



ITTEFAQ IRON INDUSTRIES LTD.

Annual Report 2021



LOOKING
BEYOND
TOMORROW



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CORPORATE INFORMATION

Board of Directors

Mian Muhammad Pervaiz Shafi	Chairman
Shahzad Javed	Chief Executive
Khurram Jamil	Independent Director
Muhammad Mubashir Iqbal	Independent Director
Tayyab Ali	Director
Wajeeha Shahzad	Director
Sobia Irshad	Director

Audit Committee

Muhammad Mubashir Iqbal	Chairman
Adnan Younas	Committee Sec.
Khurram Jamil	Member
Tayyab Ali	Member
Sobia Irshad	Member

Company Secretary

Muhammad Shahzad Bazmi (FPFA)

Auditors

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

Mills

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

Bankers

National Bank of Pakistan
Bank of Punjab
Soneri Bank Ltd.

Hr & R Committee

Muhammad Mubashir Iqbal	Chairman
Tayyab Ali	Member
Wajeeha Shahzad	Member

Chief Financial Officer

Khaliq Sharif Khilji

Share Registrar

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

Registered Office

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

Company Website

www.ittfaqsteel.com

Legal Advisor

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



ITTEFAQ IRON INDUSTRIES LIMITED



اتفاق میں طاقت ہے



Vision STATEMENT

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





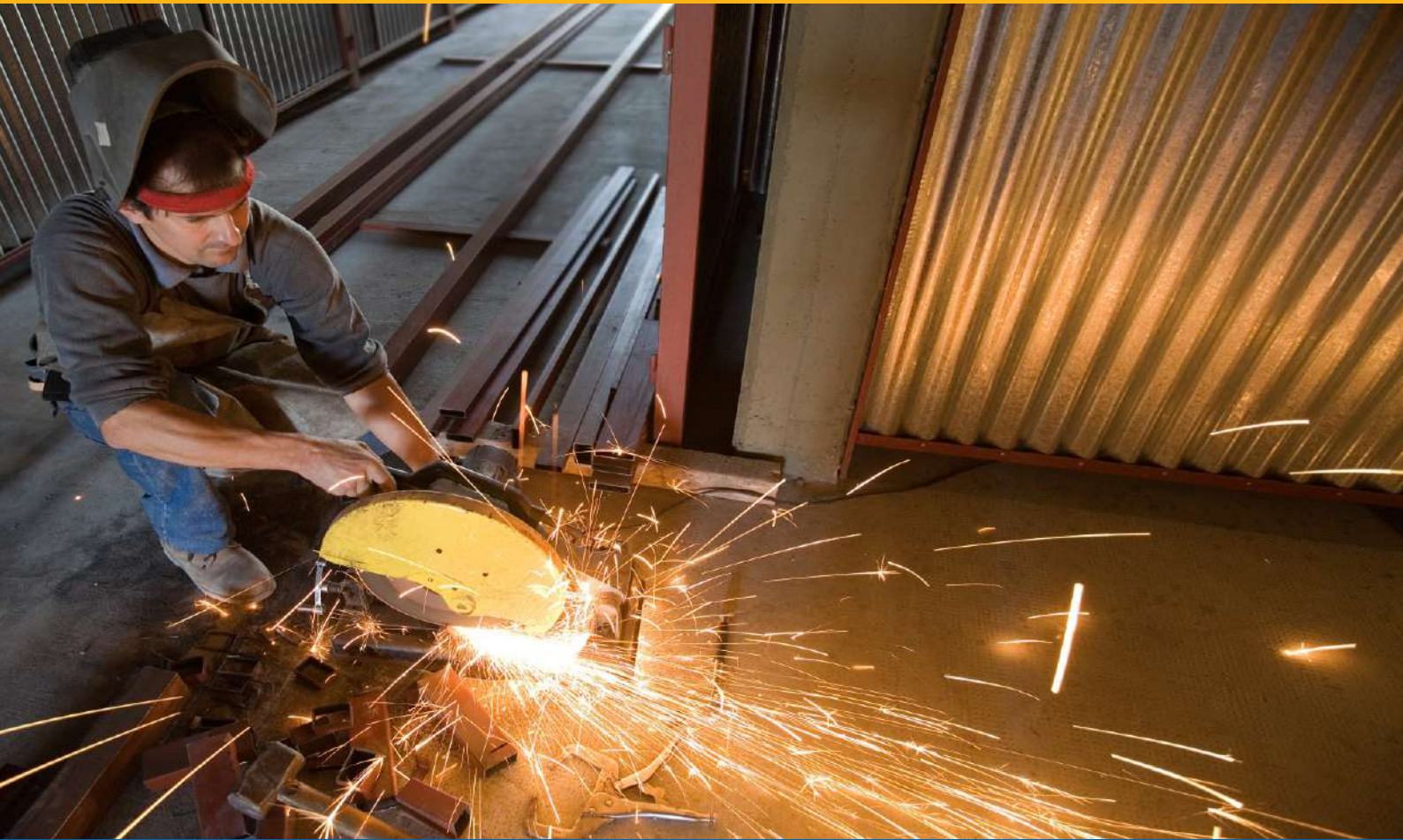
MISSION STATEMENT

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

STRATEGIC GOALS

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

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





CORE VALUES

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



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of the members of ITTEFAQ IRON INDUSTRIES LIMITED will be held on Thursday, October 21, 2021 at 12:00 noon at registered office, 40 B II, Gulberg-III, Lahore to transact the following business virtually via video-link (as permitted by the Securities and Exchange Commission of Pakistan).

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on Monday, November 02, 2020.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2021 together with the Directors and Auditors Report thereon.
3. To appoint Auditors for the year ending June 30, 2022 and to fix their remuneration. The present auditor M/s. SARWARS (Chartered Accountants), the retiring auditors, who being eligible, have offered themselves for re-appointment.
4. Any other Business with the permission of the Chairman.

BY ORDER OF THE BOARD

Muhammad Shahzad Bazmi

Company Secretary.

Lahore:

October 01, 2021

NOTES:

1. Book closure

Share transfer books of the Company will remain closed from October 15, 2021 to October 21, 2021 (both days inclusive). Physical transfers/ CD'S transaction IDs received in order by the Company's Share Registrar, M/s. Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore, up to the close of business on October 14, 2021 will be treated in time.

2-Attendance of AGM through video-link

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

- To attend the AGM through the video link, members are requested to register themselves by providing the following information through email at ittefaqagm2021@gmail.com at least 48 hours before AGM.

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

- Members who are requested, after necessary verification as per the above requirement, will be provided a video link by the Company via email.
- The login will remain open from 12:00 till the end of the AGM.
- Members can also share their comments/suggestions on the above agenda on WhatsApp number at 0343-6142857 by email at ittefaqagm2021@gmail.com
- In line with relaxation allowed by securities and Exchange Commission of Pakistan (SECP) through Circular No. 10 of 2020 and prevailing COVID-19 pandemic, the Notice along with the form of Proxy are available in the Company's website



- <https://ittefaqsteel.com>, which have also sent to the PSX via PUCAR system.

In the event of any difficulty in accessing the Notice or the Form of Proxy, members can contact the Company by emailing at ittefaqagm2021@gmail.com. The will also send a copy of the Notice

and Form of Proxy via email to those members who have provided their email addresses to the Share Registrar of the Company (Corplink (Pvt.) Ltd.)

3-CIRCULATION OF NOTICE OF MEETING & ANNUAL ACCOUNTS

With reference to SRO 787 (I/2014 dated 8th September, 2014) issued by SECP, shareholders have an option to receive Annual Audited Financial Statements and Notice of Annual General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format to our Share Registrar, M/s Corplink (Pvt.) Limited Wings Arcade, 1-K Commercial, Model Town, Lahore, to update our record if they wish to receive Annual Audited Financial Statement and Notice of Annual General Meeting through email. The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2021 along with Director and Auditor's Report hereon on its website: www.ittefaqsteel.com. Or scan QR Code. However, if a shareholder, in addition, requests for a hard copy of the Audited Financial Statements, the same shall be provided free of cost within Seven (07) Days of receipt of such request.

4-Unclaimed shares / dividend

Pursuant to section 244 of the of the Companies Act, 2017 for the unclaimed/unpaid dividends, Claims can be lodged by shareholders. The Claim Forms are available on the Company website. Claims Forms must be submitted to the Company's Share Registrar M/s Corplink (Pvt.) Limited Wings Arcade, 1-K Commercial, Model Town, Lahore for process and receipt of divided.



5- For Zakat

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

6-Contact us

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

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





COMPANY PROFILE

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

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

The company's attention is focused on customer's satisfaction, development of products, research and quality control however, the main concern since the beginning has been to emphasize on investment in the national manpower, as it is the real capital of the company.

The company's long term investment in a combination of advanced technologies with the highly trained and motivated work force has been the key factor in bringing us to this point in our development. Today, by the grace of ALLAH we are leading a way in heavy industry by providing structure and alloy steel in the form of billet & bars in all type of industrial, residential sectors.

Product Profile

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

PRODUCTS

DEFORMED BARS

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



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

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

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

STEEL BILLETS

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

PRODUCTION FACILITIES

INDUCTION FURNACES

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

LADLE REFINING FURNACES

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



AOD CONVERTER

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

CONTINUOUS CASTING

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

BAR ROLLING MILL

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

STRUCTURAL MILL

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

Quality

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

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

Emission Spectrometer

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



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

LECO CS – 230 Analyzer

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

Universal Tensile Testing Machine

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

Moreover this machine complies with ISO 7500-1, ISO-6892, ISP-15630, ASTMA-730, ASTM E4, ASTM E9, ASTM D 76, JISZ 2841 standards.

Hardness Testing

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

Metallography

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



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

Chemical Analysis

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

Sample Preparation

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

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



PROFILE OF DIRECTORS

Mr. Shahzad Javed , Chief Executive Officer / Director

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

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

Mr. Mian Muhammad Pervaiz Shafi, Director

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

Mr. Muhammad Mubashir Iqbal, Director

Mr. Muhammad Mubashir Iqbal is serving as independent director. He holds an MBA degree from the University of Central Punjab and to his credit has a very rich banking and management experience. His banking experience includes senior level positions in Bank Alfalah Ltd, Burj Bank Ltd, Barclays Bank, Standard Chartered and Citibank N.A. Some of his core areas of expertise are people management, revenue generation, large team management & development and sales management. Currently, he is also working as Chief Executive Officer of an agricultural company in addition to heading a real estate company. His presence as an independent member on the Board is going to be a highly valuable addition leading to the over-all better performance of the management in all business segments.



Mr. Khurram Jamil, Director

Mr. Khurram Jamil has earned Master degree from Lahore and having vast experience in dynamic Business sector. He has more than 20-years in various business sector. He is devoted and committed with his business strategies. Under his directorship company expects to achieve new heights and can further excel in the steel industry. He is also member of Audit Committee.

Mrs. Tayyab Ali, Director

He is very energetic intelligent, hardworking, dedicated with his work and task oriented personality. At present, he is also member of Audit Committee and Human Resource Committee.

