.2	(558,815)	(263,885)
Balance at end of the year - net of deferred tax		1,616,493	773,915
		6,808,213	4,087,799
Proportionate share of surplus on revaluation of building of equity accounted investee		177,902	180,188
		6,986,115	4,267,987

- 16.1** The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the company in accordance with section 241 of the Companies Act, 2017.

**16.2 Movement in related deferred tax liability**

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	263,885	302,383
Deferred tax for the year	317,233	-
Effect of change in Normal Tax Regime ratio	1,555	(11,635)
Tax effect on disposal	(1,222)	(103)
Tax effect on incremental depreciation transferred to retained earnings	(22,636)	(26,760)
Balance at end of the year	558,815	263,885

**17 LONG-TERM FINANCING - secured**

	Note	2022	2021
		(Rupees in '000)	
CONVENTIONAL			
Long-Term Finance Facility (LTFF)	17.2	1,462,053	1,389,002
Long-term finance		1,186,364	1,581,818
Payroll Refinance Scheme	17.3	194,993	454,985
Temporary Economic Refinance Facility (TERF)	17.4	442,889	12,189
		3,286,299	3,437,994

	Note	2022	2021
		(Rupees in '000)	
<b>ISLAMIC</b>			
Diminishing Musharakah		181,819	318,182
Islamic Long-Term Finance Facility (ILTFF)	17.5	561,450	626,925
Islamic Temporary Economic Refinance Facility (ITERF)	17.6	240,281	105,959
Long-term finance		2,450,000	3,430,000
Payroll Refinance Scheme	17.7	128,820	300,580
		3,562,370	4,781,646
		6,848,669	8,219,640
Deferred income - government grant		(224,935)	(65,014)
Current portion of long-term financing		6,623,734	8,154,626
<b>CONVENTIONAL</b>			
Long-Term Finance Facility (LTFF)		(337,293)	(337,292)
Long-term finance		(645,455)	(395,454)
Payroll Refinance Scheme		(194,993)	(259,991)
		(1,177,741)	(992,737)
<b>ISLAMIC</b>			
Diminishing Musharakah		(136,364)	(136,364)
Long-term finance		(980,000)	(980,000)
Islamic Long-Term Finance Facility (ILTFF)		(75,514)	(70,294)
Payroll Refinance Scheme		(128,820)	(171,760)
		(1,320,698)	(1,358,418)
		(2,498,439)	(2,351,155)
		4,125,295	5,803,471

## 17.1 Long-term finances utilised under mark-up arrangements

		Sale price (Rupees in '000)	Purchase price (Rupees in '000)	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount 2022 (Rupees in '000)	Carrying amount 2021 (Rupees in '000)
<b>CONVENTIONAL</b>								
i)	<b>LTFF</b>							
	MCB Bank Limited Assistance for plant and machinery	550,000	906,963	34 quarterly October 29, 2016	March 28, 2025 to November 20, 2027	3.7% / 5.2% (fixed rate)	218,494	281,045
	MCB Bank Limited Assistance for plant and machinery	100,000	149,976	34 quarterly August 31, 2019	August 31, 2027	3.5% (fixed rate)	66,497	75,762
	MCB Bank Limited Assistance for plant and machinery	100,000	147,862	34 quarterly March 30, 2020	June 30, 2028	3.5% (fixed rate)	60,827	76,278
	Allied Bank Limited Assistance for plant and machinery	500,000	578,167	16 half yearly December 30, 2023	June 15, 2032	2.5% (fixed rate)	224,849	-
	Allied Bank Limited Assistance for plant and machinery	500,000	214,574	16 half yearly January 20, 2022	January 20, 2032	2.5% (fixed rate)	185,489	-
	Bank Al Habib Assistance for plant and machinery	1,000,000	2,501,562	16 half yearly December 12, 2016	May 30, 2026	4.0% - 7.0% (fixed rate)	365,434	490,436
	United Bank Limited Assistance for plant and machinery	1,000,000	4,675,000	32 quarterly October 16, 2016	July 15, 2026	4.0% - 7.0% (fixed rate)	340,463	465,481
							1,462,053	1,389,002
ii)	<b>Payroll Refinance Scheme</b>							
	Habib Metropolitan Bank Limited Payroll finance facility	550,000	660,000	8 quarterly March 31, 2021	March 31, 2023	0.75% (fixed rate)	194,993	454,985
iii)	<b>Long-term finance</b>							
	MCB Bank Limited Refinancing of capital expenditure / balancing, modernization and replacement (BMR)	800,000	1,164,316	11 half yearly June 30, 2020	December 28, 2024	01 % over 6 months KIBOR	436,364	581,818
	Allied Bank of Pakistan Limited Refinancing of capital expenditure	1,000,000	1,494,500	4 half yearly June 29, 2022	December 29, 2023	01 % over 6 months KIBOR	750,000	1,000,000
							1,186,364	1,581,818
iv)	<b>TERF</b>							
	National Bank of Pakistan Assistance for plant and machinery	500,000	499,712	16 half yearly April 6, 2021	April 6, 2031	2.25% (fixed rate)	442,889	12,189
							3,286,299	3,437,994

# ISLAMIC

		Sale price (Rupees in '000)	Purchase price (Rupees in '000)	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount 2022 (Rupees in '000)	Carrying amount 2021 (Rupees in '000)
i)	<b><u>Diminishing Musharakah</u></b>							
	Meezan Bank Limited Acquisition of Musharakah assets	500,000	950,361	5 half yearly & 12 quarterly June 30, 2018	June 30, 2023	0.1% over 3 months KIBOR	90,910	181,820
	Meezan Bank Limited Acquisition of Musharakah assets	250,000	279,978	3 half yearly & 16 quarterly June 30, 2019	June 30, 2024	0.1% over 3 months KIBOR	90,909	136,362
							181,819	318,182
ii)	<b><u>ILTFF</u></b>							
	Habib Bank Limited Acquisition of Musharakah assets	150,000	187,500	16 half yearly February 22, 2022	May 31, 2030	2.5% (fixed rate)	114,048	118,866
	Meezan Bank Limited Assistance for plant and machinery	700,000	792,312	32 quarterly October 17, 2020	March 13, 2030	6.0% (fixed rate)	447,402	508,059
							561,450	626,925
iii)	<b><u>ITERF</u></b>							
	Habib Bank Limited Assistance for plant and machinery	131,000	163,750	32 quarterly June 28, 2023	April 9, 2031 to June 18, 2031	2% (fixed rate)	115,281	93,125
	Bank Islami Assistance for plant and machinery	125,000	156,250	32 quarterly July 25, 2023	May 6, 2031 to June 17, 2031	2% (fixed rate)	125,000	12,834
							240,281	105,959
iv)	<b><u>Long-term finance</u></b>							
	Habib Bank Limited Assistance for plant and machinery	5,000,000	5,625,000	10 half yearly June 5, 2020	December 5, 2024	0.10% over 6 months KIBOR	2,450,000	3,430,000
v)	<b><u>Payroll Refinance Scheme</u></b>							
	Faysal Bank Limited Payroll finance facility	343,521	348,263	8 quarterly installments April 1, 2021	January 1, 2023	0.75% / 1.00% (fixed rate)	128,820	300,580
							3,562,370	4,781,646
							6,848,669	8,219,640

- 17.1.1** The above loans are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at plot number LX - 15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi of the Holding Company and by way of joint pari passu charge and ranking charge over fixed assets of ISL (such as land, building, plant and machinery etc.).
- 17.1.2** In relation to these borrowings, the Holding Company and ISL needs to observe certain financial and non-financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.
- 17.2** This represents finance facility loan obtained by the Holding Company and ISL from various banks under the State Bank of Pakistan (SBP) Long-Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 17.3** This represents long-term loans obtained by the Holding Company for financing its salaries and wages under SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.
- 17.4** This represents finance facility loan obtained from various banks by ISL under the SBP's Temporary Economic Refinance Facility available at below-market interest rates for setting up of new industrial units.
- 17.5** This represents finance facility loans obtained by the Holding Company and ISL from Islamic banks under the SBP's Islamic Long-Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 17.6** This represents long-term loan obtained by the Holding Company under the SBP's Islamic Temporary Economic Refinance Facility available to the Holding Company from various Islamic banks at below market interest rates.
- 17.7** This represents long-term loans obtained by ISL under the SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.
- 17.8** During the year, mark-up paid on conventional and Islamic long-term finance amounts to Rs. 220.98 million (2021: Rs. 175.02 million) and Rs. 364.81 million (2021: Rs. 415.19 million) respectively.

**18. DEFERRED INCOME - GOVERNMENT GRANT**

	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		65,014	36,978
Deferred grant recorded:			
- under Islamic Temporary Economic Refinance Facility	18.1	214,632	34,228
- under Payroll Refinance Scheme	18.1	-	44,907
		214,632	79,135
Government grant recognised in income	33	(54,711)	(51,099)
Balance at end of the year		224,935	65,014
Less: current portion of deferred income - Government grant		(38,426)	(36,811)
		186,509	28,203



- 18.1** This represents deferred grant recognised by the Holding Company and ISL in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in respect of SBP's Refinance Scheme for Payment of Wages and Salaries and the Islamic Temporary Economic Refinance Facility obtained at concessionary rates. The Holding Company and ISL have fulfilled the criteria of the said loans and have accordingly recognised the grant income in the Consolidated Statement of Profit or Loss.

## 19. GAS INFRASTRUCTURE DEVELOPMENT CESS

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	1,430,408	1,609,487
Provision for the year	-	4,568
Unwinding of Gas Infrastructure Development Cess (GIDC)	99,025	52,525
Gain on remeasurement of GIDC	(63,551)	(236,172)
	1,465,882	1,430,408
Less: Current portion of GIDC	(917,341)	(518,632)
Balance at end of the year	548,541	911,776

- 19.1** Supreme Court of Pakistan (SCP) upheld the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) through its judgement dated August 13, 2020 and advised the Government of Pakistan (the GoP) to initiate the gas pipeline project within six months. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act, 2015 in complete sense and the benefits allowed under Section 8(2) of the GIDC Act to the industrial sector are also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 instalments instead of 24 instalments.

The Holding Company and ISL have also filed a civil suit before Sindh High Court (SHC) on the ground that they have not passed on the burden of the Cess. A stay order was granted in the aforesaid suit, which is operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the GoP did not initiate the gas project within six months. Therefore, during the prior financial year, the Holding Company and ISL have filed a petition with the SHC challenging the validity of the GIDC Act, 2015.

## 20. STAFF RETIREMENT BENEFITS

### 20.1 Defined Contribution Plan

#### 20.1.1 Staff Provident Fund

All investments in collective investment scheme, listed equity and listed debt securities out of provident funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

## 20.2 Defined benefit scheme

### Staff Gratuity Fund

**20.2.1** As stated in note 3.9, the Holding Company and ISL operate approved funded defined benefit gratuity plans for all permanent employees meeting the specified criteria and defined contribution plan for all active employees subject to minimum service of prescribed period as per the respective trust deeds. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2022.

**20.2.2** Plan assets held in trust are governed by local regulations which mainly include Trust Act, 2020; the Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the respective trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The Holding Company and ISL appoints the trustees among its employees.

### 20.2.3 Risks on account of defined benefit plan

The Group faces the following risks on account of defined benefit plan:

**Final salary risk** - The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

**Asset volatility** - Most assets are invested in risk free investments of 6 months, 3, 5 or 10 year Regular Income Certificates, Defence Savings Certificates, Treasury Bills and Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

**Discount rate fluctuation** - The plan liabilities are calculated using a discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

**Investment risks** - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

**Risk of insufficiency of assets** - This is managed by making regular contribution to the Fund as advised by the actuary.

### 20.2.4 Funding

The gratuity plans are fully funded by the Group. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions used in determining defined benefit liability. Employees are not required to contribute to the plan.

**20.2.5** The actuarial valuation of gratuity was carried out at June 30, 2022 under projected unit credit method using the following significant assumptions:

	2022	2021
	per anum	
<b>Financial assumptions</b>		
<b>Holding Company</b>		
Discount rate	13.25 %	10.00%
Salary increase rate		
First year - Unionized staff	13.25 %	10.00%
First year - Management	13.25 %	10.00%
Long-term	13.25 %	10.00%
<b>ISL</b>		
Discount rate	13.50 %	10.25%
Expected rate of salary increase	12.50 %	9.25%
<b>Demographic assumptions</b>		
<b>Holding Company</b>		
Mortality rate	SLIC 2001-05-1	SLIC 2001-05-1
Rates of employee turnover	Heavy	Heavy
Retirement assumption	Age 60 years	Age 60 years
<b>ISL</b>		
Mortality rate	SLIC 2001-05	SLIC 2001-05
Rates of employee turnover	Moderate	Moderate
Retirement assumption	Age 60 years	Age 60 years

**20.2.6** The amount recognised in the Consolidated Statement of Financial Position is as follows:

	Note	2022	2021
		(Rupees in '000)	
Present value of defined benefit obligation	20.2.9	940,561	816,275
Fair value of plan assets	20.2.10	(785,016)	(700,937)
Deficit as at June 30		155,545	115,338

## 20.2.7 Movements in net defined liability

	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		115,338	82,314
Expense chargeable to statement of profit or loss	20.2.8	77,352	71,477
Contribution paid during the year		(109,969)	(102,958)
Re-measurements recognized in other comprehensive income during the year	20.2.8	72,824	64,505
Balance at end of the year		155,545	115,338

## 20.2.8 Amount recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to the Consolidated Statement of Profit or Loss and other comprehensive income:

	2022	2021
	(Rupees in '000)	
Component of defined benefit costs recognized in Consolidated Statement of Profit or Loss		
Service cost		
Current service cost	67,915	57,819
Past service cost	-	7,823
Interest cost on defined benefits obligation	81,005	63,727
Return on plan assets	(71,568)	(57,892)
	9,437	5,835
	77,352	71,477
Component of defined benefit costs (re-measurement) recognised in other comprehensive income		
Actuarial loss / (gain) on obligation	35,357	100,811
Actuarial (loss) / gain on plan assets	37,467	(36,306)
Total re-measurements recognised in other comprehensive income	72,824	64,505
Total defined benefit cost / (income) recognised in profit or loss and other comprehensive income	150,176	135,982

## 20.28.1 Analysis of remeasurements recognised in other comprehensive income

	2022	2021
	(Rupees in '000)	
Re-measurements: Actuarial loss on obligation		
Loss due to change in financial assumptions	6,145	77,326
Loss due to change in experience adjustments	29,212	23,485
Total actuarial loss on obligation	35,357	100,811
Re-measurements: Actuarial loss on plan assets		
Actual return on plan assets	(8,314)	(56,547)
Interest income on plan assets	45,781	39,369
Opening difference	-	(19,128)
Total actuarial loss on plan assets	37,467	(36,306)
	<b>72,824</b>	<b>64,505</b>

## 20.2.9 Movement in the present value of defined benefit obligation

	2022	2021
	(Rupees in '000)	
Present value of defined benefit obligation at beginning of the year	816,275	744,907
Current service cost	67,915	57,819
Past service cost	-	7,823
Interest cost	81,005	63,727
Benefits paid	(59,991)	(158,812)
Re-measurement : Actuarial loss / (gain) on obligation	35,357	100,811
Present value of defined benefit obligation at end of the year	<b>940,561</b>	<b>816,275</b>

## 20.2.10 Movement in the fair value of plan assets

	2022	2021
	(Rupees in '000)	
Fair value of plan assets at beginning of the year	700,937	662,593
Interest income on plan assets	71,568	57,892
Contribution to the Fund	109,969	102,958
Benefits paid	(59,991)	(158,812)
Re-measurement : Actuarial gain / (loss) on plan assets	(37,467)	36,306
Fair value of plan assets at the end of the year	<b>785,016</b>	<b>700,937</b>

#### 20.211 Analysis of Present value of defined benefit obligation

	2022	2021
	(Rupees in '000)	
<b>Vested / Non-Vested</b>		
Vested Benefits	939,512	812,888
Non-Vested benefits	1,049	3,387
	<b>940,561</b>	<b>816,275</b>

#### 20.212 Disaggregation of fair value of plan assets

	2022	2021
	(Rupees in '000)	
Cash and cash equivalents (after adjusting current liabilities)	78,314	23,366
Equity instruments - listed	141,130	152,716
Debt instruments		
Pakistan Investment Bonds	195,592	182,977
National Saving Bonds	-	
Defence Saving Certificates	269,651	235,969
Market Treasury Bills	6,167	11,117
Regular Income Certificates	94,162	94,792
	<b>785,016</b>	<b>700,937</b>

**20.213** The Holding Company and ISL ensure asset / liability matching by investing in government securities, bank deposits and equity securities and does not use derivatives to manage its risk.