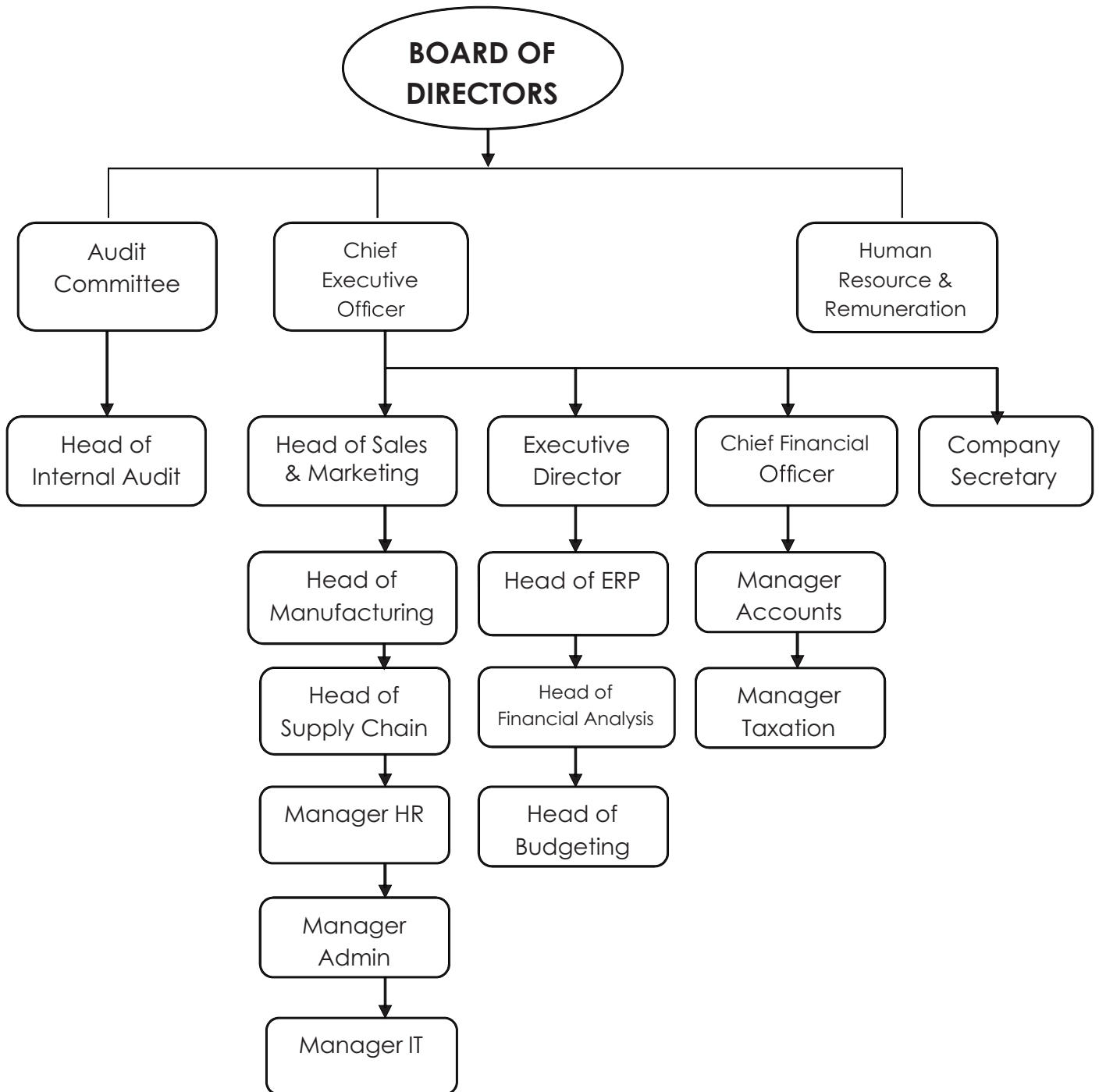
Mrs. Sobia Irshad, Director

Miss Sobia Irshad is graduate from Lahore. Her presence on the board and as a member of Audit Committee has brought numerous initiatives to set high standers and bench mark for the performance of the company, She also aims to work for the improvement of product portfolio of the Company and expending its customer base.

Mrs. Wajeaha Shahzad, Director

Mrs. Shahzad Javed is a graduate from Kinnaird College Lahore, Apart from serving the Board she supervising the Procurement of raw materials and is also serving as a member of HR & Remuneration Committee.

ORGANOGRAM OF COMPANY





CHARIMAN MESSAGE

Dear Shareholders:

The financial year ending on June 30, 2021 has brought some very good news for us as we have been remarkably successful in producing outstanding results. During the year our sales volume has almost doubled to Rs 6.2 billion which was Rs 3.39 billion in the previous year. Our gross profit has phenomenally risen to Rs 645.95 million as compared to the last year's figure of Rs 17.56 million. The company this year has earned net profit of Rs 266.76 million as compared to the last year's loss of Rs. 212.81 million.

These remarkably outstanding results could not have been possible without the management's focused and committed efforts towards best utilization of our resources in addition to the praiseworthy role of all our staff in making the company profitable again through their untiring efforts.

At the external front, the government's comprehensive package for the construction industry and its spending on public sector development gave a significant boost to the demand of steel products making our industry to grow and play its role in the development of the country. The start of construction work on Diامر Basha dam has also resulted into significant increase in the demand of steel products. I am confident that in future as well the steel industry is going to keep up its growth momentum as the government is showing keen interest in speeding up the projects announced/started under the banner of China Pakistan Economic Corridor (CPEC) in addition to Naya Pakistan Housing Scheme and Ravi Riverfront Urban Development projects.

Furthermore, with Covid-19 pandemic being under control, the economic activities in the country are gradually gaining momentum and it is expected that the industrial sector in general and our industry in particular shall keep attaining higher and higher growth figures. It is also expected that the government's facilitation of the industrial sector will continue in future as well so that the economic benefits of growth/prosperity in this sector make the country grow on sustainable basis.

The above-mentioned remarkably well results are in spite of higher cost of doing business in terms of steep rise in the prices of scrap in the international market during the year in addition to frequent rise in electricity tariff and other related costs. I hereby congratulate the management and staff for achieving these results and hope that the growth potential of our company will be fully exploited to attain higher and higher profitability in the times falling ahead.



CHIEF EXECUTIVE MESSAGE

Dear Shareholders:

This year has been a great success story for our company as we have effectively turned around things in terms of our operational efficiency and profitability. The company had to suffer loss during the previous year on account of contraction of national economy due to Covid-19 pandemic which led to frequent stoppage of production, very low sales volumes and decline in revenues. With the pandemic being under control now the economic activities in the country are gradually gaining momentum. The large scale manufacturing in the country grew at a 16-year high level of 14.85% this year which in itself is an encouraging factor in the backdrop of the pandemic. This year the net sales of the company touched the level of Rs 6.2 billion which is near to double of the last year's figure. The gross profit of the



company has remarkably increased to Rs 645.95 million as compared to the last year's figure of Rs 17.56 million. The company during the year earned net profit of Rs 266.76 million as compared to the loss it had to suffer in the previous year. This year the earning per share is Rs 1.85. The above-mentioned highly impressive results are due to significant increase in the demand of steel products on account of the government's package for the construction industry in addition to the government's spending on infrastructure development through public sector development program. Moreover, the start of construction work on Diamer Basha dam has also given a tremendous boost to the steel industry.

Internally, we throughout the year made our best possible and untiring efforts to achieve such remarkable results through optimal utilization of resources and best-fit financial mix. The credit for such a great success goes to the management and all our staff who left no stone unturned to achieve higher and higher organizational goals.

The steel industry in the country is expected to further grow and reach new heights as infrastructure development projects related to China Pakistan Economic Corridor (CPEC) are also expected to gain momentum leading to positive impact on the demand of the steel products. Moreover, the industry is expected to achieve even greater milestones on its trajectory to growth through the execution of projects like Naya Pakistan Housing Scheme and Ravi Riverfront Urban Development Project in the short- as well as long-run.

Finally, I would like to thank our shareholders for reposing their trust and confidence in us and assure them that we would make our best possible efforts to create value for them. I am also thankful to the management and staff of the company for making all-out efforts to produce such tremendous results and confident that the difficult times are finally behind us. The road ahead will lead us to even higher prosperity/profitability.

DIRECTORS' REPORT

It gives me great pleasure in presenting to you the Company's 16th Annual Report and Audited Accounts for the year ended 30th June 2021.





FINANCIAL RESULTS

Key financial results for the year are as follows:

Rupee in Million	Year Ended June 30, 2021	Year Ended June 30, 2020
(Loss)/Profit before tax	439	(165)
Taxation	172	(47)
Other comprehensive (loss)/income	(4.4)	2.7
Un-appropriated profit	266	(238)
Opening retained Earnings	1,044	1,226
Total balance available for appropriation	1,331	1,044
Appropriations: *		
Transfer to general reserves	1,331	1,044
Proposed dividend 0% (2020:0%)	-	-
Earnings per share - basic & diluted (Rs)	1.85	(1.47)

I hereby present a snapshot of the report related to our performance during the financial year ending on June 30, 2021.

This year has proved to be an outstanding one in terms of our performance and profitability. In spite of rising costs of doing business on account of significant increase in the prices of scrap in the international market and other related costs we have been able to turn around things positively and lifted the company from loss to reasonable profitability.

Our sales volume generating revenue of Rs 6.2 billion almost doubled from that of the last year's figure. There has been a tremendous increase in our gross profit which increased from the last year's figure of Rs 17.56 million to Rs 645.95 million. The company has earned net profit of Rs 266.76 million while earning per share is Rs 1.85. These extraordinarily good results have been possible due to synergistic and well-focused efforts on the part of the management and all our staff. The company is looking forward to further build upon this great success and achieve even greater and greater heights to become a leader in the steel industry. In addition to corporate sales we have a sound and robust distribution network in place on the back of which we are much confident to further increase our sales volume to the maximum possible level in future as well.



1. Dividend

The Board has not proposed any cash dividend or bonus shares for the year ended June 30, 2021.

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

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

3. General

The Directors of Ittefaq Iron Industries Ltd (IILL) are pleased to present the annual report together with the audited financial statements of the company for the year ended 30th June 2021 and the auditors' report thereon.

4. Presentation of financial Statements

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

5. Accounting policies

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

6. Books of Accounts

Proper books of accounts have been kept and maintained by the company as per the relevant provision of Company's act-2017. Compliance with International Accounting Standards (IAS) and and International Financial Reporting Standards (IFRS), as applicable in Pakistan adopted by Securities And Exchange Commission Of Pakistan And Institute Of Chartered Accountants Of Pakistan, have been ensured in preparation of financial statements.

7. Internal control System

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



8. Best practices of Corporate Governance

IIIL, as a model corporate entity, pursues perfection by adherence to the best corporate and ethical practices. Best practices of corporate governance, as given in the Companies Act 2017, are being applied and implemented in true letter and spirit. All periodic financial statements of the company were circulated to the Directors, duly endorsed by Chief Executive Officer and Chief Financial Officer, for approval before publication. Quarterly unaudited financial statements along with Directors' review were published and circulated to the shareholders and regulators.

(a) . Shareholding Pattern.

Pattern of shareholding of the company in accordance with Listed Companies (Code of Corporate Governance) Regulation, 2019 and the Companies Act, 2017, as on 30th June 2021 is attached at the end of the report.

(b). Shareholders' Information.

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

9. Human Resource Committee

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

10. Role of Chairman

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

11. Board Composition

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

12. Performance Evaluation of the Board

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



13. Meetings of Board of Directors

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

14. Committees of the Board

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

a. Audit Committee

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

15. Board of Director's Remuneration

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

16. Qualifications of CFO and Head of Internal Audit.

Chief Financial Officer and Head of Internal Audit possess the requisite qualification and experience as prescribed in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

17. Training of the Board Members.

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

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

Pursuant to the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors has carefully reviewed and approved the Vision, Mission and Corporate Strategy of the company. It comprehensively states the ideology with which IIL was incorporated. We ensure that our Vision and Mission set the direction of our overall corporate strategy. The entire organization is connected and driven by a well-defined purpose and it serves the decision making criterion in our day to day business.

19. Code of Conduct.

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

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

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

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



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

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

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

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

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

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

22. Relations with Company Personnel

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

23. Gratuity Funds Investment.

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

24. Related Party Transactions.

Pursuant to the Listed Companies (Code of Corporate Governance) Regulations, 2019 and requirement of the Company's Act 2017, the company adheres to the highest ethical standards in the conduct of business. Policy on related party transactions of the company is duly approved by the Board of Directors.

25. External Auditors.

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

M / s. SARWARS Chartered Accountants, has completed the Annual Audit for the year ended 30th June 2021 and will retire on conclusion of the Annual General Meeting. In view of the good corporate governance practices, the Board has recommended, for approval by the shareholders duly endorsed by the Audit Committee, the appointment of M/s. SARWARS Chartered Accountants, as External Auditors of the Company for the year ending 30th June 2022.



26. Environmental & Social Policy.

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

27. Whistle Blowing Policy.

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

28. Disclosures.

To the best of our knowledge, Directors (except as shown in the pattern of shareholding in the report), Chief Executive/Managing Director, CFO, Company Secretary, Company Auditors, their spouses and their minor children have not undertaken any trading in shares of the company during the FY 2020-2021.

CEO/ Director





INDEPENDENT AUDITOR’S REVIEW REPORT To the members of Ittefaq Iron Industries Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on Our Review, except for non-compliance to Regulation No. 18 and 19, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

Reference of Regulation	Description	Explanation
18,19	The required number of Directors have not participated in the Director Training Programme.	According to Regulation by June 30, 2021 at least half of the directors on the panel of Board of directors must have gone through Director Training Programme.

SARWARS
CHARTERED ACCOUNTANTS



Place: Lahore
Date: September 23, 2021





KEY FIGURES

PKR

Sales Revenue

6,200,915,070

(2020: 3,385,124,629)

PKR

EBITDA

265,055,708

(2020: (11,949,836))

PKR

Profit before Tax & Depreciation

300,498,200

(Loss before Tax & Depreciation 2020: (48,918,805))

PKR

Profit After Tax

266,761,003

(Loss after Tax 2020: (212,806,865))

PKR

Earning per share

1.85

(Earning per share 2020: (1.47) ())



%

Return on Capital Employed

0.07

(2020: 0.01)

PKR

Total Asset

7,455,057,988

(2020: 6,408,306,473)

%

Current Ratio

2.19

(2020: 2.26)

PKR

Shareholder Equity

3,865,965,746

(2020: 3,378,711,655)

PKR

Breakup value per share

26.78

(2020: 23.41)



Last Five year Financial Review

(Amounts in PKR Mn.) Income Statement	FY17 Audited	FY18 Audited	FY19 Audited	FY20 Audited	FY21 Audited
Sales	959	6,198	6,809	3,385	6,200
Cost of Goods Sold	876	5,578	6,181	3,368	5,554
Gross Profit	83	619	639	18	645
EBITDA	98	650	628	-12.03	273
Operating Profit	67	544	505	-128	404
Financial Charges	26	82	159	63	35
Profit before Taxation	42	415	322	-191	439
Profit after Taxation	33	270	198	-239	267
Balance Sheet					
Non-Current Assets	1,441	1802	1722	1,965	2,069
Current Assets	2,510	4218	4699	4,433	5,385
Total Assets	3,950	6020	6422	6,408	7,455
Share Capital	895	1,312	1,443	1,443	1,443
Total Equity (including surplus on revaluation of assets)	1,795	3,944	4,098	3,979	4,441
Non-Current Liabilities	366	266	290	248	557
Deferred Liabilities	138	161	190	216	68
Current Liabilities	1,651	1648	1,842	1,965	2,455
Total Liabilities	2,156	2,075	2,323	2,429	3,014
Total Equity and Liabilities	3,950	6,020	6,422	6,408	7,455
Total Number of Issued Shares of PKR 100 each (mn)#	8.9	13.12	14.43	14.43	14.43
Financial Ratios					
Gross Margin(1)	8.7%	9.99%	9.39%	0.52%	10.42%
Operating Profit Margin(2)	7.0%	8.77%	7.42%	-3.78%	6.51%
Net Margin(3)	3.4%	4.35%	2.91%	-6.29%	4.30%
EBITDA Margin(4)	10.3%	10.49%	9.22%	-0.36%	4.27%
EBIT Margin(5)	7.1%	8.37%	7.42%	-3.78%	6.51%
Earnings Per Share (PKR) (6)	0.36	2.25%	1.37%	-1.47%	1.85 %
Current Ratio (x) (7)	1.52	2.6%	2.6%	2.26%	2.19 %
Breakup Value Per Share (PKR) (8) (excluding surplus on revaluation of assets)	17.38	25	24	23.4	26.8
Breakup Value Per Share (PKR)(9) (including surplus on revaluation of assets)	20.06	30	28	27.6	30.7
Working Capital Turnover (x) (10)	1.97*	2.4	2.38	1.37	2.12
Inventory Days(11)	98	106	109	176	127
Receivable Days(12)	45	36	42	158	78
Payable Days(13)	38	24	21	38	19
Inventory Turnover(14)	3.05*	2.84	2.56	2	2.35



(Amounts in PKR Mn.) Income Statement	FY17 Audited	FY18 Audited	FY19 Audited	FY20 Audited	FY21 Audited
Receivable Turnover (15)	6.62	8.25	7.02	2.62	3.90
Payable Turnover (16)	7.97	12.68	14.01	1.84	2.35
Asset Turnover (17)	96.4%	111.9%	109%	53%	83%
Return on Asset (18)	3.3%	4.87%	3.18%	-3.32%	3.58%
Return on Equity (including surplus on revaluation) (19)	7.3%	7.59%	4.92%	-5.35%	6.01%
Return on Equity (excluding surplus on revaluation) (20)	8.5%	8.74%	5.58%	-6.30%	6.90%
Return on Fixed Asset (21)	9.0%	17.09%	11.20%	-5.30%	13.22%
Debt to Equity (including surplus on revaluation) (22)	0.87	0.42	.32	0.46	0.43
Debt to Equity (excluding surplus on revaluation) (23)	1.00	0.51	.375	0.549	0.49
Debt to Assets (24)	0.39	0.34	.20	0.27	0.23

Notes:

- (1) Gross Margin is calculated by dividing the gross profit for the year with the net sales of the same year
- (2) Operating Profit Margin is calculated by dividing the operating profit for the year with the net sale of the same year
- (3) Net Margin is calculated by dividing the profit after tax of the year with the net sales of the same year
- (4) EBITDAMargin is calculated by dividing the earnings before interest, tax, depreciation and amortization of the year with the net sales of the same year
- (5) EBIT Margin is calculated by dividing the earnings before interest and tax of the year with the net sales of the same year
- (6) Earnings per Share is calculated by dividing the profit after tax of the year with the total number of current issued shares (1,443 million ordinary shares)
- (7) Current Ratio is calculated by dividing the total current assets of the year with the total current liabilities of the same year
- (8) Breakup Value per Share excluding surplus on revaluation of fixed assets is calculated by dividing the Net equity less revaluation of fixed assets with the total number of current issued shares (1,443 million ordinary shares)
- (9) Breakup Value per Share including surplus on revaluation of fixed assets is calculated by dividing the Net equity of the year with the total number of current issued shares (1,443 million ordinary shares)
- (10) Working Capital Turnover is calculated by dividing the net sales of the year with the working capital of the same year
- (11) Inventory Days is calculated by dividing 300 with the inventory turnover ratio
- (12) Receivable Days is calculated by dividing 300 with the receivable turnover ratio
- (13) Payable Days is calculated by dividing 300 with the payable turnover ratio
- (14) Inventory Turnover is calculated by dividing the Cost of Goods Sold of the year with average of inventory
- (15) Receivable Turnover is calculated by dividing the Net Sales of the year with average of receivables
- (16) Payable Turnover is calculated by dividing the Cost of Goods Sold of the year with average of payables
- (17) Asset Turnover is calculated by dividing the Net Sales of the year with the average total assets
- (18) Return on Assets is calculated by dividing the Profit after Tax of the year with the average total assets
- (19) Return on Equity is calculated by dividing the Profit after Tax of the year with the average equity (including surplus on revaluation of assets)
- (20) Return on Equity is calculated by dividing the Profit after Tax of the year with the average equity (excluding surplus on revaluation of assets)
- (21) Return on Fixed Assets is calculated by dividing the Profit after Tax of the year with the average non-current assets
- (22) Debt to Equity is calculated by dividing the total debt of the year (including mark-up payable and short term liabilities) with the equity (including surplus on revaluation of assets) of the same year
- (23) Debt to Equity is calculated by dividing the total debt of the year (including mark-up payable and short term liabilities) with the equity (excluding surplus on revaluation of assets) of the same year
- (24) Debt to Assets is calculated by dividing the total debt of the year (including mark-up payable and short term liabilities) with the total assets of the same year. Currently the issued capital of the Company consists of 1,443 million ordinary shares



CODE OF CONDUCT

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

FINANCIAL DISCLOSURE

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

CONFLICT OF INTEREST

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

COMPLIANCE WITH LAWS, DIRECTIVES & RULES

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

CONFIDENTIALITY

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

TIME MANAGEMENT

The Directors and the employees of the Company shall ensure that they adopt



efficient and productive time management schedules.

BUSINESS INTEGRITY

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

INSIDER TRADING

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

HEALTH, SAFETY & ENVIRONMENT

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

INVOLVEMENT IN POLITICS, GIFTS & BRIBARY

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

COMPLIANCE

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



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

ACCOUNTABILITY

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



STATEMENT OF COMPLIANCE

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

For The Year Ended: June 30, 2021

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

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

- a) Male : 5 (FIVE)
- b) Female : 2 (TWO)

2. The composition of board is as follows:

a) Independent Directors:

Mr. MUHAMMAD MUBASHIR IQBAL
Mr. KHURRAM JAMIL

b) Other-Non Executive Director:

Mr. TAYYAB ALI
Mrs. WAJEEHA SHAHZAD
Mrs. SOBIA IRSHAD

c) Executive Director

Mian Muhammad Pervaiz Shafi
Mr. Shahzad Javed

3. The Directors have confirmed that none of them is serving as Director on more than five (5) listed companies including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.



5. The board has developed a vision/ mission statement overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board /shareholders as empowered by the relevant provisions of the Companies Act 2017 (:the Act) and these Regulations.

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

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Company takes keen interest in the professional development of its Board members. In House training have been arranged for Board members, however, none of the directors of the company have attended Directors' Training Program. The management is conscious of its responsibilities and is hopeful that the training of all directors shall be completed before June 30, 2021.

10. The Board has approved appointment of Chief Financial Officer during the year his remuneration and terms and conditions of employment. There were no new appointments of Company Secretary and Head of Internal Audit during the year.