#### 20.214 Maturity profile of the defined benefit obligation

	2022	2021
	Years	
Weighted average duration of the defined benefit obligation		
Holding Company	6.81	7.05
ISL	11	11



## Distribution of timing of benefit payments

	2022			2021		
	Holding Company	ISL	Total	Holding Company	ISL	Total
One year	88,091	15,249	103,340	56,326	13,094	69,420
Two years	83,313	18,509	101,822	91,286	14,690	105,976
Three years	87,917	25,635	113,552	73,489	16,594	90,083
Four years	86,881	18,266	105,147	77,673	22,139	99,812
Five years	109,642	66,978	176,620	72,154	14,944	87,098
Six years to ten years	535,867	8,867,627	9,403,494	444,526	4,016,909	4,461,435

**20215** The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2022			2021		
	Holding Company	ISL	Total	Holding Company	ISL	Total
Discount rate + 1%	605,168	264,727	869,895	540,153	213,184	753,337
Discount rate - 1%	693,662	328,542	1,022,204	622,123	267,161	889,284
Long-Term Salary increase + 1%	695,384	329,017	1,024,401	622,901	267,577	890,478
Long-Term Salary increase - 1%	602,978	263,823	866,801	538,858	212,399	751,257

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation with the project unit credit method at the end of the reporting period) has been applied.

**20216** The expense in relation to gratuity benefit for the year ending June 30, 2023 is expected to Rs. 90.92 million which is also the expected contribution of the Holding Company and ISL.

## 21. DEFERRED TAXATION - NET

	Accelerated tax depreciation	Share of profit from equity accounted investee	Surplus on revaluation of buildings	Provision for infrastructure cess and government levies	Loss allowance on trade debts	Provision for obsolescence against stores and spares	Provision for compensated absences	Provision for lease liability	Staff retirement benefits	Gas Infrastructure Development Cess	Unrealised exchange losses	Minimum Tax	Net effect of consolidation adjustments - note 21.4	Alternate Corporate Taxation	Tax loss - note 21.3	Total
(Rupees in '000)																
Balance at July 1, 2021	2,564,665	30,233	341,358	(500,251)	(21,735)	(39,045)	(4,379)	(5,860)	(26,708)	(27,462)	(9,329)	(369,866)	(31,016)	-	(147,136)	1,753,469
(Credit) / charge to profit or loss for the year	(431,963)	32,924	(16,052)	(199,875)	(7,934)	(9,120)	(430)	2,449	(5,192)	25,722	-	319,486	(321,727)	-	-	(611,712)
(Credit) / charge to other comprehensive income for the year	-	-	420,798	-	-	-	-	-	(4,459)	-	-	-	-	-	-	416,339
Adjustment of minimum tax - note 25	-	-	-	-	-	-	-	-	-	-	-	50,380	-	-	-	50,380
Balance at June 30, 2022	2,132,702	63,157	746,104	(700,126)	(29,669)	(48,165)	(4,809)	(3,411)	(36,359)	(1,740)	(9,329)	-	(352,743)	-	(147,136)	1,608,476
Balance at July 1, 2020	2,382,466	25,120	385,907	(377,366)	(42,465)	(17,329)	(2,711)	(12,947)	(22,055)	-	(17,070)	(472,137)	-	-	-	1,829,413
(Credit) / charge to profit or loss for the year	182,199	5,113	(32,914)	(122,885)	20,730	(21,716)	(1,668)	7,087	8,925	(27,462)	7,741	(543,053)	(31,016)	-	(147,136)	(696,055)
(Credit) / charge to other comprehensive income for the year	-	-	(11,635)	-	-	-	-	-	(13,578)	-	-	-	-	-	-	(25,213)
Adjustment of minimum tax - note 25	-	-	-	-	-	-	-	-	-	-	-	645,324	-	-	-	645,324
Balance at June 30, 2021	2,564,665	30,233	341,358	(500,251)	(21,735)	(39,045)	(4,379)	(5,860)	(26,708)	(27,462)	(9,329)	(369,866)	(31,016)	-	(147,136)	1,753,469

- 21.1** The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the Consolidated Statement of Financial Position.
- 21.2** Deferred tax assets and liabilities are restricted to 70.84% (2021: 79.85%) by the Holding Company and 72.80% (2021: 89.16%) by ISL of the total deferred tax assets and liabilities except tax loss recognised by the Holding Company based on the assumptions that export sales will continue to fall under Final Tax Regime and the current trend of export and local sales ratio will continue to be the same in the foreseeable future.
- 21.3** The deferred tax asset on tax loss will be recoverable based on the estimated future taxable income and approved business plans and budgets.
- 21.4** This represents tax impact arising on elimination of unrealised gain on inventory and property, plant and equipment on intra-group transactions.
- 21.5** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. As per Finance Act, 2022, companies operating in certain sectors, including steel, are liable to pay super tax at 10% for tax year 2022 and upto 4% for subsequent years. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate.

## 22. TRADE AND OTHER PAYABLES

	Note	2022	2021
		(Rupees in '000)	
Trade creditors	22.1	743,293	2,043,207
Bills payable		1,810,739	826,378
Accrued expenses	22.2	3,973,524	3,291,440
Provision for Infrastructure Cess	22.3	3,473,999	2,289,074
Provision for Government Levies	22.4	778	2,531
Short-term compensated absences		22,242	17,642
Workers' Profit Participation Fund	22.5	440,127	560,830
Workers' Welfare Fund	22.6	452,793	489,917
Current portion of deferred income - Government grant	18	38,426	36,811
Payable to Provident Fund		-	4,898
Others		64,666	96,024
		<b>11,020,587</b>	<b>9,658,752</b>

**22.1** These include payable to Jubilee Life Insurance Limited, related party of the Holding Company, amounting to Nil (2021: Rs. 1.3 million) and to Sumitomo Corporation, related party of ISL, amounting to Nil (2021: Rs. 1,197.4 million).

**22.2** These include current portion of Gas Infrastructure Development Cess amounting to Rs. 917.34 million (2021: Rs. 518.66 million), provision against the revision of gas tariff by Oil and Gas Regulatory Authority amounting to 804.93 million (2021: Rs. 710.2 million).

### 22.3 Provision for Infrastructure Cess

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	2,289,074	1,860,728
Charge for the year	1,184,925	428,346
Balance at end of the year	<b>3,473,999</b>	<b>2,289,074</b>

22.3.1 The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court, passed an interim order directing that every company subsequent to December 27, 2006 is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above mentioned interim order amount to Rs. 3614.5 million (2021: Rs. 2,448 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Holding Company and ISL on the basis of prudence. Subsequently through Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh infrastructure cess. The Holding Company and ISL had obtained a stay against these and the ultimate dispute had been linked with the previous infrastructure cess case.

The case was decided on June 4, 2021 by the Sindh High Court. The Sindh High Court declared first four versions of the law unconstitutional and the release of bank guarantees was ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order remained suspended till September 3, 2021. The Holding Company and ISL were not in agreement with the above orders and filed an appeal before the Supreme Court of Pakistan (SCP).

On September 1, 2021, the SCP granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Holding Company and ISL in pursuant to the order of the High Court is valid and enforceable. The Court further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

## 22.4 Provision for government levies - stamp duty

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	2,531	2,047
Provided during the year	2,100	2,773
Payment during the year	(3,853)	(2,289)
Balance at end of the year	778	2,531

## 22.5 Workers' Profit Participation Fund

	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		560,830	2,145
Interest on funds utilized in the Holding Company's business 75.00% (2021: 45.85%)	31	7,065	45
		567,895	2,190
Expense for the year	32	505,128	636,149
		1,073,023	638,339
Payments made during the year		(632,896)	(77,509)
Balance at end of the year		440,127	560,830

## 22.6 Workers' Welfare Fund

	2022	2021
	(Rupees in '000)	
Balance at beginning of the year	489,917	272,735
Charge for the year	208,191	268,523
Payment / adjustment during the year	(245,315)	(51,341)
Balance at end of the year	452,793	489,917

The Holding Company and ISL filed a constitutional petition with the SHC against notices to the companies for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014 despite the fact that the companies are making the payments of Workers Welfare Fund to the Federal Government. A stay was obtained on the ground that the Holding Company and ISL are trans-provincial establishments operating industrial and commercial activities across Pakistan and are liable to pay Workers Welfare Fund under federal Workers Welfare Fund Ordinance, 1971.

## 23. CONTRACT LIABILITIES

During the year, the Holding Company and ISL recognised revenue amounting to Rs. 1391.7 million (2021: Rs. 1,538.2 million) out of the contract liabilities balance outstanding at beginning of the year.

## 24. SHORT-TERM BORROWINGS - secured

	Note	2022	2021
<b>CONVENTIONAL</b>		(Rupees in '000)	
Running finance under mark-up arrangement from banks	24.1	4,558,025	626,411
Short-term borrowing under Money Market Scheme maturing within three months	24.1	8,270,000	8,319,489
Short-term borrowing under Export Refinance Scheme	24.2	7,036,781	3,755,000
		19,864,806	12,700,900
		(Rupees in '000)	
<b>ISLAMIC</b>			
Short-term borrowing under Money Market Scheme maturing within three months		-	1,422,000
Short-term borrowing under Running Musharakah Term Musharakah maturing within three months	24.3	6,432,067	935,079
Short-term borrowing under Export Refinance Scheme	24.4	1,700,000	-
		2,000,000	1,919,857
		10,132,067	4,276,936
		29,996,873	16,977,836

- 24.1** The facilities for short-term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances obtained by the Holding Company range from 10.88% to 14.81% (2021: 7.40% to 8.28%) per annum. The rates of mark-up on these finances obtained by ISL range from 11.95% to 14.61% (2021: 7.37% to 8.28%) per annum.
- 24.2** The Holding Company and ISL have obtained short-term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities obtained by Holding Company is 2.50% (2021: 3.00%) per annum. The rates of mark-up on these facilities obtained by ISL range from 2.50% to 7.50% (2021: 2.75% to 3.00%) per annum. These facilities mature within six months and are renewable.
- 24.3** The Holding Company and ISL have obtained facilities for short-term finance under Running Musharakah. The rates of profit on these finances obtained by the Holding Company range from 11.95% to 14.51% (2021: 7.42% to 7.99%) per annum. The rates of profit on the finances obtained by ISL range from 11.99% to 12.46% (2021: 7.39% to 7.68%) per annum.
- 24.4** ISL has availed short-term running finance facility under Islamic Export Refinance Scheme of the State Bank of Pakistan from an Islamic bank. The rates of profit on this facility range from 3.00% to 7.50% (2021: 3.00%) per annum. This facility matures within six months and is renewable.
- 24.5** As at June 30, 2022, the unavailed facilities from the above borrowings for the Holding Company amounted to Rs. 5,601 million (2021: Rs. 6,028 million) and for ISL amounted to Rs. 8,900 million (2021: Rs. 16,714 million).
- 24.6** The above facilities are secured by way of joint pari passu charge and ranking charge over all current and future movable assets of the Holding Company and ISL.

**25. TAXATION - NET**

	Note	2022	2021
		(Rupees in '000)	
Balance at beginning of the year		586,746	(1,073,966)
Adjustment of minimum tax	21	(50,380)	(645,324)
Tax payments / adjustment made during the year		(2,551,489)	(1,460,815)
		(2,015,123)	(3,180,105)
Less: Provision for income tax	34	4,446,721	3,766,851
Balance at end of the year		2,431,598	586,746



## 26 CONTINGENCIES AND COMMITMENTS

### 26.1 Contingencies

Description of factual basis of the proceeding and relief sought	Name of court	Principal parties	Date instituted
<b>Holding Company</b>			
<p><b>26.1.1</b> The Collector of Customs has charged the Holding Company for a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Holding Company has filed an appeal before the Sindh High Court (SHC), which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the SHC. The management anticipates that the chances of admission of such appeal are remote.</p>	Sindh High Court	Collector of Customs / Federation of Pakistan	August 30, 2007
<p><b>26.1.2</b> The Holding Company filed the suit before SHC challenging the chargeability of tax on inter corporate dividend in respect of dividend declared by its subsidiary, International Steels Limited. On October 21, 2016 Court granted stay against which 500,000 shares of subsidiary company were pledged as a security with Nazir of the Court. In one of the litigation to which the Holding Company is not a party, Supreme Court of Pakistan (SCP) issued an order on February 21, 2018 whereby continuity of suits was made subject to depositing minimum 50% of the tax calculated by the tax authorities. A review petition has been filed against such order of the SCP in which the Holding Company is not a party and the decision is awaited. In view of such developments, the suit was withdrawn and a petition was filed before the SHC, which is pending hearing. Application for release of pledged shares is in process.</p> <p>On a separate application challenging the chargeability of tax on inter corporate dividend, stay is granted by the SHC in respect of dividends declared by the Subsidiary company on June 2, 2017, September 26, 2017, January 23, 2018, September 29, 2021 and January 31, 2022 against bank guarantees amounting to Rs. 76.6 million, Rs. 36.8 million, Rs. 55.1 million, Rs. 257.3 million and Rs. 73.5 million respectively submitted to the Nazir of the Court.</p>	Sindh High Court	FBR / Commissioner Inland Revenue / Federation of Pakistan	November 01, 2016

Description of factual basis of the proceeding and relief sought	Name of court	Principal parties	Date instituted
<p><b>26.1.3</b> As per section 95 of the Custom Act read with Customs Rules, 2001, the Holding Company sold zinc wastages generated from imports under manufacturing bond at 0% duty for export during 2012-13, 2013-14 and 2014-15. All these sales were subject to sales tax payments in term of Custom Rules.</p> <p>However, on August 31, 2020, the Collector of Customs (Adjudication - II) has passed ONO no. 473, 474 and 475 against the Holding Company and ordered for recovery of customs duty amounting to Rs. 402.72 million on zinc wastages.</p> <p>The Holding Company filed appeals against these orders in the Customs Tribunal. However, due to non-functioning of Tribunal and considering the importance, the Holding Company preferred to file an appeal with the SHC. SHC granted stay order against the order of the Collector of Customs and issued notices for the hearing.</p> <p>During the year, the SHC vide its order dated October 12, 2021 has disposed off the case with directions to the Appellate Tribunal to decide the pending appeal within sixty days. The SHC further directed that the respondents shall not take any coercive action against the Holding Company in respect of the impugned demand till the conclusion of the appeal. The case is still pending at the Appellate Tribunal despite the order of the SHC.</p> <p><b>ISL</b></p>	Sindh High Court	Collector of Customs	October 10, 2020
<p><b>26.1.4</b> A petition was filed before the SHC seeking order for the issuance of quota for concessionary import under SRO 565; release of 85,000 tons of HRC arrived at the Port in November 2019 and for future shipments.</p> <p>SHC granted release of 85,000 tons of HRC against submission of bank guarantee for the differential amount of duty &amp; taxes amounting to Rs. 1,651 million. In a separate order, SHC instructed the authorities to allow provisional quota subject to submission of bank guarantee for the difference of duty &amp; taxes. As ordered, the Input-Output Co-efficient Organisation (IOCO) is issuing quota equivalent to ordered/shipped quantity of raw material on case to case basis.</p>	Sindh High Court	I.S.L. vs Federation of Pakistan / Director IOCO / The Chief Collector (South)	November 4, 2019

**26.1.5** Share of contingent liabilities incurred jointly with other investors of PCL on account of tax related matters and bank guarantees given to various parties for contract performance amounted to Rs. 218.06 million (2021: Rs. 111.49 million).