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

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

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

a) **Audit Committee**

Mr. Muhammad Mubashir Iqbal	Chairman of the Committee
Mr. Adnan Younas	Secretary of the Committee
Mr. Khurram Jamil	Member
Ms. Tayyab Ali	Member
Ms. Sobia Irshad	Member



a) **Human Resources & Remuneration Committee**

Mr. Muhammad Mubashir Iqbal	Chairman of the Committee
Ms. Tayyab Ali	Member
Ms. Wajeeha Shahzad	Member

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

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

Committee	Frequency requirement	Meeting Held
(a) Audit Committee	Meeting is to be held at least once in every quarter	(Four) Meetings of the committee were held during the year.
(b) Human resources and Remuneration Committee	Meeting is to be held at least once in every financial year	(Two) Meetings of the committee were held during financial year.

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

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

18. The statutory auditor has not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditor has confirmed that he has observed IFAC guidelines in this regard.

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



Non-Mandatory Requirement	Reg. No.	Explanation
Representation of Minority shareholders: The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	5	No one intended to contest election as director representing minority shareholders.
Responsibilities of the Board and its members: Adoption of the corporate governance practices	10 (1)	Non-mandatory provisions of the CCG Regulations are partially compiled
Nominations Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29(1)	Currently, the Board has not constituted a separate Nomination Committee and the function are being performed by the Executive Committee.
Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	Currently, the Board has not constituted a Risk Management Committee and the Company's Risk Management Officer performs the requisite functions and apprises the board accordingly.

20. We confirmed that all other requirements of the regulations have been complied with.

For and on behalf of the Board.

Mian Muhammad Pervaiz Shafi
Chairman

Shahzad Javed
Chief Executive Officer

Lahore: Dated September 23, 2021



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Financial Statements

For the year ended 30 June 2020





ITTEFAQ IRON INDUSTRIES LTD.



THE COMPANIES ACT, 2017

FORM 34

(Section 227(2)(f))

PATTERN OF SHAREHOLDING

1.1 Name of the Company

ITTEFAQ IRON INDUSTRIES LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2021

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
293	1	100	14,634
244	101	500	103,129
2,030	501	1,000	1,219,533
1,647	1,001	5,000	3,276,972
229	5,001	10,000	1,753,134
70	10,001	15,000	859,066
33	15,001	20,000	612,962
31	20,001	25,000	743,600
10	25,001	30,000	282,200
9	30,001	35,000	303,939
11	35,001	40,000	428,931
8	40,001	45,000	351,600
16	45,001	50,000	789,700
11	50,001	55,000	590,605
5	55,001	60,000	296,250
5	60,001	65,000	316,300
5	65,001	70,000	343,450
2	70,001	75,000	146,050
2	75,001	80,000	156,000
1	80,001	85,000	84,500
2	85,001	90,000	171,850
3	90,001	95,000	281,000
13	95,001	100,000	1,296,376
2	105,001	110,000	216,000
3	110,001	115,000	331,100



1	115,001	120,000	115,200
4	120,001	125,000	495,450
1	125,001	130,000	128,500
1	130,001	135,000	130,220
1	140,001	145,000	143,000
1	145,001	150,000	150,000
1	155,001	160,000	156,800
1	160,001	165,000	164,500
1	190,001	195,000	195,000
5	195,001	200,000	1,000,000
3	210,001	215,000	635,350
1	245,001	250,000	250,000
1	265,001	270,000	266,200
1	270,001	275,000	275,000
1	285,001	290,000	288,000
3	295,001	300,000	900,000
1	330,001	335,000	334,000
2	345,001	350,000	700,000
1	370,001	375,000	375,000
1	380,001	385,000	383,000
1	410,001	415,000	415,000
2	435,001	440,000	875,500
1	440,001	445,000	443,500
1	445,001	450,000	445,500
1	495,001	500,000	496,000
1	500,001	505,000	503,500
1	515,001	520,000	519,996
1	520,001	525,000	522,500
1	525,001	530,000	527,500
1	540,001	545,000	545,000
1	635,001	640,000	640,000
1	650,001	655,000	650,500



2	695,001	700,000	1,398,000
1	700,001	705,000	701,500
1	745,001	750,000	750,000
1	770,001	775,000	773,500
1	800,001	805,000	802,500
1	825,001	830,000	828,000
1	860,001	865,000	862,000
1	910,001	915,000	915,000
2	995,001	1,000,000	2,000,000
1	1,010,001	1,015,000	1,013,000
1	1,385,001	1,390,000	1,389,000
1	1,515,001	1,520,000	1,516,099
1	1,835,001	1,840,000	1,839,607
1	1,855,001	1,860,000	1,859,990
1	2,495,001	2,500,000	2,500,000
1	3,360,001	3,365,000	3,364,339
1	4,055,001	4,060,000	4,058,500
1	5,180,001	5,185,000	5,181,500
1	5,715,001	5,720,000	5,717,976
1	5,785,001	5,790,000	5,786,693
1	5,915,001	5,920,000	5,919,290
1	6,730,001	6,735,000	6,734,000
1	6,785,001	6,790,000	6,787,902
1	6,940,001	6,945,000	6,940,758
1	8,850,001	8,855,000	8,854,780
1	8,965,001	8,970,000	8,968,828
1	9,025,001	9,030,000	9,025,500
1	9,555,001	9,560,000	9,559,946
1	9,655,001	9,660,000	9,656,559

4,761

144,343,364



2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	11,782,240	8.1626%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	2,501,000	1.7327%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	9,958,200	6.8990%
2.3.7 Shareholders holding 10% or more	0	0.0000%
2.3.8 General Public		
a. Local	114,249,320	79.1511%
b. Foreign	1,600	0.0011%
2.3.9 Others (to be specified)		
- Joint Stock Companies	5,762,208	3.9920%
- Others	88,796	0.0615%



ITTEFAQ IRON INDUSTRIES LIMITED

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

As on June 30, 2021

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	CDC TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	640,000	0.4434%
2	CDC - TRUSTEE FAYSAL MTS FUND - MT (CDC)	50,000	0.0346%
3	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND (CDC)	10,000	0.0069%
4	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND (CDC)	915,000	0.6339%
5	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	545,000	0.3776%
6	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	5,181,500	3.5897%
7	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND (CDC)	650,500	0.4507%
8	CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT (CDC)	334,000	0.2314%
9	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT (CDC)	522,500	0.3620%
10-	CDC - TRUSTEE NBP SAVINGS FUND - MT (CDC)	25,000	0.0173%
11	CDC - TRUSTEE - MEEZAN DEDICATED EQUITY FUND (CDC)	375,000	0.2598%
12	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND (CDC)	700,000	0.4850%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. SHAHZAD JAVED (CDC)	9,887,500	6.8500%
2	MIAN MUHAMAMD PERVAIZ SHAFI (CDC)	34,000	0.0236%
3	MST. WAJEEHA SHAHZAD (CDC)	1,859,990	1.2886%
4	MST. SOBIA IRSHAD (CDC)	100	0.0001%
5	MR. TAYYAB ALI (CDC)	100	0.0001%
6	MR. MUHAMAMD MUBASHIR IQBAL	300	0.0002%
7	MR. KHURRAM JAMIL	250	0.0002%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		2,510,700	1.7394%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	MST. KHALID PERVEZ (CDC)	9,656,559	6.6900%
2	MR. MUHAMMAD HASNAIN TARIQ SHAFI (CDC)	9,559,946	6.6231%
3	MR. SHAHZAD JAVED (CDC)	9,887,500	6.8500%
4	MR. ATIF MUBARIK (CDC)	8,968,828	6.2135%
5	RANA NISAR AHMAD (CDC)	8,854,780	6.1345%

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

<u>S. No.</u>	<u>NAME</u>	<u>SALE</u>	<u>PURCHASE</u>	<u>BONUS</u>
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Dear Sir, please check at your end



SARWARS

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

ITTEFAQ IRON INDUSTRIES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **Ittefaq Iron Industries Limited** (the Company), which comprise the statement of financial position as at **June 30, 2021**, and the statement of profit or loss, and statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the Profits and other comprehensive Income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

EMPHASIS OF MATTER PARAGRAPH

We refer to note no. 19.1 to the financial statements for the year ended June 30, 2021, the company is under litigation with the banks on the application and payment of mark-up and recoverability of outstandings and other matters outlined in note no. 19.1. The management is of the opinion that no provision is required for the current year mark up and other related matters, as the matter is subjudice with the Higher Courts. The legal advisor is of the opinion that the management is pursuing the case vigorously and is hopeful that the final settlement would be in favor of the company.





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

Our opinion is not modified in respect of these matters.

KEY AUDIT MATTERS

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

Following are the Key audit matters:

There are no key audit matter worth reporting.

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

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

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

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



Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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



- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

OTHER MATTER PARAGRAPH

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

**SARWARS
CHARTERED ACCOUNTANTS**

Engagement Partner: Rashid Sarwar (FCA)



Place: Lahore
Date: September 23, 2021

STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2021

EQUITY AND LIABILITIES	Note	30 / Jun / 2021 Rupees	Re-stated 30 / Jun / 2020 Rupees
Share capital and reserves			
Share capital	7	1,443,433,640	1,443,433,640
Equity portion of loan from directors	8	316,329,215	316,329,215
Capital reserves			
Share premium	9	774,507,925	774,507,925
Surplus on revaluation of property, plant and equipment	10	575,392,456	600,648,346
		1,349,900,381	1,375,156,271
General reserves			
Un-appropriated profit		1,331,694,966	1,044,147,834
		4,441,358,202	4,179,066,960
Non-current liabilities			
Long-term finances	11	189,202,089	-
Lease liabilities	12	36,589,947	48,618,353
Deferred taxation	13	263,719,717	170,667,342
Deferred liabilities	14	68,326,851	44,847,611
		557,838,604	264,133,306
Current liabilities			
Trade and other payables	15	1,014,398,702	501,148,745
Unclaimed dividends	16	3,730,079	9,286,705
Mark-up accrued on borrowings	17	72,533,323	66,092,112
Short-term borrowings	18	1,353,170,672	1,378,552,864
Current portion of lease liabilities	12	12,028,406	10,025,781
		2,455,861,182	1,965,106,207
Contingencies and commitments			
	19	-	-
		7,455,057,988	6,408,306,473

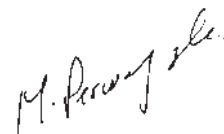
The annexed notes from 1 to 50 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF FINANCIAL POSITION

AS AT 30 June 2021

ASSETS	Note	30 / Jun / 2021 Rupees	30 / Jun / 2020 Rupees
Non-current assets			
Property, plant and equipment	20	1,980,221,679	1,868,322,054
Right-of-use assets	21	70,373,830	78,193,144
Long-term deposits	22	18,972,226	18,972,226
		2,069,567,735	1,965,487,424
Current assets			
Stores, spare parts and loose tools	23	375,799,706	305,300,914
Stock in trade	24	2,418,538,554	1,619,455,614
Trade debts	25	1,566,514,762	1,615,818,104
Loans and advances	26	424,509,169	389,288,457
Trade deposits and prepayments	27	141,125,374	131,051,855
Tax refunds due from government	28	425,002,284	304,689,641
Cash and bank balances	29	34,000,404	77,214,464
		5,385,490,253	4,442,819,049
		7,455,057,988	6,408,306,473

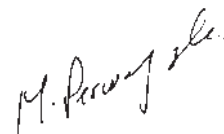
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2021

	Note	30 / Jun / 2021 Rupees	Re-stated 30 / Jun / 2020 Rupees
Sales - net	30	6,200,915,070	3,385,124,629
Cost of sales	31	5,554,967,132	3,367,569,092
Gross profit		645,947,938	17,555,537
Other operating income	32	9,446,550	3,761,503
Distribution and selling cost	33	65,983,655	51,111,490
Administrative and general expenses	34	75,877,242	71,484,428
Other operating cost	35	38,940,606	26,752,167
Finance cost	36	35,442,492	36,968,969
		216,243,995	186,317,054
Profit / (Loss) before taxation		439,150,493	(165,000,014)
Taxation	37	(172,389,490)	(47,806,851)
Profit / (Loss) after taxation		266,761,003	(212,806,865)
Earnings / (Loss) per share (basic and diluted)	38	1.85	(1.47)

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	30 / Jun / 2021 Rupees	Re-stated 30 / Jun / 2020 Rupees
Profit / (Loss) after taxation		266,761,003	(212,806,865)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Employee retirement benefits:			
Remeasurement of defined benefits obligation	14	(6,295,438)	3,847,947
Related deferred tax	13	1,825,677	(1,115,905)
		(4,469,761)	2,732,042
Total comprehensive income / (loss) for the year		262,291,242	(210,074,823)

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Reserves					Director's Loan	Total equity
	Share capital	Capital		Revenue			
		Share premium	Surplus on revaluation of operating asset	Un-appropriated profit			
----- Rupees -----							
As at 30 June 2019	1,443,433,640	774,507,925	628,655,446	1,226,215,557	26,118,927		4,098,931,495
Profit after taxation for the year	-	-	-	(238,925,792)	-		(238,925,792)
Other comprehensive income							
Employee retirement benefits							
Remeasurements of benefit plan	-	-	-	3,847,947	-		3,847,947
Less: Related deferred tax	-	-	-	(1,115,905)	-		(1,115,905)
	-	-	-	2,732,042	-		2,732,042
Transfer from revaluation surplus (net of deferred tax) - note 10	-	-	(28,007,100)	28,007,100	-		-
Balance as at 30 June 2020	1,443,433,640	774,507,925	600,648,346	1,018,028,907	26,118,927		3,862,737,745
Effect of reclassification				26,118,927	290,210,288		316,329,215
Balance as at 1st July 2020 Re-stated	1,443,433,640	774,507,925	600,648,346	1,044,147,834	316,329,215		4,179,066,960
Profit after taxation for the year	-	-	-	266,761,003	-		266,761,003
Other comprehensive income							
Employee retirement benefits							
Remeasurements of benefit plan	-	-	-	(6,295,438)	-		(6,295,438)
Less: Related deferred tax	-	-	-	1,825,677	-		1,825,677
	-	-	-	(4,469,761)	-		(4,469,761)
Transfer from revaluation surplus (net of deferred tax) - note 10	-	-	(25,255,890)	25,255,890	-		-
Balance as at 30 June 2021	1,443,433,640	774,507,925	575,392,456	1,331,694,966	316,329,215		4,441,358,202

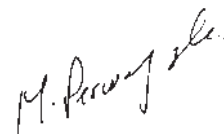
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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF CASH FLOW

For the year ended 30 June 2021

	Note	30 / Jun / 2021 Rupees	Re-stated 30 / Jun / 2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	228,930,792	295,222,476
Income taxes paid	28.1	(143,107,931)	(130,982,205)
Workers' profit participation fund paid	15.3	-	(15,995,701)
Employee benefits paid	14.1	(5,571,677)	(3,597,824)
Finance cost paid		(29,001,281)	(43,027,755)
Net cash generated from operating activities		<u>51,249,903</u>	<u>101,618,991</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) in long-term deposits		-	-
Acquisition of property, plant and equipment		(185,045,003)	(280,928,529)
Capital work-in-progress		(57,688,450)	-
Expense incurred for right-to-use assets		-	(5,934,573)
Proceeds from disposal of property, plant and equipment	20.3	32,000	78,000
Net cash used in investing activities		<u>(242,701,453)</u>	<u>(286,785,102)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		(5,556,626)	(6,303,178)
Re-payment of lease obligations	12.2	(10,025,781)	(13,635,866)
Long Term Loan	11.1	189,202,089	-
Proceeds from short-term borrowings (net)		(25,382,192)	146,269,433
Net cash generated from financing activities		<u>148,237,490</u>	<u>126,330,389</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(43,214,060)	(58,835,722)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	29	77,214,464	136,050,186
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u>34,000,404</u>	<u>77,214,464</u>

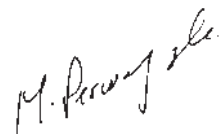
The annexed notes from 1 to 50 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



NOTES TO AND FORMING PART OF THESE FINANCIAL STATEMENTS

For the year ended 30 June 2021

1 STATUS AND ACTIVITIES

Ittefaq Iron Industries Limited ("The Company") (Formerly Ittefaq Sons Private Limited) was incorporated on February 20, 2004 and converted into public unquoted company on January 05, 2017. The company also changed its name from (Ittefaq Sons (Private) Limited) to (Ittefaq Iron Industries Limited) on February 09, 2017. The Company was listed on Pakistan Stock Exchange on July 03, 2017. The principal activity of the company is manufacturing of Iron Bars and Girders. Following is the detail of addresses of the Company.

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

2 STATEMENT OF COMPLIANCE

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

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

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

3 SUMMARY OF SIGNIFICANT EVENTS DURING THE YEAR

A novel strain of coronavirus (COVID-19) was classified as a pandemic by the World Health Organization on 11 March 2019, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses.

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

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

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

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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



IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019)

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 January 2019. Following are the key features of the accounting policy resulting from

- IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the entity, as a lessee has recognized right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments.
- The Company has applied IFRS 16 for the first time in the current year. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Right-of-use assets are presented as separate line item in the statement of financial position.

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

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

IFRS 3 'Business Combinations' (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020)

Amendment to IFRS 3 – Definition of a Business. The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

IAS 1 & IAS 8 'Presentation of Financial Statements' & 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective on or after 1 January 2020)

Amendments to IAS 1 and IAS 8. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

IAS 1 'Presentation of Financial Statements' (effective for the annual period beginning on or after 1 January 2022)

Amendments to IAS 1. Classification of liabilities as current or non-current. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.



IFRS 16	'Leases' (effective for annual periods beginning on or after 1 June 2020)	<p>Amendments to IFRS 16. To provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:</p> <ul style="list-style-type: none">- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and- there is no substantive change to the other terms and conditions of the lease.
IAS 37	'Provisions, Contingent Liabilities and Contingent Assets' (effective for the annual period beginning on or after 1 January 2022)	<p>Onerous Contracts – Cost of Fulfilling a Contract. It amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply amendments to contracts for which it has not yet fulfilled all its obligations at beginning of the annual reporting period in which it first applies amendments (date of initial application). Restatement of comparative information is not required, instead amendments require an entity to recognize cumulative effect of initially applying amendments as an adjustment to opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.</p>
IAS 16	'Property, Plant and Equipment' (effective for the annual period beginning on or after 1 January 2022)	<p>It clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable standards. Standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in manner intended by management on or after the beginning of earliest period presented in the financial statements in which the entity first applies amendments. The entity shall recognize cumulative effect of initially applying amendments as an adjustment to opening balance of retained earnings (or other component of equity, as appropriate) at beginning of that earliest period presented.</p>



<p>IFRS 9, IAS 39 and IFRS 7</p>	<p>'Financial Instruments', 'Financial Instruments - Recognition and Measurement' and 'Financial Instruments - Disclosures' (effective for the annual period beginning on or after 1 January 2022)</p>	<p>The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate. The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.</p>
<p>IFRS 9</p>	<p>'Financial Instruments', (effective for the annual period beginning on or after 1 January 2022)</p>	<p>The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.</p>
<p>IFRS 16</p>	<p>'Leases' (effective for annual periods beginning on or after 1 January 2022)</p>	<p>The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.</p>
<p>IAS 41</p>	<p>'Agriculture' (effective for annual periods beginning on or after 1 January 2022)</p>	<p>The amendment removes the requirement in paragraph 22 of IAS 41 'Agriculture' for entities to exclude taxation cash flows when measuring the fair value of a biological asset while using a present value technique.</p>

The company anticipates that the proposed amendments would not have any significant impact on the company's financial statements.

4.3 Revised Conceptual Framework for Financial Reporting

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

Key Changes include -

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



4.4 - Standards, amendments and improvements that are not yet effective

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements:

4.5- Amendments Effective date (annual periods beginning on or after)

IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	01 January 2023
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized

The above amendments are not expected to have any material impact on the financial statements, when effective

4.6- Improvement to accounting standards issued by the IASB (2018 – 2020 cycle)

IASB effective date (annual periods beginning on or after)

IFRS 9 - Financial Instruments - Fees in the '10 percent' test for- The DE recognition of financial liabilities 2022	01 January
IAS 41 - Agriculture - Taxation in fair value measurement	01 January 2022

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

IFRS 1 – First time adoption of IFRSs	01 January 2004
IFRS 17 – Insurance Contracts	01 January 2021

5 BASIS OF PREPARATION

5.1 Measurement

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

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

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



5.2 BASIS OF RESTATEMENTS

The company in previous years inadvertently charged interest expense on directors loan while discounting it as per relevant provisions of IAS 39, the loan has to be classified in statement of changes in equity, as the same was payable at the discretion of company as per regulations mentioned in TR-32 Para 3.3 issued by the ICAP .

The existing and revised effects in financial statements are detailed below .

	Previously Balances as at 30 June 2020	Impact of errors	Restated balance as at 01 July 2020
5.2.1 Effect of change			
<u>Statement of profit & loss</u>			
Loss After Tax	(238,925,792)	26,118,927	(212,806,865)
Other operating cost	-	26,118,927	26,118,927
<u>Statement of changes in equity</u>			
Un-appropriated profit	1,018,028,907	26,118,927	1,044,147,834

5.3 Significant accounting judgments and estimates

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

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

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

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

5.4 Functional and presentational currency

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



6 SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Property and equipment

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

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

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

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

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

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

6.2 Capital work in progress

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

6.3 Surplus on revaluation of property, plant and equipment

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

To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same assets are first recognized in other comprehensive income to the extent of remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Differences between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus on property plant and equipment to unappropriated profit.



6.4 Taxation

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

a) Current

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

b) Deferred

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

6.5 Right-of-use assets

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

6.6 Trade debts, loans, deposits and other receivables

a) Financial assets

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

b) Non-financial assets

These on initial recognition and subsequently are measured at cost.



6.7 Trade and other payables

a) Financial liabilities

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

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

b) Non-financial liabilities

These on initial recognition and subsequently are measured at cost.

6.8 Staff retirement benefits

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

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

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in OCI. The Company determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

6.9 Employees' compensated absences

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

6.10 Operating profit

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

6.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances, call deposits and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.



6.12 Stores, spare parts and loose tools

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

6.13 Stocks in trade

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

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

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

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

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

6.14 Lease obligations

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

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



6.15 Borrowing cost

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

6.16 Mark-up bearing borrowings

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

6.17 Provisions

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

6.18 Financial liabilities

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

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

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

6.19 Contingents

- a) Contingent liabilities - are disclosed when:
- (i) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
 - (ii) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.
- b) Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization become virtually certain.



6.20 Financial assets

a) Initial measurement

The Company classifies its financial assets in the following categories:

- (i) at fair value through profit or loss
- (ii) at fair value through other comprehensive income
- (iii) measured at amortized cost

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

b) Subsequent measurement

The financial assets are subsequently measured as follows:

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

c) De-recognition of financial assets

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

6.21 Foreign currency transactions and translations

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



6.22 Offsetting of financial assets and financial liabilities

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

6.23 Revenue recognition-IFRS 15

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

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

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

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

6.24 Dividend distribution and other appropriations

a) Dividend distributions

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

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

b) Appropriations

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

6.25 Ordinary share capital

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

6.26 Comprehensive income

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

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

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

6.27 Earnings per share ("EPS")

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

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



6.28 Impairment

a) Financial assets

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

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

Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit loss.