## 26.2 Commitments

### Holding Company and ISL

**26.2.1** Capital expenditure commitments outstanding as at June 30, 2022 amounted to Rs. 273.74 million (2021: Rs. 873.8 million).

**26.2.2** Commitments under letters of credit for raw materials and stores and spares as at June 30, 2022 amounted to Rs. 3593.96 million (2021: Rs. 23,203.8 million).

**26.2.3** The facilities for opening letters of credit and guarantees from banks as at June 30, 2022 amounted to Rs. 45,000 million (2021: Rs. 32,552 million) and Rs. 10,440 million (2021: Rs. 6,777.5 million) respectively of which unutilised balance at period end amounted to Rs. 41,134 million (2021: Rs. 17,418 million) and Rs. 1,434 million (2020: Rs. 1,115 million)

### Holding Company

**26.2.4** Commitments under purchase contracts as at June 30, 2022 amounted to Rs. 685.8 million (2021: Rs. 99.1 million).

### ISL

**26.2.7** Post-dated cheques issued in favour of Collector of Customs for the concession availed on account of special rate of duties and taxes on import of Hot Rolled Coils under SRO 565 and manufacturing bond as at June 30, 2022 amounted to Rs. 3,479 million (2021: Rs. 4,591.72 million).

## 27. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022	2021
	(Rupees in '000)	
Sale of goods less returns		
Local	111,141,857	97,598,722
Sales tax	(16,073,473)	(14,265,835)
Trade discounts	(3,191,377)	(2,312,381)
	91,877,007	81,020,506
Export	29,902,881	17,781,180
Export commission & discounts	(39,817)	(55,911)
	29,863,064	17,725,269
	121,740,071	98,745,775

## 27.1 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

### Primary geographical markets:

Note	2022	2021
	(Rupees in '000)	
Local	91,877,007	81,020,506
Asia	7,552,602	6,628,507
Europe	3,564,885	1,052,745
Australia	5,588,075	3,525,697
Africas	700,836	1,297,957
Americas	12,456,666	5,220,363
	121,740,071	98,745,775
<b>Major Product Lines:</b>		
Steel products	119,089,456	95,382,221
Polymer products	2,650,615	3,363,554
	121,740,071	98,745,775

## 28. COST OF SALES

	2022	2021
<b>Raw material consumed</b>	(Rupees in '000)	
Opening stock of raw material	7,935,726	11,089,377
Purchases	109,501,893	73,875,988
	117,437,619	84,965,365
Closing stock of raw material	9 (15,436,789)	(7,935,726)
	102,000,830	77,029,639
<b>Manufacturing overheads</b>		
Salaries, wages and benefits	28.1 2,010,416	1,715,697
Rent, rates and taxes	4,335	3,560
Electricity, gas and water	1,976,985	1,933,580
Insurance	44,122	42,003
Security and janitorial	74,045	67,599
Depreciation and amortisation	4.11 & 6.12 1,830,420	1,875,207
Operational supplies and consumables	291,963	275,786
Provision for net realisable value written down	77,127	77,594
Repairs and maintenance	290,635	275,954
Postage, telephone and stationery	19,482	37,133
Vehicle, travel and conveyance	83,788	50,735
Internal material handling	68,688	47,017
Partial manufacturing	-	200
Environment controlling expense	7,356	4,008

	Note	2022	2021
		(Rupees in '000)	
Provision for capital spares		26,231	48,181
Computer stationary and software support fees		29,275	-
Sundries		42,518	43,699
		6,877,386	6,497,953
		108,878,216	83,527,592
<b>Work-in-process</b>			
Opening stock		3,298,071	4,180,318
Closing stock	9	(6,833,793)	(3,298,071)
Cost of goods manufactured		(3,535,722)	882,247
		105,342,494	84,409,839
<b>Finished goods, by-products and scrap</b>			
Opening stock		11,536,182	8,210,345
Purchases		47,567	94,235
Closing stock	9	(11,562,069)	(11,536,182)
		21,680	(3,231,602)
		105,364,174	81,178,237

**28.1** These include Rs. 31.66 million (2021: Rs. 26.88 million) in respect of contribution to the Provident Funds, Rs. 56.44 million (2021: Rs. 54.05 million) in respect of Gratuity Funds and Rs. 17.15 million (2021: Rs. 17.42 million) in respect of compensated absences.

## 29. SELLING AND DISTRIBUTION EXPENSES

	Note	2022	2021
		(Rupees in '000)	
Freight and forwarding		3,708,746	1,893,357
Salaries, wages and benefits	29.1	370,127	331,208
Rent, rates and taxes		3,590	3,349
Electricity, gas and water		6,836	5,175
Insurance		24,820	12,700
Depreciation and amortisation	4.11, 5.11 & 6.12	35,233	30,781
Repairs and maintenance		996	789
Advertising and sales promotion		212,841	188,770
Postage, telephone and stationery		10,834	9,316
Office supplies		57	42
Vehicle, travel and conveyance		52,107	27,924
Certification and registration charges		4,561	4,089
Others		26,112	17,261
		4,456,860	2,524,761

**29.1** These include Rs. 9.26 million (2021: Rs. 8.42 million) in respect of contribution to Provident Funds, Rs. 7.86 million (2021: Rs. 6.02 million) in respect of Gratuity Funds and Rs. 2.86 million (2020: Rs. 0.52 million) in respect of compensated absences.

### 30. ADMINISTRATIVE EXPENSES

	Note	2022	2021
		(Rupees in '000)	
Salaries, wages and benefits	30.1	440,762	525,031
Rent, rates and taxes		1,625	3,166
Electricity, gas and water		5,304	4,819
Insurance		4,415	7,987
Depreciation and amortisation	4.1.1, 5.1.1 & 6.1.2	30,794	23,545
Repairs and maintenance		2,263	2,676
Postage, telephone and stationery		10,783	10,484
Office supplies		829	676
Vehicle, travel and conveyance		28,202	19,424
Entertainment		11,874	3,161
Legal and professional charges		136,141	130,204
Certification and registration charges		16,817	12,152
Others		40,973	48,045
		<b>730,782</b>	<b>791,370</b>

**30.1** These include Rs. 13.18 million (2021: Rs. 12.29 million) in respect of contribution to Provident Funds, Rs. 12.76 million (2021: Rs.10.02 million) in respect of Gratuity Funds and Rs. 0.48 million (2021: Rs. 9.79 million) in respect of compensated absences.

### 31. FINANCE COST

	Note	2022	2021
		(Rupees in '000)	
<b>Conventional:</b>			
- Interest on long-term financing		257,203	204,271
- Interest on short-term borrowings		1,388,725	606,811
<b>Islamic:</b>			
- Mark-up on long-term financing		394,527	407,343
- Mark-up on short-term borrowings		271,578	224,329
Exchange gain on borrowings		-	(7,957)
Interest on Workers' Profit Participation Fund	22.5	7,065	45
Unwinding of Gas Infrastructure Development Cess		99,025	52,525
Bank charges		84,686	77,883
Interest on lease liabilities	5.2.1	1,351	1,372
		<b>2,504,160</b>	<b>1,566,622</b>



## 32. OTHER OPERATING CHARGES

	Note	2022	2021
		(Rupees in '000)	
Auditors' remuneration	32.1	8,654	6,989
Donations	32.2	93,090	158,510
Workers' Profit Participation Fund	22.5	505,128	636,149
Workers' Welfare Fund		208,189	268,523
Impairment loss on property, plant and equipment		-	387,998
Business development expenses		1,668	8,072
		<b>816,729</b>	<b>1,466,241</b>

### 32.1 Auditors' remuneration

	2022	2021
	(Rupees in '000)	
<b>Audit services</b>		
Audit fee	5,122	4,286
Half yearly review	909	909
Out of pocket expenses	1,087	403
	<b>7,118</b>	<b>5,598</b>
<b>Non-audit services</b>		
Certifications for regulatory purposes	1,536	1,391
	<b>8,654</b>	<b>6,989</b>

### 32.2 Donations

**32.2.1** Donations to the following organization exceed 10 % of total amount of donations made or Rs. 1 million which ever is higher.

	2022	2021
	(Rupees in '000)	
SINA Health, Education and Welfare Trust	12,000	25,800
The Citizen Foundation	6,800	31,000
Amir Sultan Chinoy Foundation	30,700	58,100
Tasha Trust	-	1,000
Citizens Police Liason Committee	-	1,200
The Indus Hospital	5,000	-
Al-Rehmat Benevolent Trust Hospital	-	1,000
Sindh Institute of Urology and Transplantation	10,000	10,000
Habib University Foundation	10,000	10,000
The Kidney Centre	5,000	5,000
NED University of Engineering and Technology	590	5,000
Patients Behbud Society - AKUH	2,000	-
Habib Education Trust	-	2,500
Layton Rahmatullah Benevolent Trust	2,000	2,000
The Hunar Foundation	2,000	2,000
	<b>86,090</b>	<b>154,600</b>

### 33. OTHER INCOME

	Note	2022	2021
		(Rupees in '000)	
<b>Income from financial assets</b>			
Income on bank deposits - conventional		31,252	42,377
Exchange gain		284,082	34,784
Government grant	18	54,711	51,099
<b>Income from non-financial assets</b>			
(Loss) / income from power generation	33.1	(11,723)	7,847
Rental income		2,778	2,439
Gain on disposal of property, plant and equipment		108,674	47,555
Gain on remeasurement of Gas Infrastructure Development Cess		63,552	236,172
Gain on termination of lease		698	2,374
Insurance claim		2,348	8,423
Others		38,384	59,736
		<b>574,756</b>	<b>492,806</b>

#### 33.1 (Loss) / income from power generation

	Note	2022	2021
		(Rupees in '000)	
Revenue		473,867	644,799
Cost of electricity produced:			
Salaries, wages and benefits	33.1.1	(40,296)	(33,465)
Electricity, gas and water		(1,192,396)	(1,421,764)
Insurance		(82)	(65)
Depreciation	4.1.1	(123,788)	(124,172)
Operational supplies and consumables		(25,536)	(25,161)
Repairs and maintenance		(45,602)	(61,748)
Sundries		(6,344)	(1,553)
		<b>(1,434,044)</b>	<b>(1,667,928)</b>
Self consumption		948,454	1,030,976
(Loss) / income from power generation		<b>(11,723)</b>	<b>7,847</b>

**33.1.1** These include Rs. 0.86 million (2021: Rs. 0.81 million) in respect of contribution to Provident Funds, Rs. 1.18 million (2021: Rs.1.41 million) in respect of Gratuity Funds and Rs. 0.18 million (2021: Rs. 0.12 million) in respect of compensated absences.

**33.1.2** The Holding Company and ISL have power generation facilities at their premises. The Holding Company and ISL have generated electricity in excess of its requirements which is supplied to K-Electric Limited under respective agreements.

### 34. INCOME TAX EXPENSE

	Note	2022	2021
		(Rupees in '000)	
Current			
- for the year	34.1	4,446,721	3,456,169
- for prior years		-	310,682
		4,446,721	3,766,851
Deferred		(611,712)	(696,055)
		<b>3,835,009</b>	<b>3,070,796</b>

**34.1** This includes super tax of Rs. 1115.078 million (2021:Nil) as imposed by the Finance Act, 2022.

**34.2** Relationship between income tax expense and accounting profit

	2022	2021	2022	2021
	Effective tax rate (%)		(Rupees in '000)	
Profit / (loss) before income tax			8,569,357	11,788,202
Tax at the enacted rate	29.00	29.00	2,485,114	3,418,579
Tax effect of :				
Income subject to final tax regime	(1.22)	(1.12)	(104,317)	(131,706)
Income taxed as separate block of income	3.41	0.94	292,389	110,275
Super tax	13.01	-	1,115,078	-
Minimum tax and tax loss	-	(7.04)	-	(830,386)
Write off of minimum tax	3.73	-	319,486	-
Tax credit	(0.19)	(0.06)	(16,174)	(7,167)
Prior year	-	2.64	-	310,682
Change in Normal Tax Regime ratio	(3.50)	2.04	(299,574)	240,134
Permanent differences	0.01	(0.07)	1,253	(8,292)
Others	0.12	(0.23)	10,078	(27,620)
Consolidation adjustments	0.37	(0.03)	31,677	(3,703)
	<b>44.74</b>	<b>26.07</b>	<b>3,835,009</b>	<b>3,070,796</b>

### 35. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2022	2021
		(Rupees in '000)	
Profit for the year attributable to owners of the Holding Company		2,424,585	5,457,176
Weighted average number of ordinary shares outstanding during the year		(Number)	
	14	131,881,881	131,881,881
		(Rupees)	
Earnings / (loss) per share - basic and diluted		18.38	41.38

**35.1** There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2022 and 2021.

### 36. CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	2022	2021
		(Rupees in '000)	
Profit before income tax		8,569,357	11,788,202
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	4.1.1	2,010,533	2,044,820
Depreciation of right-of-use assets	5.1	8,449	8,171
Amortisation of intangible assets	6	1,253	714
Charge / (reversal) of loss allowance on trade debts	10.3	38,394	(42,768)
Impairment of property, plant and equipment		-	387,998
Provision for net realisable value write down	28	77,127	77,594
Provision for capital spares	4.3	26,231	48,181
Provision for staff retirement benefits	20.2.8	77,352	71,477
Provision for compensated absences		24,619	30,388
Income on bank deposits	33	(31,252)	(42,377)
Gain on disposal of property, plant and equipment	33	(108,674)	(47,555)
Government grant income	33	(54,711)	(51,099)
Gain on remeasurement of Gas Infrastructure Development Cess	33	(63,552)	(236,172)
Unwinding of Gas Infrastructure Development Cess	31	99,025	52,525
Gain on termination of lease	33	(698)	(2,374)
Share of profit from equity accounted investee	7	(165,629)	(34,084)
Finance cost		12,912,959	15,567,738
Changes in working capital	36.1	(14,249,352)	(6,436,334)
		<b>(1,336,393)</b>	<b>9,131,404</b>

#### 36.1 Changes in Working Capital

	2022	2021
	(Rupees in '000)	
(Increase) / decrease in current assets:		
Stores and spares	(360,026)	(93,890)
Stock-in-trade	(15,287,841)	(5,939,916)
Trade debts	(1,609,074)	(731,223)
Advances, trade deposit and prepayments	1,818,548	(1,855,227)
Other receivables	(56,719)	19,510
Sales tax receivable	(19,735)	2,494,304
	<b>(15,514,847)</b>	<b>(6,106,442)</b>
Increase / (decrease) in current liabilities:		
Trade and other payables	176,943	(225,755)
Contract liabilities	1,088,552	(104,136)
	<b>(14,249,352)</b>	<b>(6,436,334)</b>

### 37. CASH AND CASH EQUIVALENTS

	Note	2022	2021
		(Rupees in '000)	
Cash and bank balances	13	1,218,770	635,590
Running finance under mark-up arrangement from banks	24	(4,558,025)	(626,411)
Short-term borrowing under Money Market scheme with in three months	24	(8,270,000)	(9,741,489)
Term Musharakah maturing within three months		(1,700,000)	-
Short-term borrowing under running Musharakah within three months	24	(6,432,067)	(935,079)
		<b>(19,741,322)</b>	<b>(10,667,389)</b>

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

	Chief Executives		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Managerial remuneration	22,909	44,151	-	-	413,734	359,869
Bonus	7,636	14,717	-	-	134,807	116,670
Variable performance pay	5,250	19,605	-	-	41,181	87,555
Retirement benefits	1,908	2,482	-	-	43,610	35,201
Rent, utilities allowance etc.	23,343	31,483	-	-	213,935	181,713
Ex Gratia	-	49,560	-	-	2,181	-
Directors' fee	-	-	8,550	7,500	-	-
	<b>61,046</b>	<b>161,998</b>	<b>8,550</b>	<b>7,500</b>	<b>849,448</b>	<b>781,008</b>
Number of persons	1	1	9	9	131	126

**38.1** The Chief Executives, directors and certain executives are provided with free use of Company maintained vehicles & the Chief Executive of Holding Company is provided with security in accordance with the Company's policy.