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

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

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

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

b) Non-financial assets.

The carrying amounts of the Company's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If such indication exists, the asset's recoverable amount, being higher of value of use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.



6.29 Related party transactions

The related parties of the Company comprise of associated undertakings, key management personnel and entities under common directorship as defined in the relevant provisions of the Companies Act, 2017..

Related party transactions are carried out on mutually agreed terms.

Pricing for these transactions are determined on the basis of comparable uncontrolled price method subject to if not agreed on mutual terms, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

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

a) Sale of goods and services

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

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

b) Purchases of goods and services

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

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

c) Dividend distribution

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

6.30 Determination of fair value

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

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

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

a) Trade and other receivables

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

b) Trade and other payables

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

c) Borrowings

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

6.31 Figures

Figures in these financial statements have been rounded off to the nearest of rupee.



7 SHARE CAPITAL

Authorized capital

2021	2020		30 / Jun / 2021	30 / Jun / 2020
----- Number of shares -----			<u>Rupees</u>	<u>Rupees</u>
300,000,000	300,000,000	Ordinary shares of Rs. 10 each	3,000,000,000	3,000,000,000

Issued, subscribed and paid-up capital

2021	2020		30 / Jun / 2021	30 / Jun / 2020
----- Number of shares -----			<u>Rupees</u>	<u>Rupees</u>
121,750,000	121,750,000	Ordinary shares of Rs. 10 each fully paid in cash	1,217,500,000	1,217,500,000
9,471,240	9,471,240	Ordinary shares of Rs. 10 each for consideration other than cash	94,712,400	94,712,400
13,122,124	13,122,124	Ordinary shares of Rs. 10 each issued as bonus shares	131,221,240	131,221,240
144,343,364	144,343,364		1,443,433,640	1,443,433,640

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

2021	2020		30 / Jun / 2021	30 / Jun / 2020
----- Number of shares -----			<u>Rupees</u>	<u>Rupees</u>
144,343,364	131,221,240	At beginning of the year	1,443,433,640	1,312,212,400
-	13,122,124	Bonus shares issued	-	131,221,240
144,343,364	144,343,364	Total at the year end	1,443,433,640	1,443,433,640

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

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

8 DIRECTOR'S LOAN

		30 / Jun / 2021	30 / Jun / 2020
		<u>Rupees</u>	<u>Rupees</u>
At the beginning of the year	8.1	316,329,215	316,329,215
Add: Addition during the year		-	-
Less: Repayment during the year		-	-
At the end of the year		316,329,215	316,329,215

8.1 It is interest free loan from directors amounting to Rs. 316.329 million (2020: Rs. 316.329 million). This loan has been classified into equity as per regulations of TR 32 issued by the Institute of Chartered Accountant of Pakistan. (see note 8.2 and 49).

8.2 A loan to an entity by the director with undetermined repayment period, which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently remeasured. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity.

9 CAPITAL RESERVES

Share premium	774,507,925	774,507,925
---------------	--------------------	-------------

9.1 This represents premium of Rs. 20.20 per share received by the Company adjusted by the transaction cost of Rs. 68.842 million on initial public offering ('IPO') of 41,750,000 shares of Rs. 10 each in the year 2017. This reserve can be utilized by the Company in accordance for the purpose specified in section 81 of the Companies Act, 2017.



10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land	Plant and machinery	Aggregate
	----- Rupees -----			
10.1 As at 30 June 2021				
Revaluation surplus				
At beginning of the year	338,684,248	26,493,495	342,470,024	707,647,767
Less: Transferred to unappropriated profit in respect of incremental depreciation charged for the year	-	(1,324,675)	(34,247,002)	(35,571,677)
At end of the year	338,684,248	25,168,820	308,223,022	672,076,090
Related deferred tax liabilities				
At beginning of the year	-	(7,683,113)	(99,316,308)	(106,999,421)
Incremental depreciation charged during the year	-	384,156	9,931,631	10,315,787
At end of the year	-	(7,298,957)	(89,384,677)	(96,683,634)
At end of the year (net)	338,684,248	17,869,863	218,838,345	575,392,456
10.2 As at 30 June 2020				
Revaluation surplus				
At beginning of the year	338,684,248	27,887,890	380,522,249	747,094,387
Less: Transferred to unappropriated profit in respect of incremental depreciation charged for the year	-	(1,394,395)	(38,052,225)	(39,446,620)
At end of the year	338,684,248	26,493,495	342,470,024	707,647,767
Related deferred tax liabilities				
On revaluation surplus at beginning of the year	-	(8,087,488)	(110,351,453)	(118,438,941)
Effect of change in tax rate	-	-	-	-
Incremental depreciation charged during the year	-	404,375	11,035,145	11,439,520
At end of the year	-	(7,683,113)	(99,316,308)	(106,999,421)
At end of the year (net)	338,684,248	18,810,382	243,153,716	600,648,346



- 10.3** The latest revaluation of property, plant and equipment of the Company was carried out by KG Traders independent professional valuers (approved business valuers on the panel of Pakistan Bank's Association) during the financial year 2018.
The said revaluation was carried out to replace the carrying amounts of assets with the market values / depreciated market values.
The Company has incorporated the revaluation adjustments [surplus / (impairment)] in the financial statements of the respective year.

	<u>Rupees</u>
10.4 Forced sale value of property, plant and equipment at that time is as under:	
Freehold land	316,205,312
Buildings on freehold land	318,759,137
Plant and machinery	772,000,000
Total	<u>1,406,964,449</u>

10.5 Basis of revaluation were as under as per the provisions of IFRS 13:

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

		<u>30 / Jun / 2021</u>	<u>30 / Jun / 2020</u>
		<u>Rupees</u>	<u>Rupees</u>
11 LONG-TERM FINANCES			
Loan from non financial institution (EGC)	Note 11.1	189,202,089	-
		<u>189,202,089</u>	<u>-</u>
11.1 Loan from non financial institution			
Opening For the Period		-	-
Addition during the year		189,202,089	-
At end of the year		<u>189,202,089</u>	<u>-</u>

Terms and conditions

The company (Ittefaq Iron Industries Limited) required financial support for arrangement/repayment of finances to the extent of PKR 200,000,000 or for the purpose of its working capital requirements or to meet its other business obligations. Company requested EGC (Elahi Group of Companies) to provide and EGC has agreed to facilitate the company in this matter in whole or in partial payments up to the extent of PKR 200,000,000. This loan agreement was negotiated between the parties on 30th September, 2020 and will expire on 30th September, 2023. Profit is calculated at the rate of 12% semi-annually.



		30 / Jun / 2021	30 / Jun / 2020
		Rupees	Rupees
12 LEASE LIABILITIES			
	Present value of minimum lease payments	48,618,353	58,644,134
	Less: Current portion of lease obligations	(12,028,406)	(10,025,781)
		36,589,947	48,618,353

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

	Minimum lease payments	Un-amortized future finance cost	Present value of minimum lease payments
	----- Rupees -----		
For the year ended 30 June 2021			
Payable not later than one year	19,971,480	7,943,074	12,028,406
Payable later than one year but not later than five years	44,935,830	8,345,883	36,589,947
	64,907,310	16,288,957	48,618,353
For the year ended 30 June 2020			
Payable not later than one year	19,971,480	9,945,699	10,025,781
Payable later than one year but not later than five years	64,907,310	16,288,957	48,618,353
	84,878,790	26,234,656	58,644,134

		30 / Jun / 2021	30 / Jun / 2020
		Rupees	Rupees
12.2 Movement in obligation against leases is as under:			
	Opening For the Period	58,644,134	72,280,000
	Less: Down payment at the rate of 10%	-	(7,228,000)
		58,644,134	65,052,000
	Less: Repayment of lease obligations during the year	(10,025,781)	(6,407,866)
	At end of the year	48,618,353	58,644,134
	Less: Current portion of lease obligations	(12,028,406)	(10,025,781)
	Present value of minimum lease payments	36,589,947	48,618,353

12.2.1 Terms and conditions of the lease arrangement

Lessor	The above represents finance lease entered into with M/s. Orix Leasing Pakistan Limited for lease of plant and machinery.
Repayment	The liability under the agreement is payable in sixty (60) monthly installments and will mature on September 2024.
Finance cost	The lease facility is subject to annual finance charge of 18.35% (2020: 18.35%).
Security	The arrangement is secured against hypothecation and registered specific charge of Rs. 107.085 Million on specific plant and machinery of the Company.
Purchase option	The Company intends to exercise its option to purchase the leased assets upon completion of the lease term.



	30 / Jun / 2021	30 / Jun / 2020
	Rupees	Rupees

13 DEFERRED TAXATION

Deferred tax liability on taxable temporary differences		
Accelerated depreciation on property, plant and equipment	180,541,781	178,410,423
Lease finances	6,309,089	5,675,427
Surplus on revaluation of property, plant and equipment	96,683,634	106,999,421
Deferred tax asset on deductible temporary differences	283,534,504	291,085,271
Provision for Gratuity	(19,814,787)	(13,005,807)
Other Provisions (minimum taxes and business losses)	13.2 -	(107,412,122)
	(19,814,787)	(120,417,929)
	263,719,717	170,667,342

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

	Opening balance	Revaluation surplus	Profit and loss account	Other comprehensive income	Closing balance
	----- Rupees -----				
As at 30 June 2021					
Accelerated depreciation	178,410,423	-	2,131,358	-	180,541,781
Surplus on revaluation of assets	106,999,421	-	(10,315,787)	-	96,683,634
Lease finances	5,675,427	-	633,662	-	6,309,089
Other Provisions	(107,412,122)	-	107,412,122	-	-
Provision for Gratuity	(13,005,807)	-	(4,983,303)	(1,825,677)	(19,814,787)
	170,667,342	-	94,878,052	(1,825,677)	263,719,717
As at 30 June 2020					
Accelerated depreciation	173,246,147	-	5,164,276	-	178,410,423
Surplus on revaluation of assets	118,438,941	-	(11,439,520)	-	106,999,421
Lease finances	-	-	5,675,427	-	5,675,427
Provision for Gratuity	(10,640,686)	-	(3,481,026)	1,115,905	(13,005,807)
Other provisions	(125,357,732)	-	17,945,610	-	(107,412,122)
	155,686,670	-	13,864,767	1,115,905	170,667,342

13.2 Other provisions have been realized/adjusted during the year.

13.3 Rate Reconciliation with current tax and deferred tax

Profit/(Loss) before tax	439,150,493	(165,000,014)
Admissible	(247,782,262)	(166,675,548)
In -admissible	219,778,269	193,268,279
Tax @ 29%	119,232,485	(40,138,112)
Minimum Tax adjustments	(41,721,047)	-
Minimum Tax payable	77,511,438	33,942,084
Deferred tax difference- on taxable temporary difference	(7,550,767)	(599,817)
Deferred tax Difference- on deductible temporary difference	102,428,819	14,464,584
Total tax	172,389,490	47,806,851



		30 / Jun / 2021	30 / Jun / 2020
		Rupees	Rupees
14 DEFERRED LIABILITIES			
Defined gratuity benefit plan	- note 14.1	68,326,851	44,847,611
14.1 Reconciliation of present value of defined benefit obligation			
Obligation at beginning of the year		44,847,611	34,675,128
Charge for the year			
- Profit and loss account	- note 14.2.1	22,755,479	17,618,254
- Other comprehensive income	- note 14.2.2	6,295,438	(3,847,947)
		29,050,917	13,770,307
Benefits paid during the year		(5,571,677)	(3,597,824)
Obligation at end of the year		68,326,851	44,847,611
14.2 Reconciliation of present value of defined benefit obligation			
Present value of defined benefit obligations		44,847,611	34,675,128
Current service cost		14,657,664	12,393,973
Past service cost		4,522,564	539,420
Interest cost on defined benefit obligations		3,575,251	4,684,861
Benefits paid during the year		(5,571,677)	(3,597,824)
Remeasurements recognized in other comprehensive income			
Actuarial (gain)/losses from changes in financial assumptions		68,746	(164,280)
Experience adjustments		6,226,692	(3,683,667)
		6,295,438	(3,847,947)
At end of the year		68,326,851	44,847,611
14.2.1 Charge to profit and loss account			
Current service cost		14,657,664	12,393,973
Past service cost		4,522,564	539,420
Interest cost		3,575,251	4,684,861
		22,755,479	17,618,254
14.2.2 Remeasurements recognized in other comprehensive income			
Actuarial loss due to changes in financial assumptions		68,746	(164,280)
Actuarial (gain) / loss due to Experience adjustments		6,226,692	(3,683,667)
Net actuarial (gain) / loss for the year		6,295,438	(3,847,947)
		30 / Jun / 2021	30 / Jun / 2020
		----- % age per annum -----	
14.3 Assumptions used for valuation of the defined benefit scheme for employees are as under:			
Valuation discount rate for interest cost in profit and loss		8.5	14.25
Valuation discount rate for year end liabilities		10.0	8.50
Expected rate of increase in salary		-	0.00
Expected mortality rate		SLIC 2001-2005	SLIC 2001-2005
Retirement age		60 years	60 years

The actuarial valuation was done by Independent valuers (Nauman Associates - Consulting Actuaries)



14.4 Historical information for gratuity

	Present value of defined benefit obligation	Experience adjustment arising on plan liabilities
	----- Rupees -----	
Year Ended: 30 June 2021	68,326,851	44,847,611
Year Ended: 30 June 2020	68,326,851	44,847,611
Year Ended: 30 June 2019	26,015,028	26,015,028
Year Ended: 30 June 2018	23,294,506	23,294,506
Year Ended: 30 June 2017	20,258,236	20,258,236

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

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the net defined benefit obligation as at 30 June 2021 would have been as follows:

	30 / Jun / 2021		30 / Jun / 2020	
	Variation of 100 bps		Variation of 100 bps	
	Increase	Decrease	Increase	Decrease
	----- Rupees -----		----- Rupees -----	
Discount rate	63,726,240	73,633,227	43,923,607	50,400,967
Future salary	73,633,227	63,646,913	50,400,967	43,871,226

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

14.6 Expected expense for next year

The expected expense to be charged in profit and loss in respect of the gratuity scheme for the year ending 30 June 2022 would be Rs. 23,527,171.

14.7 Average duration of the obligation

Weighted average duration of the defined benefit obligation is 7 (2020: 7) years gratuity plan.

14.8 Exposure of actuarial risk

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

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



		30 / Jun / 2021	30 / Jun / 2020
		Rupees	Rupees
15 TRADE AND OTHER PAYABLES			
Creditors		570,568,280	133,897,026
Advances from customers	- note 15.1	271,737,351	208,607,307
Accrued expenses		129,646,175	144,543,334
Deposits	- note 15.2	1,142,856	3,187,563
Workers' profit participation fund	- note 15.3	23,584,881	-
Sales tax payable		-	4,091,510
Other payables		17,719,159	6,822,005
		1,014,398,702	501,148,745
15.1	Advance from customer also includes sales tax payables.		
15.2	Deposits		
	These represent interest free deposits received from various contractors / suppliers. The amount received have been utilized for business in accordance with the written agreements with them.		
		30 / Jun / 2021	30 / Jun / 2020
		Rupees	Rupees
15.3	Workers' profit participation fund		
	At beginning of the year	-	15,995,701
	Add: Provision for the year	23,584,881	-
	Less: Paid during the year	-	(15,995,701)
	At end of the year	23,584,881	-
16 UNCLAIMED DIVIDENDS		3,730,079	9,286,705
16.1	This represents unclaimed dividends as on the reporting date.		
16.2	The company has paid Rs. 5,556,626 regarding unclaimed dividend to the respective members of the Company.		
16.3	The Company has provided the list of members to the SECP. After confirmation from the SECP, the company will give notice to the concerned shareholders. The company has complied with the requirements of Section 244 of the Companies Act, 2017 to the extent and manner as applicable.		
17 MARK-UP ACCRUED ON BORROWINGS			
Cash finances		11,691,954	11,691,954
FATR / FIM		54,354,276	54,400,158
Mark up on long term loan (Elahi Group of Companies)		3,884,043	-
Mark up on lease liabilities		2,603,050	-
		72,533,323	66,092,112
18 SHORT-TERM BORROWINGS			
Cash finances			
- Bank of Punjab Limited	- note 18.1	149,686,224	149,686,224
- National Bank of Pakistan	- note 18.2	166,945,408	166,945,408
		316,631,632	316,631,632
FATR / FIM			
- Bank of Punjab Limited	- note 18.3	200,000,000	200,000,000
- National Bank of Pakistan	- note 18.4	694,989,535	694,989,535
- Soneri Bank Limited	- note 18.5	141,549,505	166,931,697
		1,036,539,040	1,061,921,232
		1,353,170,672	1,378,552,864



Name of Bank Facility Type	Interest	Security	30 / Jun / 2021		30 / Jun / 2020	
			Facility Limit	Facility Availed	Facility Limit	Facility Availed
18.1 Bank of Punjab Limited Cash finances	3 months KIBOR plus 225 bps (2019: 3 months KIBOR plus 225 bps) per annum, payable quarterly.	It is secured against first hypothecation charge on all present and future current and fixed assets of the Company for Rs. 434 million, ranking charge of Rs. 50 million on fixed assets and personal guarantees of directors of the Company.	350,000,000	149,686,224	350,000,000	149,686,224
18.2 National Bank of Pakistan Cash finances	3 months KIBOR plus 250 bps (2019: 3 months KIBOR plus 250 bps) per annum, payable quarterly.	It is secured against open pledge of local scrap and pledge of finished goods (billets, steel bars, girders and iron rods) in the godown with 15% margin and personal guarantees of all directors of the Company.	300,000,000	166,945,408	300,000,000	166,945,408
18.3 Bank of Punjab Limited FATR / FIM	3 months KIBOR plus 225 bps (2019: 3 months KIBOR plus 225 bps) per annum, payable quarterly.	It is secured against ranking charge of Rs. 267 million over specific receivables. First pari passu charge on current and fixed assets of Rs. 434 million and personal guarantees of all directors of the Company.	200,000,000	200,000,000	200,000,000	200,000,000
18.4 National Bank of Pakistan FATR / FIM	3 months KIBOR plus 200 bps (2019: 3 months KIBOR plus 200 bps) per annum.	It is secured against pledge of import material and ranking charge of Rs. 900 million over current and fixed assets of the Company and personal guarantees of all directors of the Company.	900,000,000	694,989,535	900,000,000	694,989,535
18.5 Soneri Bank Limited FATR / FIM	3 months KIBOR plus 250 bps (2019: 3 month KIBOR plus 250 bps) per annum.	It is secured against pari passu charge over current assets of Rs. 334 million. Mortgage / Hypothecation over land, building and machinery of Rs. 160 million and personal guarantees of the directors.	200,000,000	141,549,505	200,000,000	166,931,697
			1,950,000,000	1,353,170,672	1,950,000,000	1,378,552,864



19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

- (a) Deputy Commissioner Inland Revenue, Lahore issued a show cause notice dated 9 November 2017 alleging that the Company has not charged further tax under section 3(1A) of the Sales Tax Act, 1990. Against the aforesaid order, the Company filed writ petition bearing # 105986/2017 before the Honorable Lahore High Court, Lahore ('High Court') which was decided in favor of the Company. Tax Department challenged the judgment vide appeal No. 135102/2018 before Division Bench of High Court and the case is remanded back to CIR (LTU) which is pending adjudication.
- (b) Federal Government through SRO # 568(I)/2014 dated 26 June 2014 imposed a regulatory duty on import of billets through demand notice dated 29 April 2015. The Company has filed a writ petition bearing # 180139/2018 before the High Court. The Hon'ble Court had granted an interim relief to the Company against the recovery. The said petition is pending adjudication.
- (c) The Company is in litigation with National Bank of Pakistan ('NBP') wherein NBP had filed suits bearing # COS 22222/2019 and COS 67073/2019 before High Court against the Company for recovery of Rs. 887.812 million. The Company had filed counter suits against NBP, as below:
- i) The Company had filed a suit bearing # COS 217367/2018 before the High Court against NBP's claims of certain facilities of letters of credit.
 - ii) The Company with other claimants filed a suit bearing # COS 18377/2019 before High Court for recovery of Rs. 942.50 million on account of damages. The said petition is pending adjudication.
 - iii) The Company had filed a suit before Banking Court IV, Lahore against NBP's attempt to include the name of the Company on 'electronic credit information bureau' ('E-CIB') of State Bank of Pakistan. The said court had allowed an interim relief to the Company by issuing a stay order. The matter is pending adjudication.
- (d) The Company is in litigation with the Bank of Punjab (BOP') wherein BOP issued a notice for recovery of its debt along-with mark-up. The Company had filed a suit bearing # COS 24091/2020 before High Court and the Company had been allowed an interim relief through a stay order. BOP filed an appeal vide ICA 28178/2020 before the Division Bench of the High Court. The matter is pending adjudication.

The management and legal counsel of the Company is of the view that these cases are likely to be decided in favor of the Company.

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

- (e) Bank guarantees amounting to Rs. 114,825,610 (2020: Rs. 96,727,562) had been issued in favours of the Company by various financial institutions.