**38.2** Fee paid to 9 (2021: 9) non-executive directors were Rs. 8.6 million (2021: Rs. 7.50 million) on account of meetings attended by them.

**38.3** Reimbursement of Holding Company's Chairman expense was Rs. 5.6 million (2021: Rs. 5.3 million).

### 39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

#### a) Financial risk management

The Board of Directors of respective group entities have overall responsibility for the establishment and oversight of the risk management framework for the respective group entity. Each group entity has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## b) Risk management framework

The Board of Directors of respective group entities meet frequently throughout the year for developing and monitoring the risk management of the respective group entity. The risk management policies are established for each group entity to identify and analyse the risks faced by the respective entity, to set appropriate risk limits and controls and to monitor risks including adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the respective group entity's activities. Each group entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

### 39.1 Credit risk

Credit risk is the risk of financial loss to a group entity if a customer or counterparty to a financial instrument fails to meet its contractual obligation without considering fair value of collateral available there against.

#### 39.1.1 Exposure to credit risk

The carrying amount of respective financial assets represent the maximum credit exposure. The maximum exposure to credit risk at reporting date is as follows:

	Note	2022	2021
		(Rupees in '000)	
- Long-term deposit		2,427	1,835
- Trade debts - net of provision	10	6,853,083	4,924,836
- Trade deposits	11	47,788	97,356
- Other receivables	12	78,505	62,376
- Bank balances	13	1,051,695	635,480
		<b>8,033,498</b>	<b>5,721,883</b>

The group entities do not take into consideration the value of collateral while testing financial assets for impairment. The group entities consider the credit worthiness of counter parties as part of their risk management.

#### Long-term deposits

These represent long-term deposits with various parties for the purpose of securing supplies of raw materials and services. No credit exposure is foreseen there against as the amounts are paid to counter parties as per the agreement and are refundable on termination of agreement with respective counterparties.

#### Trade debts

The exposure to credit risk of each group entity arising from trade debtors is mainly influenced by the individual characteristics of each customer. The majority of the customers of the respective group entities have been transacting with them for several years. The Holding Company and ISL establish an allowance for impairment that represents its estimate of incurred losses.



## Trade deposits

These represent deposits placed with various suppliers as per the terms of securing availability of services. The management of group entities does not expect to incur credit loss there against.

## Other Receivables

These mainly include receivable from K-Electric Limited (KE) on account of electricity provided to it from the 4 MW and 18 MW plant located at factory sites of the Holding Company and Subsidiary Company respectively under an agreement. The Group does not expect to incur credit loss these receivables.

Analysis of gross amounts receivable from local and foreign trade debtors and from KE are as follows:

	2022	2021
	(Rupees in '000)	
Domestic	3,312,963	2,437,355
Export	3,743,869	2,534,423
	<b>7,056,832</b>	<b>4,971,778</b>

The majority of export debtors of the Group are situated in Australia, Americas and Asia.

### 39.1.2 Impairment losses

The aging of trade debtors and amounts receivable from KE at the reporting date was as follows:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
0-30 Days	5,084,678	2,110	4,488,627	20,651
31-60 Days	982,092	321	263,162	393
61-90 Days	514,187	757	76,886	317
91-120 Days	282,347	1,758	41,660	460
121-150 Days	10,882	278	7,088	174
151-180 Days	15,102	1,202	764	90
181-210 Days	16,104	1,391	764	241
211-240 Days	10,676	1,704	138	84
241-270 Days	8,082	3,001	-	-
271-300 Days	3,118	1,965	10,591	6,473
301-330 Days	8,016	7,624	663	509
331-360 Days	26,319	25,992	-	-
Over 1 year	95,229	95,229	81,435	81,435
Total	<b>7,056,832</b>	<b>143,332</b>	<b>4,971,778</b>	<b>110,827</b>

Management of the Group entities believes that the unimpaired balances that are past dues are still collectible in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debtors are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

#### Bank balances

Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks within which balances are held or credit lines available:

Bank	Rating agency	Short Term	Long Term
Habib Bank Limited	VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
Faysal Bank Limited	PACRA	A-1+	AA
Faysal Bank Limited	VIS	A-1+	AA
Bank AL Habib Limited	PACRA	A-1+	AA+
MCB Bank Limited	PACRA	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AA+
Bank Al Falah Limited	PACRA	A-1+	AA+
Allied Bank Limited	PACRA	A-1+	AA+
Askari Bank Limited	PACRA	A-1+	AA+
Samba Bank Limited	VIS	A-1+	AA
Soneri Bank Limited	PACRA	A-1+	AA-
Dubai Islamic Bank Limited	VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
MCB Islamic Bank Limited	PACRA	A1	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Bank Islami Pakistan Limited	PACRA	A+	A1
Industrial & Commercial Bank of China	S&P	-	A
Industrial & Commercial Bank of China	Moody's	P-1	A-1
TD Canada Trust	S&P	A-1+	AA-
Commonwealth Bank of Australia	Fitch	F1+	AA-

#### 39.1.3 Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of Group entities' performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at reporting date.

## 39.2 Liquidity risk

Liquidity risk is the risk that a group entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that group entity could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The approach of group entities to managing liquidity is to ensure, as far as possible, that they will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's or group's reputation. The group entities ensure that they have sufficient liquidity including credit lines to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

		2022			
		Contractual cashflows			
		Carrying amount	Six months or less	Six to twelve months	One to five years
					More than five years
Non-derivative financial liabilities		(Rupees in '000)			
Long-term financing	6,623,734	(1,651,683)	(1,480,724)	(4,244,937)	(678,088)
Trade and other payables	6,630,648	(6,630,648)	-	-	-
Accrued mark-up	551,040	(551,040)	-	-	-
Short-term borrowings	29,996,873	(29,996,873)	-	-	-
Lease liabilities	24,429	(24,429)	-	-	-
Unclaimed dividend	50,297	(50,297)	-	-	-
	43,877,021	(38,904,970)	(1,480,724)	(4,244,937)	(678,088)

		2021			
		Contractual cashflows			
		Carrying amount	Six months or less	Six to twelve months	One to five years
					More than five years
Non-derivative financial liabilities		(Rupees in '000)			
Long-term financing	8,154,626	(1,315,658)	(1,534,564)	(6,198,861)	(326,749)
Trade and other payables	6,298,758	(6,298,758)	-	-	-
Accrued mark-up	132,234	(132,234)	-	-	-
Short-term borrowings	16,977,836	(16,977,836)	-	-	-
Lease liabilities	1,929	(1,929)	-	-	-
Unclaimed dividend	44,687	(44,687)	-	-	-
	31,610,070	(24,771,102)	(1,534,564)	(6,198,861)	(326,749)

**39.2.1** The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at June 30. The rates of mark-up have been disclosed in respective notes to these consolidated financial statements.

**39.2.2** Long-term financing from various banks contains certain loan covenants. A breach of covenant, in future, may require the Group entities to repay the respective loans earlier than as directed in the above table.

### 39.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect a group entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Group entities are exposed to currency risk and interest rate risk only.

#### 39.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

##### Exposure to currency risk

The Group is exposed to currency risk on trade debts, borrowings, trade and other payables, bank balances and accrued mark-up that are denominated in a currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2022				
	Rupees	US Dollars	AUD	Euro	Canadian Dollars
	(Rupees in '000)				
<b>Financial assets</b>					
Bank Balance	607,548	2,315	357	-	536
Trade debts	3,743,869	5,978	10,413	-	6,688
<b>Financial liabilities</b>					
Trade and other payables	(2,066,272)	(9,563)	(724)	(36)	-
<b>Net exposure</b>	<b>2,285,145</b>	<b>(1,270)</b>	<b>10,046</b>	<b>(36)</b>	<b>7,224</b>

	2021				
	Rupees	US Dollars	AUD	Euro	Canadian Dollars
	(Rupees in '000)				
<b>Financial assets</b>					
Bank Balance	537,386	1,835	834	-	1,186
Trade debts	2,534,423	3,893	7,926	-	7,774
<b>Financial liabilities</b>					
Trade and other payables	(1,913,155)	(9,010)	(4)	(85)	(3,757)
<b>Net exposure</b>	<b>1,158,654</b>	<b>(3,282)</b>	<b>8,756</b>	<b>(85)</b>	<b>5,203</b>

The following significant exchange rates applicable during the year:

	Reporting date rate	
	2022	2021
	Buying/Selling	
US Dollars (USD) to Pakistan Rupee	204.17 / 204.59	157.12 / 157.49
Australian Dollars (AUD) to Pakistan Rupee	140.66 / 140.93	118.19 / 118.45
Euro to Pakistan Rupee	213.59 / 214.03	187.04 / 187.45
Canadian Dollars (CAD) to Pakistan Rupee	158.29 / 158.60	126.84 / 127.12

### Sensitivity analysis

A 10 percent strengthening / weakening of the Pak Rupee against the USD, AUD, Euro and CAD at June 30, would have decreased / increased the equity / profit after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same for both the years. However, current year amount is net of corporate tax while there is no impact of corporate tax on the prior as income was subject to minimum tax.

	Effect on Consolidated Statement of Profit or Loss	
	2022	2021
	(Rupees in '000)	
<b>As at June 30</b>		
Effect in USD	(14,936)	(34,270)
Effect in AUD	80,152	68,333
Effect in Euro	(437)	(1,052)
Effect in CAD	64,870	43,508

### 39.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from short and long-term borrowings from banks.

At the reporting date the interest rate profile of the Group's interest-bearing financial instrument is:

	Carrying amount	
	2022	2021
	(Rupees in '000)	
<b>Fixed rate instruments</b>		
Financial liabilities	12,004,488	8,512,932
<b>Variable rate instruments</b>		
Financial liabilities	24,778,275	16,632,979

### Fair value sensitivity analysis for fixed rate instruments

The group entities do not account for any fixed rate financial assets and liabilities at fair value through the profit or loss. Therefore a change in interest rates at the reporting date would not affect the profit or loss.

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by Rs. 167.6 million (2021: Rs. 111 million) with corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for both the years. However, current year amount is net of corporate tax while there is no impact of corporate tax on prior year as income was subject to minimum tax.

### Fair value sensitivity analysis for fixed rate instruments

The Group do not account for any fixed rate financial assets and liabilities at fair value through the Consolidated Statement of Profit or Loss. Therefore a change in interest rates at the reporting date would not affect the Consolidated Statement of Profit or Loss.

## 39.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2022			
	Short-term borrowings	Long-term financing	Unappropriated profit	Total
	(Rupees in '000)			
Balance at beginning of the year	17,063,484	8,201,221	11,365,899	36,630,604
Changes from financing cash flows				
Repayment of long-term loan	-	(2,359,506)	-	(2,359,506)
Proceeds from long-term loan	-	975,360	-	975,360
Dividend paid	-	-	(2,824,886)	(2,824,886)
<b>Total changes from financing activities</b>	-	(1,384,146)	(2,824,886)	(4,209,032)
Other changes				
Interest expense	1,660,303	651,730	-	2,312,033
Interest paid	(1,239,560)	(585,790)	-	(1,825,350)
Deferred government grant recognised	-	(214,632)	-	(214,632)
Changes in short-term borrowings	13,019,037	-	-	13,019,037
<b>Total loan related other changes</b>	13,439,780	(148,692)	-	13,291,088
<b>Equity related other changes</b>	-	-	4,158,430	4,158,430
<b>Balance at end of the year</b>	<b>30,503,264</b>	<b>6,668,383</b>	<b>12,699,443</b>	<b>49,871,090</b>

	2021		
	Short-term borrowings	Long-term financing	Unappropriated profit
	(Rupees in '000)		
Balance at end of the year	21,138,291	8,557,155	6,411,432
Changes from financing cash flows			
Repayment of long-term loan	-	(1,946,252)	-
Proceeds from long-term loan	-	1,646,582	-
Dividend paid	-	-	(467,180)
<b>Total changes from financing activities</b>	-	(299,670)	(467,180)
Other changes			
Interest expense	934,337	614,408	-
Interest paid	(1,072,119)	(592,893)	-
Deferred government grant recognised	-	(77,779)	-
Changes in short-term borrowings	(3,937,025)	-	-
<b>Total loan related other changes</b>	(4,074,807)	(56,264)	-
<b>Equity related other changes</b>	-	-	5,421,647
<b>Balance at end of the year</b>	<b>17,063,484</b>	<b>8,201,221</b>	<b>11,365,899</b>

### 39.5 Price risks

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The group entities have no exposure to price risk as its investments are measured at cost.

### 39.6 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the Consolidated Statement of Financial Position approximate their fair values.



### 39.7 Financial instruments by categories

	Note	2022	2021
		(Rupees in '000)	
<b>Financial assets</b>			
Held at amortised cost			
- Long-term deposit		2,427	1,835
- Trade debts - net of provision	10	6,853,083	4,924,836
- Trade deposits	11	47,788	97,356
- Other receivables	12	121,355	62,376
- Cash and bank balances	13	1,218,131	635,480
		<b>8,242,784</b>	<b>5,721,883</b>
<b>Financial liabilities</b>			
Held at amortised cost			
- Long-term financing	17	6,623,734	8,154,626
- Trade and other payables	22	6,630,648	6,298,758
- Accrued mark-up		551,040	132,234
- Short-term borrowings	24	29,996,873	16,977,836
- Unclaimed dividend		50,297	44,687
		<b>43,852,592</b>	<b>31,608,141</b>

**39.8** None of the financial assets and liabilities are offset in the Consolidated Statement of Financial Position.

## 40. CAPITAL MANAGEMENT

The objective of group entities when managing capital is to safeguard its ability to operate as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The group entities intend to manage its capital structure by monitoring return on capital, as well as the level of dividends to ordinary shareholders.

## 41. MEASUREMENT OF FAIR VALUES

A number of the accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

Management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) with sufficient regularity and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by managements of group entities. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an asset or a liability, Group entities uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2022, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Group entities measures the Land and Buildings at fair value and all of the resulting fair value estimates in relation to Land and Buildings of the Company are included in Level 3.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The following table provides the valuation approach, inputs used and inter-relationship between significant unobservable inputs and fair value measurement of the Group's Land and Buildings measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment - Land and Building	June 30, 2022	The valuation model is based on price per square meter and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair values are subject to change owing to changes in input. However, management does not expect material sensitivity to the fair values arising from the non-observable inputs.

Management of the Group entities assessed that the fair values of cash and cash equivalents, other receivable, trade deposits, trade receivables, short-term borrowings, trade and other payables, accrued mark-up and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long-term deposit and long-term financing, management consider that their carrying values approximates fair value owing to credit standing of counterparties and interest payable on borrowings are market rates. Fair value of investment in equity accounted investee is disclosed in note 7 to these consolidated financial statements.

## 42. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the associated undertakings, directors of the group entities, key management employees and staff retirement funds. The group entities continue to follow a policy whereby all transactions with related parties are entered into at commercial terms at rate agreed under a contract/arrangement/agreement. The contribution to the defined contribution plan (Provident Fund) of the group entities, wherever applicable, are made as per the terms of employment and contribution to the defined benefit plan (Gratuity Fund) of the group entities, wherever applicable, are in accordance with latest actuarial advice. Remuneration of key management personnel is in accordance with their terms of employment and the policies of respective group entities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the respective group entity. The Group entities consider their Chief Executive Officer, Chief Financial Officer, Company Secretary, non-executive directors and departmental heads to be their key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

- 42.1** Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements, are as follows:

	2022	2021
	(Rupees in '000)	
<b>Associated companies</b>		
Sales	2,412,774	1,538,669
Purchases	57,537,852	27,726,968
Purchase of vehicles	-	20,969
Insurance premium	24,609	36,575
Insurance claim	1,318	35,952
Rent income	2,779	2,438
Dividend paid	364,533	123,626
Dividend received	63,971	-
Registration and training	2,523	21
Services	34,323	67,827
Reimbursement of expenses	2,104	1,800
Subscription	2,000	2,213
Donation	-	24,800

	2022	2021
	(Rupees in '000)	
<b>Key management personnel</b>		
Remuneration	663,181	593,201
<b>Non-executive directors</b>		
Directors' fee	8,550	7,500
<b>Reimbursement of Chairman's expenses</b>	5,617	5,286
<b>Staff retirement funds</b>		
Contributions paid	229,791	188,791

The following are the related parties with whom the Group had entered into transaction or have arrangement / agreement in place:

Name of the related party	Relationship and percentage of shareholding
Pakistan Cables Limited	Associated company - 17.12% (2021:17.12%) shareholding
Sumitomo Corporation	Associated company - 9.08% (2021: 9.08%) shareholding in ISL
Jubilee Life Insurance Company Limited	Associated company by virtue of common directorship
Jubilee General Insurance Company Limited *	Associated company by virtue of common directorship
Cherat Cement Company Limited	Associated company by virtue of common directorship
The Pakistan Business Council	Associated company by virtue of common directorship
ICI Pakistan Limited	Associated company by virtue of common directorship
Lahore University of Management Sciences	Associated company by virtue of common directorship
German Pakistan Chamber of Commerce and Industry	Associated entity by virtue of common directorship
Beaumont Plaza Owners / Occupants Welfare Association *	Associated company by virtue of common directorship
Landhi Association of Trade & Industry	Associated company by virtue of common directorship
Employers' Federation of Pakistan	Associated company by virtue of common directorship
Amir Sultan Chinoy Foundation	Associated company by virtue of common directorship
Habib University Foundation *	Associated company by virtue of common directorship
Karwan-e-Hayat	Associated company by virtue of common directorship
Intermark (Private) Limited	Associated company by virtue of common directorship

\* During the year, Jubilee General Insurance Company Limited, Habib University Foundation and Beaumont Plaza Owners/Occupants Welfare Association ceased to be related parties.

- 42.2** Outstanding balances with related parties have been separately disclosed in trade debts, advances, deposits and prepayments and trade and other payables respectively. These are settled in ordinary course of business.

#### 43. ANNUAL PRODUCTION CAPACITY

The production capacity at the year end was as follows:

##### **Holding company**

	2022	2021
	(Metric tonnes)	
Steel pipe	585,000	585,000
Galvanizing	90,000	120,000
Cold rolled steel strip	50,000	50,000
Polymer pipes and fittings	35,000	32,000
Stainless steel - pipe	4,800	2,600

##### **Subsidiary company - International Steels Limited**

Galvanising	462,000	462,000
Cold rolled steel strip	1,000,000	1,000,000
Colour coated	84,000	84,000

The actual production for the year was as follows:

##### **Holding company**

Steel pipe	144,539	169,545
Galvanizing pipe	64,230	75,111
Polymer pipes & fittings	7,582	11,787
Stainless steel - pipe	1,867	1,510

##### **Subsidiary company - International Steels Limited**

Galvanising	213,200	279,678
Cold rolled steel strip	441,013	498,037
Colour coated	17,037	15,478

Actual production during the year was sufficient to meet the market demand.

The name-plate capacities of the plants are determined based on a certain product mix. The actual production mix was different.

#### 44. SEGMENT REPORTING

Performance is measured based on respective segment results. Information regarding the reportable segments specified in note 3.16 is presented below.

#### 44.1 Segment revenue and results

	2022			
	Steel coils & sheets segment	Steel pipes segment	Polymer segment	Investment segment
	(Rupees in '000)			
For the year ended June 30, 2022				
Revenue from contract with customers				
Local	65,134,785	24,091,607	2,650,615	-
Exports	17,978,014	11,885,050	-	-
	83,112,799	35,976,657	2,650,615	-
Cost of sales	(70,914,219)	(32,019,791)	(2,430,164)	-
Gross profit	12,198,580	3,956,866	220,451	-
Selling and distribution expenses	(1,600,286)	(2,763,690)	(92,884)	-
Administrative expenses	(339,808)	(375,778)	(15,196)	-
Charge of loss allowance on trade debts	-	(643)	(37,751)	-
	(1,940,094)	(3,140,111)	(145,831)	-
Finance cost	(1,321,258)	(1,100,153)	(82,749)	-
Other operating charges	(690,492)	(126,237)	-	-
	(2,011,750)	(1,226,390)	(82,749)	-
Other income	(431,847)	1,006,603	-	-
Share of loss in equity accounted investee - net of tax	-	-	-	165,629
Profit before taxation	7,814,889	596,968	(8,129)	165,629
Taxation				(3,835,009)
Profit after taxation				4,734,348

	2021				
	Steel coils & sheets segment	Steel pipes segment	Polymer segment	Investment segment	Total
	(Rupees in '000)				
For the year ended June 30, 2021					
Revenue from contract with customers					
Local	57,943,785	19,717,084	3,359,637	-	81,020,506
Exports	11,852,455	5,868,897	3,917	-	17,725,269
	69,796,240	25,585,981	3,363,554	-	98,745,775
Cost of sales	(56,304,366)	(22,042,531)	(2,831,340)	-	(81,178,237)
Gross profit	13,491,874	3,543,450	532,214	-	17,567,538
Selling and distribution expenses	(950,173)	(1,490,609)	(83,979)	-	(2,524,761)
Administrative expenses	(361,519)	(405,354)	(24,497)	-	(791,370)
Reversal of loss allowance on trade debts	-	42,392	376	-	42,768
	(1,311,692)	(1,853,571)	(108,100)	-	(3,273,363)
Finance cost	(810,509)	(668,280)	(87,833)	-	(1,566,622)
Other operating charges	(1,276,659)	(166,517)	(23,065)	-	(1,466,241)
	(2,087,168)	(834,797)	(110,898)	-	(3,032,863)
Other income	315,833	176,973	-	-	492,806
Share of loss in equity accounted investee - net of tax	-	-	-	34,084	34,084
Profit before taxation	10,408,847	1,032,055	313,216	34,084	11,788,202
Taxation					(3,070,796)
Profit after taxation					8,717,406



#### 44.2 Segment assets and liabilities

	Steel coils & sheets segment	Steel pipes segment	Polymer segment	Investment segment	Total
(Rupees in '000)					
<b>As at June 30, 2022</b>					
Segment assets	55,565,427	28,756,037	2,755,839	1,238,598	88,315,901
Segment liabilities	34,091,155	16,674,831	1,151,798	-	51,917,784
<b>As at June 30, 2021</b>					
Segment assets	36,972,972	22,495,655	1,778,101	1,132,235	62,378,963
Segment liabilities	22,427,299	13,730,168	819,573	-	36,977,040

Reconciliation of segment assets and liabilities with total assets and liabilities in the Consolidated Statement of Financial Position is as follows:

	2022	2021
	(Rupees in '000)	
Total for reportable segments assets	88,315,901	62,378,963
Unallocated assets	943,754	5,761,300
Total assets as per Consolidated Statement of Financial Position	89,259,655	68,140,263
Total for reportable segments liabilities	51,917,784	36,977,040
Unallocated liabilities	3,942,316	2,966,033
Total liabilities as per Consolidated Statement of Financial Position	55,860,100	39,943,073

**44.3** Segment revenues reported above are revenues generated from external customers. There were no inter-segment sales during the year.

**44.4** Segment assets reported above comprise of property, plant and equipment, stock-in-trade and trade debts. These assets are identified based on the operations of the segment and remaining assets and liabilities are presented as unallocated assets and liabilities.

**44.5** Additions to non-current assets in relation to steel coils and sheets, steel pipes, polymer and investments segments amounts to Rs. 1831.97 million (2021: Rs. 515.4 million), Rs. 419.61 million (2021: Rs. 148.3 million), Rs. 283.4 million (2021: Rs. 50.3 million) and Nil (2021: Nil) respectively.

#### 44.6 Information about major customers

Revenue from major customers individually accounting for more than 10% of the segment revenue for steel coils and sheets segment, steel pipes segment and polymer segment was Nil (2021: Nil), Rs. 4,318.4 million (2021: Nil) and Nil (2021: Rs. 976 million) respectively.

#### 44.7 Geographical information

The consolidated net revenue is from external customers by geographical location is disclosed in note 27.1.

44.8 Management considers that revenue from its ordinary activities are shariah compliant.

#### 45 INTERESTS IN OTHER ENTITIES

##### 45.1 Non-controlling interests

Set out below is summarised financial information of Subsidiary Company (ISL) which has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	2022	2021
	(Rupees in '000)	
NCI Percentage (%)	43.6654%	43.6654%
Non-current assets	20,990,296	19,199,920
Current assets	34,914,760	22,519,623
Non-current liabilities	5,095,864	6,474,761
Current liabilities	29,213,103	16,357,142
Intercompany eliminations	122,503	-
Net assets attributable to non-controlling interests	9,376,528	8,247,364
Revenue	91,423,698	69,796,240
Expenses	86,011,508	62,329,909
Profit for the year	5,412,190	7,466,331
Profit attributable to non-controlling interests	2,309,763	3,260,230
Other comprehensive income attributable to non-controlling interests	528,901	216
Total comprehensive income attributable to non-controlling interests	2,838,664	3,260,446
Net cash (outflow) / inflow from operating activities	(3,453,241)	8,043,275
Net cash outflow from investing activities	(1,711,067)	(483,513)
Net cash outflow from financing activities	(2,082,025)	(1,275,015)

## 45.2 Associates

Details about the Holding Company's investment in associated company and summarised financial information are disclosed in note 7 to these consolidated financial statements

## 46. NUMBER OF EMPLOYEES

	2022	2021
	(Rupees in '000)	
<b>Holding company</b>		
Average number of employees during the year	947	959
Total employees at the year end	951	954
<b>Subsidiary companies</b>		
Average number of employees during the year	710	691
Total employees at the year end	710	698

## 47. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Holding Company, in their meeting held on August 22, 2022, has proposed a final cash dividend of Rs. 6.00 (2021: Rs. 6.50) per share amounting to Rs. 791.29 million (2021: Rs. 857.23 million) for the year ended June 30, 2022. The approval of the members of the Holding Company for the dividend shall be obtained at the Annual General Meeting to be held on September 30, 2022.

The Board of Directors of ISL in their meeting held on August 18, 2022 has proposed a final cash dividend of Rs. 4.50(2021: Rs. 7.00) per share amounting to Rs. 1,957.5 million (2021: Rs. 3,045 million) for the year ended June 30, 2022. The approval of the members of ISL for the dividend shall be obtained at the Annual General Meeting to be held on September 29, 2022.

The Board of Directors of the equity accounted investee company (Pakistan Cables Limited) in their meeting held on August 12, 2022 has proposed a final cash dividend of Rs. 6.5 (2021: Rs. 8.00) per share amounting to Rs. 231.26 million (2021: Rs. 284.62 million) for the year ended June 30, 2022 of which proportionate share of the Holding Company amounts to Rs.39.6 million (2021: Rs. 48.74 million) and 15% bonus shares (2021: Nil) totalling to 5.34 million shares (2021: Nil) of which proportionate share of the Holding Company would be 0.91 million shares (2021: Nil). The approval of the members of Pakistan Cables Limited for the dividend shall be obtained at the Annual General Meeting to be held on September 28, 2022.

These consolidated financial statements do not include the effect of the aforementioned proposed dividends which will be accounted for in the consolidated financial statements for the year ending June 30, 2023.

#### 48. CORRESPONDING FIGURES

The comparative information has been reclassified or re-arranged in these consolidated financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

#### 49. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on August 22, 2022 by the Board of Directors.



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



**Muhammad Akhtar**  
Chief Financial  
Officer



**Sohail R. Bhojani**  
Chief Executive  
Officer



The background of the entire page is a light gray surface with several wooden blocks scattered around. Each block has a black silhouette of a person on it. The blocks are positioned at various angles, creating a sense of depth and movement.

# **STAKEHOLDERS INFORMATION**

**Being the Trusted One**

# STAKEHOLDERS INFORMATION

## OWNERSHIP

On June 30, 2022 there were 5,470 members on the record of the Company's ordinary shares.

## DIVIDEND AND/OR BONUS SHARES

The Board of Directors of the company has recommended 60% final cash dividend for the year as per its the Profit Appropriation Policy. The proposal shall be placed before the shareholders of the Company at the Annual General Meeting for their consideration and approval on September 30, 2022. The dividend amounts, if approved by the shareholders, shall be directly credited to their designated banks to the shareholders listed in the Company's members register at the close of business on September 20, 2022 and shall be subject to the Zakat and Tax deductions as per applicable law.

## RESULTS

Year ended June 30, 2022	Approved on August 22, 2022
	Announced on August 23, 2022
Third quarter ended March 31, 2022	Approved on April 26, 2022
	Announced on April 26, 2022
Half year ended December 31, 2021	Approved on February 3, 2022
	Announced on February 3, 2022
First quarter ended September 30, 2021	Approved on October 28, 2021
	Announced on October 29, 2021

## DIVIDENDS

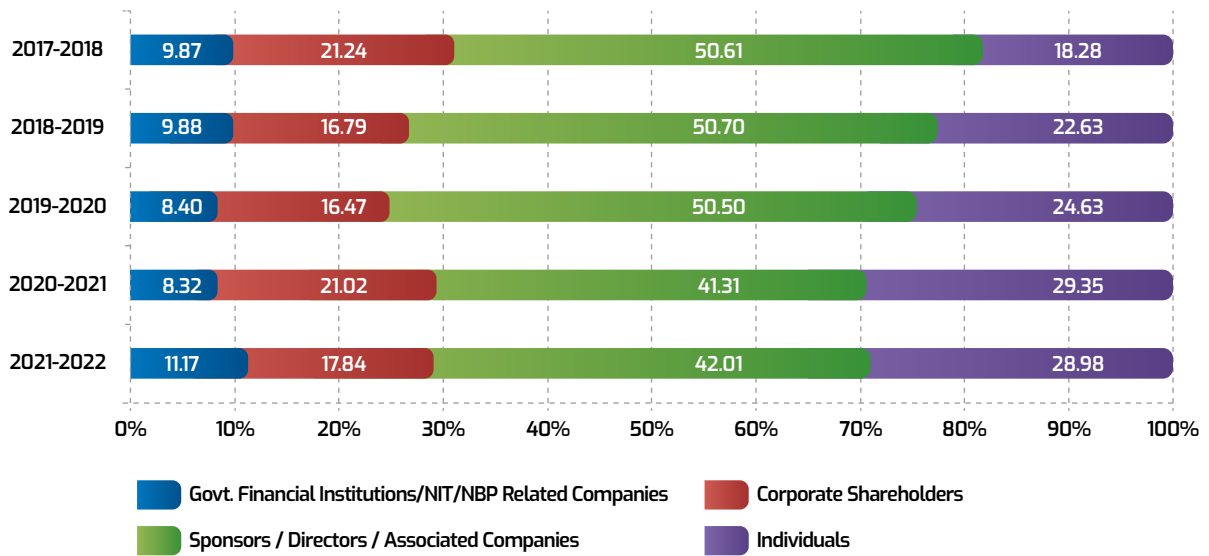
Interim – Cash (2022)	Approved on February 3, 2022
	Entitlement date February 18, 2022
	Statutory limit upto which payable March 3, 2022
	Paid on March 1, 2022
Latest Annual Report Issued On	September 7, 2022
74th Annual General Meeting	September 30, 2022

## TENTATIVE DATES OF FINANCIAL RESULTS 2022-23

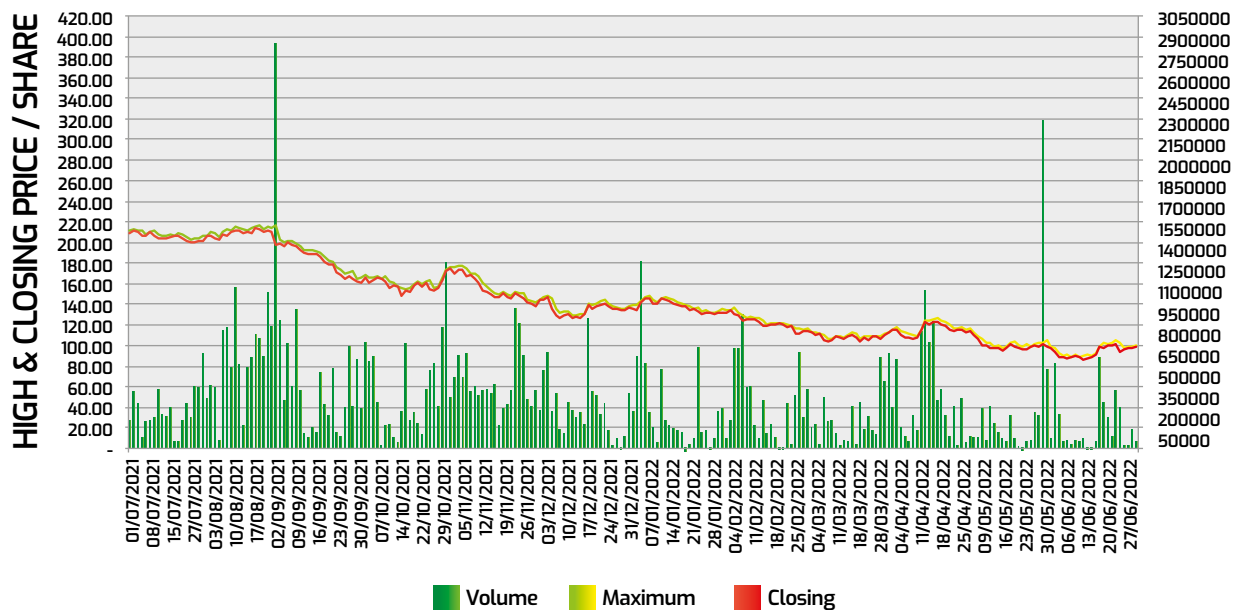
For the Period	To be Announced on
1st Quarter	27-Oct-22
2nd Quarter	31-Jan-23
3rd Quarter	26-Apr-23
Annual Accounts	22-Aug-23



## SHAREHOLDER'S COMPOSITION



## IIL SHARE PRICES - TREND V/S VOLUME TRADED FY 2021-22



# PATTERN OF SHAREHOLDING

As at June 30, 2022

NO. OF SHAREHOLDERS	HAVING SHARES		SHARES HELD	PERCENTAGE
	FROM	To		
1092	1	100	43,866	0.0333
1261	101	500	402,420	0.3051
822	501	1,000	681,871	0.5170
1327	1,001	5,000	3,240,411	2.4571
357	5,001	10,000	2,659,793	2.0168
149	10,001	15,000	1,843,143	1.3976
87	15,001	20,000	1,570,116	1.1905
57	20,001	25,000	1,329,692	1.0082
29	25,001	30,000	808,548	0.6131
24	30,001	35,000	781,236	0.5924
23	35,001	40,000	876,037	0.6643
14	40,001	45,000	593,225	0.4498
15	45,001	50,000	730,530	0.5539
17	50,001	55,000	893,352	0.6774
13	55,001	60,000	761,892	0.5777
6	60,001	65,000	374,163	0.2837
7	65,001	70,000	477,538	0.3621
9	70,001	75,000	656,662	0.4979
10	75,001	80,000	782,534	0.5934
14	80,001	90,000	1,180,165	0.8949
12	90,001	100,000	1,172,670	0.8892
15	100,001	120,000	1,667,388	1.2643
15	120,001	150,000	2,097,930	1.5908
15	150,001	200,000	2,606,613	1.9765
14	200,001	250,000	3,100,022	2.3506
10	250,001	300,000	2,882,143	2.1854
8	300,001	400,000	2,825,548	2.1425
4	400,001	500,000	1,889,950	1.4331
9	500,001	600,000	4,931,769	3.7395
5	600,001	700,000	3,155,904	2.3930
4	700,001	800,000	3,050,203	2.3128
1	800,001	900,000	836,366	0.6342
1	900,001	1,000,000	912,264	0.6917
1	1,000,001	1,100,000	1,100,000	0.8341
4	1,100,001	1,300,000	4,771,502	3.6180
2	1,300,001	1,500,000	2,850,848	2.1617
1	1,500,001	1,600,000	1,507,088	1.1428
3	1,600,001	1,700,000	5,050,376	3.8295
2	1,700,001	1,800,000	3,535,423	2.6807
1	1,800,001	2,300,000	1,882,600	1.4275
2	2,300,001	2,800,000	5,228,355	3.9644
1	2,800,001	3,500,000	3,489,816	2.6462
2	3,500,001	4,500,000	8,222,314	6.2346
1	4,500,001	5,000,000	4,572,500	3.4671
2	5,000,001	5,500,000	10,850,319	8.2273
1	5,500,001	14,500,000	12,128,675	9.1966
1	14,500,001	17,500,000	14,876,100	11.2799
5470	Total		131,881,880	100.0000

# CATEGORIES OF SHAREHOLDERS

As at June 30, 2022

PARTICULARS	NO. OF SHAREHOLDERS	NO. OF SHAREHOLDERS	PERCENTAGE
Directors, CEO, Sponsors and Family Members	22	53,914,134	40.8806
Associated Companies	3	1,488,657	1.1288
Govt. Financial Institutions/NIT / NBP Related Companies	16	14,725,088	11.1654
Banks, Development Financial Institutions, Non Banking Financial Institutions.	14	5,279,738	4.0034
Insurance Companies	13	2,950,162	2.2370
Modaraba and Mutual Funds	20	2,569,501	1.9483
Foreign Companies	3	118,724	0.0900
Public, Private and Other Companies	147	12,612,618	9.5636
General Public - Local	5,053	37,766,388	28.6365
General Public - Foreign	179	456,870	0.3464
<b>Total</b>	<b>5,470</b>	<b>131,881,880</b>	<b>100.0000</b>

## KEY SHAREHOLDING AND SHARE TRADING

Information on shareholding required under reporting framework is as follows:

	NO. OF SHARES	PERCENTAGE
Directors & Spouses	33,965,010	25.75
Sponsoring Family Members	19,949,124	15.13
Executives	140,802	0.11
Associated Companies	1,488,657	1.13
Govt. Financial Institutions/NIT /NBP & Related Companies	14,725,088	11.17

## MEMBERS HAVING 5%

or more of voting rights

NAME OF SHAREHOLDER	SHARES HELD	PERCENTAGE
Mr. Kamal A. Chinoy	14,876,100	11.28
Mr. Mustapha A. Chinoy	12,128,675	9.20

# SHARES TRADING BY DIRECTORS / EXECUTIVES

During FY 2021-22

Following is the summary of shares transactions made by directors, executives and their family members or their private-owned companies during the financial year July 1, 2021 to June 30, 2022 that were duly disclosed at the Pakistan Stock Exchange Limited:

SOLD / GIFTED TO CHILDREN (NO. OF SHARES)	PURCHASED / DISCLOSURE OF BENEFICIAL OWNERSHIP (NO. OF SHARES)
6,754,655	2,121,478

# FREE FLOAT OF SHARES

As at June 30, 2022

S . NO.	CATEGORY OF SHAREHOLDERS	SHARES HELD
	Total Outstanding Shares	131,881,880
1	Government Holding as Promoter	(8,265,781)
2	"Directors / Sponsors/Senior Management Officer"	(54,054,236)
3	Physical Shares	(1,534,416)
4	Associated / Group Companies	(1,488,657)
5	Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-
6	Treasury Shares	
7	"Any other category that are barred from selling"	-
	Free Float	66,538,790

# NOTICE OF ANNUAL GENERAL MEETING

For the year ended June 30, 2022

Notice is hereby given to the Members that the 74th Annual General Meeting of International Industries Limited will be held on September 30, 2022 at 11:00 a.m. at the Jasmin Hall, Beach Luxury Hotel, Off. M.T. Khan Road, Karachi to transact the following business. Members are encouraged to attend the meeting through the video conferencing to help in preventing the spread of COVID-19.

## ORDINARY BUSINESS

### FINANCIAL STATEMENTS

1. To receive, consider and adopt the Audited Annual Financial Statements (unconsolidated and consolidated) of the Company for the year ended June 30, 2022, together with the Reports of the Directors and Auditors thereon.

As required under Section 223 (7) of the Companies Act 2017, the Financial Statements of the Company have been uploaded on the website of the Company which can be viewed using the following link:

<http://www.iil.com.pk/investors/financial-information>

### DIVIDEND

2. To consider and approve the payment of Rs. 6.00 per share (60%) as final cash dividend in addition to 20% interim cash dividend announced and already paid, making a total dividend of Rs. 8.00 per share (80%) for the financial year ended June 30, 2022, as recommended by the Board of Directors.

### AUDITOR

3. To appoint statutory auditors of the Company for the year ending June 30, 2023 and fix their remuneration. The retiring Auditors, M/s A. F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment at a fee to be mutually agreed and reimbursements of out-of-pocket expenses at actuals.

### ELECTION OF DIRECTORS

4. To elect eight (8) Directors for a period of three (3) years commencing from September 30, 2022. As required U/s 159(1), the Board has fixed the number of Directors to be elected as eight (8). Following are the retiring directors:

1. Mr. Mustapha. A. Chinoy	2. Mr. Adnan Afridi
3. Mr. Asif Jooma	4. Mr. Azam Faruque
5. Mr. Haider Rashid	6. Mr. Jehangir Shah
7. Mr. Kamal A. Chinoy	8. Mr. Mansur Khan
8. Mrs. Saadia S. Rashid	

### ANY OTHER BUSINESS

5. To transact, with the permission of the Chair, any other business which may be transacted at an Annual General Meeting.

The information as required under section 166(3) of the Companies Act, 2017 is being provided along with the Notice of the Annual General Meeting being sent to the Shareholders.

Karachi: September 7, 2022

By Order of the Board  
International Industries Ltd.  
M. Irfan Bhatti  
Company Secretary &  
Head of Legal Affairs

## NOTES:

### 1. PARTICIPATION IN THE AGM VIA THE VIDEO CONFERENCING FACILITY:

Shareholders interested in attending the meeting through video conferencing are requested to email the following information with the subject "Registration for International Industries Limited AGM" along with a valid copy of both sides of their Computerized National Identity Card (CNIC) at [investors@iil.com.pk](mailto:investors@iil.com.pk). Video link and login credentials can be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Registration to attend Annual General Meeting through Video Conferencing Facility

1. Folio No. / CDC Investors A/c No./ Sub-A/c No.: \_\_\_\_\_
2. Name of Shareholder: \_\_\_\_\_
3. Mobile Phone Number: \_\_\_\_\_
4. Email Address: \_\_\_\_\_
5. No. of Shares held at the 1st day of the Book Closure to establish the right to attend AGM: \_\_\_\_\_

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address: [investors@iil.com.pk](mailto:investors@iil.com.pk)

### 2. CLOSURE OF SHARE TRANSFER BOOKS

The Register of Members and the Share Transfer Books will be closed from September 21, 2022 to September 30, 2022 (both days inclusive) to establish the right to attend the Annual General Meeting and to receive the dividend declared.

### 3. ATTENDING AGM AND APPOINTMENT OF PROXY

- A. A Member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as her/his proxy to attend, speak and vote on her/his behalf.
- B. An instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarized certified copy of the power or authority must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. Form of Proxy is enclosed.
- C. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
  - i) For Attending AGM
    - a) In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the Regulations, shall produce proof of her/his identity by showing their Computerized National Identity Card (CNIC) at the time of attending the meeting.
    - b) In case of a corporate entity, a Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
  - ii) For Appointing Proxy
    - a) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per CDC regulations shall submit the Proxy Form as per the above requirement.
    - b) Attested copies of CNIC of the beneficial owners and the proxy shall be furnished with the Proxy Form. The proxy shall produce his original CNIC at the time of the meeting.

#### 4. MANDATORY INFORMATION - (EMAIL, CNIC, IBAN AND ZAKAT DECLARATION)

- A. In compliance with Section 119 of the Companies Act, 2017 and Regulation 19 Companies (General Provisions and Forms) Regulations, 2018, members are requested to immediately provide their mandatory information such as CNIC number, updated mailing address, email, contact mobile/telephone number and International Banking Account Number (IBAN) together with a copy of their CNIC to update our records and to avoid any non-compliance of the law. Otherwise, all dividends will be withheld in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017.
- For physical shares to M/s CDC Share Registrar Services Limited
  - For shares in CDS to CDC Investors A/c Services or respective participant
- B. Members are requested to submit a declaration (CZ-50) as per Zakat & Ushr Ordinance 1980 for zakat exemption and advise a change in address if any.

#### 5. UNCLAIMED DIVIDENDS AND BONUS SHARES

Shareholders, who for any reason, could not claim their dividend and/or bonus shares are advised to contact our Shares Registrar M/s CDC Share Registrar Services Limited to collect/enquire about their unclaimed dividends and/or bonus shares if any.

#### 6. E-DIVIDEND MANDATE

As per Section 242 of the Companies Act, 2017, in the case of a public-listed company, any dividend payable in cash shall only be remitted through electronic mode directly into the bank account designated by the entitled shareholders.

Therefore, through this notice, all shareholders are requested to update their bank account number (IBAN) and details in the Central Depository System through respective participants. In case of physical shares, they are requested to provide bank account details to our Share Registrar, M/s CDC Share Registrar Services Limited. Please ensure an early update of your particulars to avoid any inconvenience. The e-dividend mandate form is enclosed.

#### 7. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form to convert their shares into book-entry form.

We hereby request all such members of International Industries Limited who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member/stockbroker of the Pakistan Stock Exchange to open an account in the Central Depository System to facilitate the conversion of physical shares into book-entry form.

Members are informed that holding shares in book-entry form has several benefits including but not limited to:

- Secure and convenient custody of shares
- Conveniently tradeable and transferable
- No risk of loss, damage or theft



- No stamp duty on transfer of shares in book-entry form
- Seamless credit of bonus or right shares

We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at the earliest.

## 8. ELECTRONIC VOTING

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

## 9. FILER AND NON-FILER STATUS

- Government of Pakistan, through the Finance Act, 2022 in Section 150 of the Income Tax Ordinance, 2001, has prescribed the following rates for withholding tax against dividend payments by the companies:

- For filers of income tax returns – 15%
- For non-filers of income tax returns – 30%

Members whose names are not entered into the Active Taxpayers List (ATL) provided on the FBR website, despite the fact that they are filers, are advised to make sure that their names are entered into ATL to avoid higher tax deductions against dividends.

- For any query/problem/information, the investors may contact the Share Registrar at the following phone numbers or email addresses:

M/s CDC Share Registrar Services Limited  
 CDC House, 99-B, Block B, S.M.C.H.S,  
 Shahrah-e-Faisal, Karachi  
 Customer Support Service Nos: +92-080023275  
 E-mail: info@cdcsrsl.com

- Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Share Registrar i.e. M/s CDC Share Registrar Services Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio number.

## STATEMENT UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

### ORDINARY BUSINESS

### AGENDA ITEM 4 – ELECTION OF DIRECTORS

The term of office of the present directors of the Company will expire on September 30, 2022. In terms of Section 159(1) of the Companies Act, 2017 ("Act"), the directors have fixed the number of elected directors at eight (8) to be elected in the Annual General Meeting for a period of three years.

The present directors are interested to the extent that they are eligible for re-election as directors of the Company.

Any person who seeks to contest election to the office of director shall, whether he is a retiring director or otherwise, file with the Company at its registered office, 101 Beaumont Plaza, 10 Beaumont Road, Karachi-75530, not later than fourteen days before the date of the meeting, the following documents:

- (i) Notice of her/his intention to offer herself/himself for the election of directors in terms of Section 159(3) of the Act, together with the consent to act as a director in Form 28 prescribed under the Companies Act, 2017;
  - (ii) A detailed profile along with office address as required under SECP's SRO 634 (I)/2014 dated 10 July 2014;
  - (iii) A director must be a member of the Company at the time of filing of his/her consent for contesting the election of directors except a person representing a member, which is not a natural person.
- (iv) A declaration confirming that:
- 1) She/He is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange Limited;
  - 2) She/He is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and any other applicable law, rules and regulations.

Independent directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

(iii) سی ڈی سی اکاؤنٹ کے حامل کارپوریٹ شیئر ہولڈرز اپنے متعلقہ شرکاء کے ساتھ نیشنل ٹیکس نمبر (NTN) اپ ڈیٹ کریں جبکہ کارپوریٹ فزیکل شیئر ہولڈرز اپنے NTN سرٹیفکیٹ کی کاپی شیئر رجسٹرار، یعنی میسرز سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ کو ارسال کریں۔ شیئر ہولڈرز کو چاہیے کہ وہ NTN یا NTN سرٹیفکیٹس، جو بھی صورت ہو، بھیجتے وقت کمپنی کا نام اور اپنا متعلقہ فوئیو نمبر ضرور درج کریں۔

### کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے تحت اسٹیٹمنٹ

عمومی کاروبار

#### ایجنڈا آئٹم 4۔ ڈائریکٹرز کا الیکشن

کمپنی کے موجودہ ڈائریکٹرز کی دفتر کی مدت 30 ستمبر 2022 کو ختم ہو جائے گی۔ کمپنیز ایکٹ 2017 ("دی ایکٹ") کے سیکشن (1) 159 کی شرائط کے مطابق ڈائریکٹرز نے منتخب ہونے والے ڈائریکٹر کی تعداد آٹھ (8) مقرر کی ہے جن کا انتخاب سالانہ اجلاس عام مین تین سال کی مدت کیلئے ہوگا۔

موجودہ ڈائریکٹرز اس حد تک خواہشمند ہیں کہ وہ دوبارہ کمپنی کے ڈائریکٹر منتخب ہونے کے اہل ہیں۔ ڈائریکٹرز کے دفتر کیلئے انتخاب میں مقابلہ کرنے کے خواہشمند شخص کو، چاہے وہ ریٹائر ہونے والا ہو یا کوئی اور، کمپنی کے رجسٹرڈ دفتر، 101 بیومنٹ پلازہ، 10 بیومنٹ روڈ، کراچی 75530 پر، اجلاس کی تاریخ سے زیادہ سے زیادہ 14 دن پہلے درج ذیل دستاویزات جمع کرانا ہوں گی۔

(i): ایکٹ کے سیکشن (1) 159 کی رو سے خود کو ڈائریکٹرز کے الیکشن میں حصہ لینے کے ارادے مع کمپنیز ایکٹ 2017 کے تحت مجوزہ فارم 28 میں بطور ڈائریکٹر کام کرنے کی رضامندی کی اطلاع۔

(ii): SECP کے ایس آر او 2014 (I) 634 مورخہ 10 جولائی 2014 کے تحت درکار تفصیلی پروفائل مع دفتر کا پتہ۔

(iii): ڈائریکٹرز کے الیکشن میں مقابلہ کرنے کیلئے اپنی رضامندی جمع کراتے وقت ڈائریکٹر کمپنی کا ممبر ہونا ضروری ہے سوائے اس کے کہ جو شخص کسی ممبر کی نمائندگی کر رہا ہو، جو اصل فرد نہیں ہے۔

(iv) تصدیق کا ڈکلیئریشن کہ:

(1) وہ میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن آف دی کمپنی اور پاکستان اسٹاک ایکچینج لمیٹڈ کی لسٹنگ کے متعلقہ قوانین کے تحت اپنے فرائض اور اختیارات سے آگاہ ہے۔

(2) وہ ایکٹ، لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور کسی دوسرے لاگو قوانین، اصول و ضوابط کے تحت لسٹڈ کمپنی کا ڈائریکٹر ہونے کیلئے نااہل نہیں ہے۔

خود مختار ڈائریکٹرز کا انتخاب ایکٹ کے سیکشن 159 کے تحت ڈائریکٹرز کے الیکشن کے طریقہ کار کے ذریعے ہوگا اور وہ ایکٹ کے سیکشن (2) 166 کے تحت طے کردہ معیار پر پورا اترتے ہوں۔

ممبرز کو مطلع کیا جاتا ہے کہ شیئرز کو بک انٹری فارم میں رکھنے کے کئی فائدے ہیں جن میں سے چند درج ذیل ہیں:

- شیئرز کی محفوظ اور با سہولت تحویل
  - تجارت اور منتقل کرنے میں آسانی
  - گم ہونے، نقصان ہونے یا چوری ہونے کا کوئی خطرہ نہیں
  - شیئرز کے بک انٹری فارم میں تبدیلی پر کوئی اسٹیمپ ڈیوٹی نہیں
  - بونس یا رائٹ شیئرز کا بلا رکاوٹ کریڈٹ
- ہم کمپنی کے ممبرز کو ایک مرتبہ پھر پر زور ہدایت کرتے ہیں کہ اپنے بہترین مفاد میں اپنے فزیکل شیئرز کو جلد از جلد بک انٹری فارم میں تبدیل کرالیں۔

#### ۸۔ الیکٹرونک ذریعہ سے ووٹنگ

ممبرز ووٹ دینے کیلئے اپنے اس حق کا مطالبہ کر سکتے ہیں جو کمپنیز ایکٹ 2017 کے سیکشن 143-145 میں اجلاس کی شرائط اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی لاگو شدہ شرائط سے مشروط ہے۔

#### ۹۔ فائلر اور نان فائلر کی حیثیت

(i) حکومت پاکستان نے فنانس ایکٹ، 2022 کے ذریعے انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 میں کمپنیز کے ڈیویڈنڈ کی ادائیگی کے سلسلے میں وہ ہولڈنگ ٹیکس کی درج ذیل شرح مقرر کی ہے:

(a) برائے انکم ٹیکس فائلر 15%

(b) برائے انکم ٹیکس نان فائلر 30%

ان ممبرز سے، جن کے نام ایف بی آر کی ویب سائٹ پر فراہم کی گئی فعال ٹیکس گزاروں کی فہرست (ATL) میں شامل نہیں ہیں، اگرچہ وہ فائلر ہیں، گزارش ہے کہ وہ ڈیویڈنڈز پر ٹیکس کی زیادہ شرح سے بچنے کیلئے اپنے نام کو ATL میں شامل کرنے کو یقینی بنائیں۔

(ii) کسی بھی استفسار/مسئلے/معلومات کیلئے انویسٹرز شیئرز رجسٹرار سے درج ذیل فون نمبر پر یا بذریعہ ای میل ایڈریس رابطہ کر سکتے ہیں

میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ

سی ڈی سی ہاؤس، 99-B، بلاک بی، ایس ایم سی ایچ ایس، شاہراہ فیصل، کراچی

کسٹمر سپورٹ سروس نمبر: +92-080023275

ای میل info@cdcsrsl.com



## ۵۔ غیر کلیم شدہ ڈیویڈنڈز اور بونس شیئرز

ان شیئرز ہولڈرز سے، جو کسی وجہ سے اپنے ڈیویڈنڈز اور/یا بونس شیئرز کلیم نہیں کر سکے ہیں، درخواست ہے کہ اپنے غیر کلیم شدہ ڈیویڈنڈز اور /یا بونس شیئرز حاصل کرنے/معلومات کیلئے ہمارے شیئرز رجسٹرار میسرزی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ سے رابطہ کریں۔

## ۶۔ ای ڈیویڈنڈ مینڈیٹ

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت پبلک لسٹڈ کمپنی کیلئے لازم ہے کہ وہ نقد ادائیگی والے ڈیویڈنڈز صرف الیکٹرونک ذریعہ سے براہ راست اہل شیئرز ہولڈرز کے مقرر کردہ بینک اکاؤنٹ میں جمع کرائیں۔

لہذا اس نوٹس کے ذریعے تمام شیئرز ہولڈرز سے درخواست ہے کہ اپنے بینک اکاؤنٹ نمبر (آئی بی اے این) اور دیگر تفصیلات متعلقہ شریک کے ذریعے سینٹرل ڈپازٹری سسٹم میں اپ ڈیٹ کرا دیں۔ فزیکل شیئرز کی صورت میں، ان سے درخواست ہے کہ اپنے بینک اکاؤنٹ کی تفصیلات ہمارے شیئرز رجسٹرار میسرزی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ کو فراہم کریں۔ برائے مہربانی اپنے اکاؤنٹ کی تفصیلات کو جلد از جلد اپ ڈیٹ تاکہ زحمت سے بچ سکیں۔ ای ڈیویڈنڈ مینڈیٹ فارم منسلک ہے۔

## ۷۔ فزیکل شیئرز کی بک انٹری فارم میں تبدیلی

کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق تمام موجودہ کمپنیز کیلئے لازم ہے کہ وہ کمپنیز ایکٹ 2017 کے نفاذ کی تاریخ سے چار سال کے اندر اپنے فزیکل شیئرز کو بک انٹری فارم میں تبدیل کریں

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے سرکلر نمبر CSD/ED/Misc./2016-639-640 مجریہ 26 مارچ 2021 کے ذریعے لسٹڈ کمپنیز کو ہدایت دی ہے کہ وہ اپنے ایسے ممبرز کو، جن کے شیئرز ابھی تک فزیکل فارم میں ہیں، ان شیئرز کو بک انٹری فارم میں تبدیل کرانے کی ترغیب دیں۔

لہذا ہم انٹرنیشنل انڈسٹریز کے تمام ایسے ممبرز سے، جن کے پاس فزیکل فارم میں شیئرز ہیں، درخواست ہے کہ وہ جلد از جلد اپنے شیئرز بک انٹری فارم میں تبدیل کرائیں۔ ان کو یہ بھی مشورہ دیا جاتا ہے کہ وہ سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ سے یا پاکستان اسٹاک ایکسچینج کے کسی فعال ممبر/اسٹاک بروکر سے رابطہ کر کے سینٹرل ڈپازٹری سسٹم میں اکاؤنٹ کھولوائیں تاکہ فزیکل شیئرز کو بک انٹری فارم میں تبدیلی کرانے میں سہولت ہو۔

### (i) اے جی ایم میں شرکت کیلئے

ا۔ فرد واحد ہونے کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جن کی سیکورٹیز اور ان کے رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ ڈ ہیں، وہ اجلاس میں شرکت کے وقت اپنی شناخت کے ثبوت کے طور پر اپنا کمپیوٹر اثر ذومی شناختی کارڈ (CNIC) پیش کریں۔

ب۔ کارپوریٹ ادارہ ہونے کی صورت میں اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع نامزد فرد کے نمونے کے دستخط پیش کرنا ہوں گے۔ (اگر پہلے سے فراہم نہ کئے گئے ہوں)

### (ii) پراکسی کے تقرر کیلئے

ا۔ فرد واحد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جس کی رجسٹریشن سی ڈی سی ضوابط کے مطابق اپ لوڈ ڈ ہے، درج بالا شرائط کے مطابق پراکسی فارم جمع کرائے گا۔

ب۔ ہنٹفیشل اونرز اور پراکسی کی CNIC کی تصدیق شدہ کاپیاں مع پراکسی فارم فراہم کرنا ہوں گی۔ پراکسی کو اجلاس میں شرکت کے وقت اصل CNIC پیش کرنا ہوگا۔

### ۴۔ معلومات کی لازمی فراہمی (ای میل، سی این آئی سی، آئی بی اے این اور زکوٰۃ ڈکلیئریشن)

ا۔ کمپنیز ایکٹ 2017 کے سیکشن 119 اور ریگولیشن 19 کمپنیز (جنرل پروویژن اینڈ فارمز) ریگولیشنز، 2018 کی پیروی میں، ممبرز سے درخواست ہے کہ اپنی لازمی معلومات جیسے سی این آئی سی نمبر، تازہ ترین ڈاک کا پتہ، ای میل، رابطہ موبائل/ٹیلیفون نمبر اور انٹرنیشنل بینکنگ اکاؤنٹ نمبر (آئی بی اے این) مع اپنے سی این آئی سی کی کاپی، ہمارے ریکارڈ میں اپ ڈیٹ کرنے اور کسی قانون پر عمل درآمد نہ ہونے سے بچنے کیلئے درج ذیل کے مطابق فوری طور پر فراہم کریں، ورنہ کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) ریگولیشنز 2017 کی رو سے تمام ڈیویڈنڈز روک لئے جائیں گے۔

• فزیکل شیئرز کی صورت میں میسرزی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ کو

• سی ڈی ایس میں شیئرز کی صورت میں سی ڈی سی انویسٹرس اکاؤنٹ سروسز یا متعلقہ شریک کو

ب۔ ممبرز سے درخواست ہے کہ زکوٰۃ سے استثنیٰ کیلئے زکوٰۃ اینڈ عشر آرڈیننس 1980 کی رو سے ڈکلیئریشن (CZ-50) اور پتے میں کسی تبدیلی کی صورت میں، اگر ہو، تو اطلاع جمع کرائیں۔

سالانہ اجلاس عام میں بذریعہ ویڈیو کانفرنسنگ شرکت کیلئے رجسٹریشن

۱۔ فوئیو نمبر اسی ڈی سی انویسٹرز اکاؤنٹ نمبر اسب اکاؤنٹ نمبر

۲۔ شیئر ہولڈر کا نام

۳۔ موبائل فون نمبر

۴۔ ای میل کا پتہ

۵۔ اے جی ایم میں شرکت کے استحقاق کی تصدیق کیلئے کتب کی بندش کے پہلے روز تھوہل میں موجود شیئرز کی تعداد  
شیئر ہولڈرز اے جی ایم کے ایجنڈا آنکھڑ کے بارے میں اپنی آراء اور سوالات اس پتے پر ای میل کر سکتے ہیں۔

investors@iil.com.pk

## ۲۔ ٹرانسفر بکس کی بندش

۱۔ ممبران کار جسٹر اور شیئر ٹرانسفر بکس 21 ستمبر 2022 تا 30 ستمبر 2022 (بشمول دونوں ایام) سالانہ اجلاس عام میں شرکت کے استحقاق اور اعلان شدہ ڈیویڈنڈ کی وصولی کی تصدیق کیلئے بند رہیں گی۔

## ۳۔ اے جی ایم میں شرکت اور پراکسی کا تقرر

الف۔ کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے بولنے اور ووٹ دینے کیلئے اپنا پراکسی مقرر کرنے کا حق رکھتا رکھتی ہے۔

ب۔ پراکسی کی تقرری کی دستاویز اور پاور آف اٹارنی یا کوئی اور اتھارٹی، جس کے تحت دستخط کئے گئے ہوں یا پاور آف اٹارنی کی نوٹری سے تصدیق شدہ کاپی، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً جمع کرائیں۔ پراکسی فارم منسلک ہے۔

ج۔ سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر 1 مورخہ 26 جنوری 2000 میں درج رہنما ہدایات پر بھی عمل کرنا ہوگا۔



ریٹائر ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں:

- ۱۔ جناب مصطفیٰ اے چٹائے
- ۲۔ جناب عدنان آفریدی
- ۳۔ جناب آصف جمعہ
- ۴۔ جناب اعظم فاروق
- ۵۔ جناب حیدر راشد
- ۶۔ جناب جہانگیر شاہ
- ۷۔ جناب کمال اے چٹائے
- ۸۔ جناب منصور خان
- ۹۔ مسز سعدیہ ایس رشید

کوئی اور امور

۵۔ چیئر کی اجازت سے کسی اور امور کی انجام دہی جو سالانہ اجلاس عام میں کی جاسکے۔

کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے تحت درکار معلومات سالانہ اجلاس عام کی اطلاع کے ساتھ شیئر ہولڈرز کو فراہم کی جارہی ہیں

بحکم بورڈ

انٹرنیشنل انڈسٹریز لمیٹڈ

ایم۔ عرفان بھٹی

کمپنی سیکریٹری اور ہیڈ آف لیگل افیئرز

کراچی: 7 ستمبر 2022

نوٹس:

۱۔ سالانہ اجلاس عام میں بذریعہ ویڈیو کانفرنسنگ شرکت کی سہولت

اجلاس میں ویڈیو کانفرنسنگ کے ذریعے شرکت کے خواہشمند شیئر ہولڈرز سے درخواست ہے کہ وہ درج ذیل معلومات "رجسٹریشن برائے انٹرنیشنل انڈسٹریز لمیٹڈ اے جی ایم" کے عنوان سے، مع اپنے کمپیوٹر پر ذمہ داری کا شناختی کارڈ (CNIC) کی دونوں طرف کی کارآمد کاپی کے ساتھ [investors@iil.com.pk](mailto:investors@iil.com.pk) پر ای میل کریں۔ ویڈیو لنک اور لاگ ان کا طریقہ کار صرف انہی ممبرز کے ساتھ شیئر کیا جائے گا جن کی ای میل، تمام مطلوبہ کوائف کے ساتھ اے جی ایم کے وقت سے کم از کم 48 گھنٹے پہلے وصول ہو جائیں گی۔

## اطلاع برائے سالانہ اجلاس عام

برائے سال مختتمہ 30 جون 2022

بذریعہ ہذا ممبران کو مطلع کیا جاتا ہے کہ انٹرنیشنل انڈسٹریز لمیٹڈ کا 74 واں سالانہ اجلاس عام مورخہ 30 ستمبر، 2022 دن 11.00 بجے، درج ذیل کاروباری امور کی انجام دہی کیلئے بمقام جیمسین ہال، میچ لگوری ہوٹل، آف ایم ٹی خان روڈ، کراچی میں منعقد ہوگا۔ تاہم ممبرز کی حوصلہ افزائی کی جاتی ہے کہ وہ اجلاس میں بذریعہ ویڈیو کانفرنسنگ شرکت کریں تاکہ کووڈ-19 کے پھیلاؤ سے حفاظت میں مدد ملے۔

### عمومی امور

#### مالیاتی حسابات

۱۔ کمپنی کے آڈٹ شدہ سالانہ مالیاتی حسابات (غیر مجموعی اور مجموعی) برائے سال مختتمہ 30 جون 2022 مع ان پریذائریٹرز اور آڈیٹرز کی رپورٹ وصول کرنا، ان پر غور کرنا اور ان کو منظور کرنا۔ کمپنیز ایکٹ 2017 کے سیکشن (7) 223 کی شرائط کے تحت کمپنی کے مالیاتی حسابات کمپنی کی ویب سائٹ پر اپ لوڈ کر دیئے گئے ہیں، جو درج ذیل لنک کے ذریعے دیکھے جاسکتے ہیں:

<http://www.iil.com.pk/investors/financial-information>

#### ڈویڈنڈ

۲۔ بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق حتمی نقد منافع بحساب 6.0 روپے فی شیئر یعنی 60% کی ادائیگی پر غور کرنا اور منظوری دینا جو پہلے سے ادا شدہ 20% عبوری نقد منافع کے علاوہ ہے جس کو ملا کر کل منافع برائے مالی سال مختتمہ 30 جون 2022، 8.0 روپے فی شیئر (80%) ہوگا۔

#### آڈیٹرز

۳۔ کمپنی کے قانونی آڈیٹرز برائے سال مختتمہ 30 جون 2023 کا تقرر کرنا اور ان کے مشاہرے کا تعین کرنا۔ ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے، اہل ہونے کی بنیاد اپنے دوبارہ تقرر کی پیشکش کی ہے جو باہمی متفقہ فیض اور جیب خرچ کے علاوہ اصل کے مطابق اخراجات کی رقم واپس ادائیگی پر مبنی ہے۔

#### ڈائریکٹرز کا انتخاب

۴۔ آٹھ (8) ڈائریکٹرز کا تین سال کی مدت کیلئے انتخاب کرنا جس کا آغاز 30 ستمبر 2022 سے ہوگا۔ سیکشن (1) 159 کی شرائط کے مطابق بورڈ نے منتخب کئے جانے والے ڈائریکٹرز کی تعداد آٹھ (8) مقرر کی ہے۔





IIL Factory-3



# GLOSSARY

AGM Annual General Meeting	FTO Federal Tax Ombudsman
API American Petroleum Institute	FTR Final Tax Regime
ATIR Appellate Tribunal Inland Revenue	GDP Gross Domestic Product
ATL Active Tax Payer List	GI Galvanized Iron
AUD Australian Dollars	GIDC Gas Infrastructure Development Cess
BAC Board Audit Committee	GoP Government of Pakistan
BCP Business Continuity Planning	HDPE High Density Polyethylene
Board/BOD Board of Directors	HoD Head of Department
CBA Collective Bargaining Agreement	HR Human Resource
CCG Code of Corporate Governance	HRRC Human Resource Remuneration Committee
CDC Central Depository Company	HRC Hot Rolled Coil
CE Conformité Européene or European Conformity	HSE Health, Safety and Environment
CEO Chief Executive Officer	HSS Hollow Structural Sections
CDC Central Depository Company	IAS International Accounting Standards
CFO Chief Financial Officer	IBA Institute of Business Administration
CIR Commissioner Inland Revenue	ICAP Institute of Chartered Accountants of Pakistan
CIT Commissioner Income Tax	ICMAP Institute of Cost and Management Accountants of Pakistan
COLA Cost of Living Allowance	IFC International Finance Corporation
CR Cold Rolled	IFRIC International Financial Reporting Interpretation Committee
CRC Cold Rolled Coil	IFRS International Financial Reporting Standards
CSR Corporate Social Responsibility	IIL International Industries Limited
CTAC Citizens Trust Against Crime	IPO Initial Public Offering
CWIP Capital Work in Progress	ISL International Steels Limited
DBN Debottlenecking	ISO International Organization for Standardization
EBIT Earnings before Interest and Taxation	ISO International Standards Organization
EBITDA Earnings before Interest, Taxation Depreciation and Amortisation	IT Information Technology
EC Executive Committee	ITAT Income Tax Appellate Tribunal
EFP Employees Federation of Pakistan	JV Joint Ventures
EPS Earning Per Share	KE Karachi Electric
ERW Electric Resistance Weld	KIBOR Karachi Interbank Offer Rate
ETP Effluent Treatment Plant	KPMG Klynveld Peat Marwick Goerdeler
EY Ernst Young	LIBOR London Interbank Offered Rate
FBR Federal Board of Revenue	LPG Liquefied Petroleum Gas
FPAP Fire Protection Association of Pakistan	LSM Large Scale Manufacturing
FPCCI Federation of Pakistan Chambers of Commerce and Industry	LTC Lost Time Case
FTA Free-Trade Agreement	








LTIFR Lost Time Injury Frequency Rate	PICG Pakistan Institute of Corporate Governance
LTU Large Taxpayers Unit	PKR Pakistan Rupees
LUMS Lahore University of Management Sciences	PPRC Polypropylene Random Copolymer
M&A Memorandum and Articles	PSQCA Pakistan Standards and Quality Control Authority
MAP Management Association of Pakistan	PSX Pakistan Stock Exchange
MC Management Committee	Rs. Pakistani Rupees
MDPE Medium Density Polyethylene	SECP Securities and Exchange Commission of Pakistan
MoC Ministry of Commerce	SHC Sindh High Court
MT Metric Ton(s)	SNGPL Sui Northern Gas Pipelines Limited
NBV Net Book Value	SS Stainless Steel
NFEH National Forum for Environment and Health	SSGC Sui Southern Gas Company Limited
NOC No Objection Certificate	TCF The Citizens Foundation
NRV Net Realizable Value	UL Underwriters Laboratories
NTC National Tariff Commission	US\$/USD United States Dollar
OHSAS Occupational Health and Safety Assessment Specification	
OPEC Organization of the Petroleum Exporting Countries	
PACRA Pakistan Credit Rating Agency	
PAT Profit after tax	
PCL Pakistan Cables Limited	
PEX Cross-linked Polyethylene	








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# E-DIVIDEND MANDATE FORM



To:

Date: \_\_\_\_\_

Subject: Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/We/Messrs. \_\_\_\_\_  
being a/the shareholder(s) of International Industries Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividends declared by it, into my/our bank account as detailed below:

(i) Shareholder's details:	
Name of Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me/us are correct and I/we shall keep the Company informed in case of any changes in the said particulars in the future.

Yours faithfully

\_\_\_\_\_  
Signature of Shareholder

(Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your bank branch, to enable electronic credit directly into your bank account.
2. This letter must be sent to the shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company.



# ENVELOPE

FOLD HERE

AFFIX  
STAMP  
HERE

## **CDC SHARE REGISTRAR SERVICES LIMITED**

CDC House, 99- B, Block - B, S.M.C.H.S.,  
Main Shahrah-e-Faisal, Karachi.  
Telephone Nos: +92-0800-23275  
FAX: +92-21-34326053  
E-mail : [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

FOLD HERE

# PROXY FORM



I/We \_\_\_\_\_  
of \_\_\_\_\_  
being Member(s) of International Industries Limited holding \_\_\_\_\_  
Ordinary Shares hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ vide Folio/CDC Account no. \_\_\_\_\_ or failing him/  
her \_\_\_\_\_ of \_\_\_\_\_ who is  
also a member of International Industries Limited vide Folio/CDC Account no. \_\_\_\_\_  
as my/our proxy in my/our absence to attend, speak and vote for me/us and on my/our behalf at  
the 74<sup>th</sup> Annual General Meeting of the Company to be held on Friday, September 30, 2022 in Karachi  
and at any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

Signed by the said \_\_\_\_\_

In the presence of

1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC/Passport No: \_\_\_\_\_
2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC/Passport No: \_\_\_\_\_

Signature on  
Revenue Stamp

Folio/CDC Account No.

This signature shall  
agree with the specimen signature  
as per the Company's record.

## Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, i.e., 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530, not less than 48 hours before the time of holding of the Annual General Meeting.
2. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid. For CDC Account Holders / Corporate Entities

In addition to the above, the following requirements will have to be met:

- a) The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the Form.
- b) Attested copies of the CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the Proxy Form.

In case of a corporate entity, a Board of Directors' resolution/power of attorney, including the specimen signature of the nominee, shall be submitted to the Company along with the Proxy Form unless the same has been provided earlier.

- d) The proxy shall present his/her original CNIC or original passport at the time of the Annual General Meeting.

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## **CDC SHARE REGISTRAR SERVICES LIMITED**

CDC House, 99- B, Block - B, S.M.C.H.S.,  
Main Shahrah-e-Faisal, Karachi.  
Telephone Nos: +92-0800-23275  
FAX: +92-21-34326053  
E-mail : [info@cdcsrsl.com](mailto:info@cdcsrsl.com)  
Website: [www.cdcsrsl.com](http://www.cdcsrsl.com)

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میں / ہم \_\_\_\_\_  
 سکنہ \_\_\_\_\_ بحیثیت ممبر (ز) انٹرنیشنل انڈسٹریز لمیٹڈ،  
 حامل \_\_\_\_\_ عمومی شیئرز، بذریعہ ہذا  
 سکنہ \_\_\_\_\_ کو بذریعہ فیلو / سی ڈی سی اکاؤنٹ نمبر  
 یا اس کی عدم دستیابی کی صورت میں \_\_\_\_\_  
 سکنہ \_\_\_\_\_  
 جو انٹرنیشنل انڈسٹریز لمیٹڈ کا ممبر ہے بذریعہ فیلو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ کو اپنا / ہمارا پراکسی مقرر کرتا ہوں /  
 کرتے ہیں، جو اپنی / ہماری غیر حاضری میں میری / ہماری جگہ 30 ستمبر 2022 کو کراچی میں بذریعہ ویڈیو کانفرنسنگ منعقد ہونے والے کچنی کے 74 ویں سالانہ  
 اجلاس عام میں یا کسی ملتوی شدہ اجلاس شرکت کرنے، بولنے اور ووٹ دینے کا حقدار ہوگا / ہوں گے۔  
 میں / ہم نے اپنے ہاتھ / مہر سے گواہی دی بتاریخ \_\_\_\_\_ 2022

مذکورہ شخص کے دستخط \_\_\_\_\_

ریونیو اسٹمپ پر دستخط

ان افراد کی موجودگی میں ۱۔ دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 CNIC / پاسپورٹ نمبر: \_\_\_\_\_  
 ۲۔ دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 CNIC / پاسپورٹ نمبر: \_\_\_\_\_

فیلو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_  
 یہ دستخط کچنی کے ریکارڈ پر موجود دستخط کے مطابق ہونا چاہیے  
 اہم ہدایات:

- ۱۔ یہ پراکسی فارم مکمل شدہ اور دستخط شدہ، کچنی کے رجسٹرڈ دفتر واقع 101 بیسمنٹ پلازہ، 10، بیسمنٹ روڈ، کراچی-75530 پر سالانہ اجلاس عام کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازمی طور پر وصول ہو جائے۔
  - ۲۔ کسی ایسے شخص کو پراکسی مقرر نہیں کیا جاسکتا جو کچنی کا / کی ممبر نہ ہو، سوائے کارپوریشن کے، جو ممبر نہ ہونے والے فرد کو پراکسی مقرر کر سکتی ہے۔
  - ۳۔ اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور کوئی ممبر کچنی کے پاس ایک سے زیادہ پراکسی کی دستاویز جمع کراتا ہے تو ایسی تمام دستاویزات ناقابل قبول قرار دی جائیں گی۔
- CDC اکاؤنٹ ہولڈرز / کارپوریٹ اکائی کی صورت میں:  
 درج بالا کے علاوہ درج ذیل شرائط بھی پورا کرنا ہوں گی:

- ۱۔ پراکسی فارم پر دو گواہوں کے دستخط ہونا لازمی ہے جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں۔
- ب۔ تکمیل (اور / ز) اور پراکسی کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ فراہم کی جائیں۔
- ج۔ کارپوریٹ اکائی ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹرنی بشمول نامزد کردہ افراد۔
- د۔ کے نمونے کے دستخط مع پراکسی فارم (اگر پہلے جمع نہ کرایا گیا ہو) کے ہمراہ کچنی کے پاس جمع کرائے جائیں۔
- د۔ پراکسی کو سالانہ اجلاس عام میں شرکت کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

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Promising Reliability, For Now and Tomorrow

**PAKISTAN'S NO. 1 PIPE COMPANY**



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