	30 / Jun / 2020	30 / Jun / 2019
	RUPEES	RUPEES
19.2 Commitments		
Irrevocable letters of credit	30,513,385	30,513,385
Capital expenditure contracted for but not incurred	71,908,212	26,994,876

20 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	- note 20.1	1,922,129,891	1,765,316,930
Capital work-in-progress	- note 20.6	58,091,788	103,005,124
		1,980,221,679	1,868,322,054



20.1

Classification of assets	Working Paper Reference No.	COST / FAIR VALUE					ACCUMULATED DEPRECIATION					WRITTEN DOWN VALUE at end of the period
		Cost at beginning of the period	Cost addition / Transfer during the period	Disposal / Transfer during the period	Capitalization of unallocated expenditure	Cost at end of the period	Annual Rate of Depreciation	Accumulated Depreciation at beginning of the period	Adjustment on Disposal / Transfer	Depreciation for the year	Accumulated Depreciation at end of the period	
		Rupees					% age	Rupees				
Own assets												
Land - freehold		33,322,002	-	-	-	33,322,002	0%	-	-	-	-	33,322,002
Land - Revaluation		338,684,248	-	-	-	338,684,248		-	-	-	-	338,684,248
Building on freehold land		486,186,759	75,455,395	-	-	561,642,154	5%	154,881,311	-	17,274,791	172,156,102	389,486,052
Building- Revaluation		45,357,943	-	-	-	45,357,943	5%	18,864,448	-	1,324,675	20,189,123	25,168,820
Plant and machinery		1,077,245,153	129,360,278	(1,350,000)	-	1,205,255,431	10%	507,715,984	234,225	61,194,136	568,675,895	636,579,536
Plant and machinery-Revaluation		702,082,162	-	-	-	702,082,162	10%	359,612,138	-	34,247,002	393,859,140	308,223,022
Grid station		57,279,039	-	-	-	57,279,039	10%	43,447,455	-	1,383,158	44,830,613	12,448,426
Electric installation and equipment		220,297,716	72,758,194	-	-	293,055,910	10%	126,596,389	-	11,735,831	138,332,220	154,723,690
Laboratory equipment		11,232,088	750,000	-	-	11,982,088	10%	8,519,794	-	271,434	8,791,228	3,190,860
Loose tools		302,509	-	-	-	302,509	10%	229,460	-	7,305	236,765	65,744
Office equipment		8,720,439	1,768,110	-	-	10,488,549	20%	4,398,721	-	976,740	5,375,461	5,113,088
Furniture and fixture		6,736,033	249,380	-	-	6,985,413	10%	4,019,272	-	284,073	4,303,345	2,682,068
Arms and ammunition		146,013	-	-	-	146,013	10%	110,161	-	3,585	113,746	32,267
Motor vehicles		22,099,598	8,450,432	(100,000)	-	30,450,030	20%	15,979,639	69,926	2,130,249	18,039,962	12,410,068
Sub-total		3,009,691,702	288,791,789	(1,450,000)	-	3,297,033,491		1,244,374,772	304,151	130,832,979	1,374,903,600	1,922,129,891
Assets subject to finance lease												
Plant and machinery		78,214,573	-	-	-	78,214,573	10%	21,429	-	7,819,314	7,840,743	70,373,830
Arms and ammunition		-	-	-	-	-	0%	-	-	-	-	-
Motor vehicles		-	-	-	-	-	0%	-	-	-	-	-
Sub-total		78,214,573	-	-	-	78,214,573		21,429	-	7,819,314	7,840,743	70,373,830
Grand Total Current Period		3,087,906,275	288,791,789	(1,450,000)	-	3,375,248,064	-	1,244,396,201	304,151	138,652,293	1,382,744,343	1,992,503,721

Depreciation for the period has been allocated as under:

		2021	2020
Cost of goods manufactured	95%	124,291,330	110,256,791
Cost of goods manufactured (Lease)		7,819,314	21,429
Administrative expenses	5%	6,541,649	5,802,989
Total depreciation during the year		138,652,293	116,081,209



20.2 Revaluation of property, plant and equipment

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

	30 / June / 2021			30 / June / 2020		
	Cost	Accumulated Depreciation	Book value	Cost	Accumulated Depreciation	Book value
	----- Rupees -----			----- Rupees -----		
Freehold land	33,322,002	-	33,322,002	33,322,002	-	33,322,002
Buildings on freehold land	561,642,154	172,156,102	389,486,052	486,186,759	154,881,311	331,305,448
Plant and machinery	1,205,255,431	568,675,895	636,579,536	1,077,245,153	507,715,984	569,529,169
	1,800,219,587	740,831,997	1,059,387,590	1,596,753,914	662,597,295	934,156,619

20.3 Disposal of property, plant and equipment

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

Particulars	Cost	Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Relationship With
Asset Buyer	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	Company
2021 Vehicles	100,000	69,926	30,074	32,000	1,926	Security Guards
2021 Plants & Machinery	1,350,000	234,225	1,115,775	1,586,750	470,975	Asset exchange with Store Party
2020 Vehicles	205,000	147,063	57,937	78,000	20,063	Company Policy

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

Location	Usage of Property	Total area (In Acres)	Covered area (In Square Feet)
8 KM, Manga Mandi, Raiwind Road, District Kasur	Manufacturing Facility	53.50 Acres	1,296,182
40 B/II, Gulberg III, M. M. Alam Road, Lahore	Head Office	0.21 Acres	7,513
		2021	2020
		RUPEES	RUPEES
Cost of sales	- note 31	124,291,330	110,256,791
Administrative expenses	- note 34	6,541,649	5,802,989
		130,832,979	116,059,780

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

Cost of sales	- note 31	124,291,330	110,256,791
Administrative expenses	- note 34	6,541,649	5,802,989
		130,832,979	116,059,780



20.6 Capital work-in-progress

	Buildings on freehold land	Plant and machinery	Electric equipment	Aggregate
----- Rupees -----				
As at 30 June 2021				
Beginning balance	25,698,613	77,306,511	-	103,005,124
Additions	540,526	57,147,924	-	57,688,450
Transfers	(25,158,087)	(77,443,699)	-	(102,601,786)
Closing balance	1,081,052	57,010,736	-	58,091,788
As at 30 June 2020				
Beginning balance	640,545	11,129,460	-	11,770,005
Additions	29,500,431	202,065,058	-	231,565,489
Transfers	(4,442,363)	(135,888,007)	-	(140,330,370)
Closing balance	25,698,613	77,306,511	-	103,005,124

		2021	2020
		RUPEES	RUPEES
21 RIGHT-OF-USE ASSETS			
Plant and machinery acquired on lease	20.1	78,193,144	72,280,000
Add: Further expense incurred by the Company		-	5,934,573
		78,193,144	78,214,573
Less: Depreciation on right-of-use assets (On no. of days basis)		(7,819,314)	(21,429)
		70,373,830	78,193,144
Useful life		10 years	10 years

22 LONG-TERM DEPOSITS

Deposits with various institutions	- note 22.1	18,972,226	18,972,226
------------------------------------	-------------	-------------------	------------

22.1 Movement during the year is as follows:

At beginning of the year		18,972,226	18,972,226
Add: Deposits during the year		-	-
At end of the year		18,972,226	18,972,226

These are interest free refundable deposits with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IFRS-9 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

23 STORES, SPARE PARTS AND LOOSE TOOLS

Stores		320,245,749	256,170,407
Spare parts		52,671,106	47,168,528
Loose tools		2,882,851	1,961,979
		375,799,706	305,300,914



	2021	2020
	RUPEES	RUPEES
24 STOCKS IN TRADE		
Raw material	833,444,110	690,097,755
Finished goods	1,585,094,444	929,357,859
	<u>2,418,538,554</u>	<u>1,619,455,614</u>

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

25 TRADE DEBTS		
Local - unsecured		
Considered good	13,869,138	461,590,104
Considered doubtful	4,265,170	23,982,167
	18,134,308	485,572,271
Less: Provision for doubtful debts	- note 25.1 (4,265,170)	(23,982,167)
	13,869,138	461,590,104
Local - secured and considered good	- note 25.2 1,552,645,624	1,154,228,000
	<u>1,566,514,762</u>	<u>1,615,818,104</u>

25.1 Provision for doubtful debts

Add: Provision for the year	- note 35 4,265,170	23,982,167
Less: Write off against provision	(4,265,170)	(23,982,167)
Balance at end of the year	<u>-</u>	<u>-</u>

25.2 Local - secured and considered good

These receivables are secured against cheque obtained from respective parties.

25.3 Ageing of trade debts

Past due 0 - 30 days	471,233,980	414,311,435
Past due 31 - 60 days	769,682,166	741,969,748
Past due 61 - 365 days	240,295,212	255,178,472
Past due over 365 days	85,303,404	204,358,449
	<u>1,566,514,762</u>	<u>1,615,818,104</u>

26 LOANS AND ADVANCES

Advances to: (unsecured but considered good)

- Employees		
against salaries	1,061,325	2,486,540
against expenses	- note 26.1 2,653,774	2,776,515
	3,715,099	5,263,055
- Suppliers	309,405,602	298,252,161
	313,120,701	303,515,216
Letters of credits	111,388,468	85,773,241
	<u>424,509,169</u>	<u>389,288,457</u>

26.1 Advances to employees against expenses

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



	2021 RUPEES	2020 RUPEES
27 TRADE DEPOSITS AND PREPAYMENTS		
Prepayments	7,576,672	6,709,071
Trade deposits	18,723,092	27,615,222
Guarantee margins	114,825,610	96,727,562
	141,125,374	131,051,855
28 TAX REFUNDS DUE FROM GOVERNMENT		
Income tax recoverable - note 28.1	196,732,701	140,127,688
Sales tax refundable - note 28.2	228,269,583	164,561,953
	425,002,284	304,689,641
28.1 Income tax recoverable		
At beginning of the year	140,127,688	43,087,567
Add: Advance income tax / deductions during the year	143,078,706	130,982,205
	283,206,394	174,069,772
Less: Provision for taxation - note 37		
- Current year	(77,511,438)	(34,744,194)
- Prior periods	-	802,110
	(77,511,438)	(33,942,084)
Less: Workers' welfare fund - note 35	(8,962,255)	-
At end of the year	196,732,701	140,127,688
28.2 Sales tax refundable		
It represents accumulated differences of input tax on purchases and sales tax payable.		
29 CASH AND BANK BALANCES		
In hand	5,150,967	2,944,697
With banks		
- On current accounts	24,663,632	59,656,264
- On saving accounts - note 29.1	4,185,805	14,613,503
	28,849,437	74,269,767
	34,000,404	77,214,464
29.1	The profit rate in respect of savings accounts ranges between 5.50% and 9.25% per annum (2020: 5.25% to 8.50% per annum) and is recognized on receipt basis)	



	30 / Jun / 2021	30 / Jun / 2020
	RUPEES	RUPEES
30 SALES - NET		
Gross sales	7,255,070,628	3,889,858,804
Less: Sales tax	(1,054,155,558)	(504,734,175)
Net sales	6,200,915,070	3,385,124,629
31 COST OF SALES		
Consumption		
- Raw material - note 31.1	4,337,912,730	2,343,007,580
- Stores, spare parts and loose tools	242,283,386	159,247,885
	4,580,196,116	2,502,255,465
Salaries, wages, allowances and other benefits - note 31.2	230,498,983	191,301,461
Fuel and power	1,131,746,184	733,939,787
Vehicle running and maintenance	5,055,012	4,583,189
Repairs and maintenance	101,633,571	54,725,255
Freight and forwarding	8,136,540	6,213,112
Insurance	4,712,669	3,611,965
Laboratory	759,057	493,522
Traveling and conveyance	2,864,333	4,165,431
Entertainment	2,395,777	2,250,575
Other manufacturing overheads	10,594,831	5,244,859
Depreciation on property, plant and equipment - note 20.5	124,291,330	110,256,791
Depreciation on right-of-use assets - note 21	7,819,314	21,429
Cost of goods manufactured	6,210,703,717	3,619,062,841
Adjustment of finished goods		
Opening stocks	929,357,859	677,864,110
Less: Closing stocks	(1,585,094,444)	(929,357,859)
	(655,736,585)	(251,493,749)
	5,554,967,132	3,367,569,092
31.1 Raw material consumed		
Opening stocks	690,097,755	1,653,171,564
Add: Purchases and related direct cost	4,481,259,085	1,379,933,771
Less: Closing stocks	(833,444,110)	(690,097,755)
Raw material consumed	4,337,912,730	2,343,007,580
31.2 Salaries, wages, allowances and other benefits		
Salaries, wages, allowances and other benefits includes employee retirement benefits amounting to Rs. 15,018,616 (2020: Rs. 11,628,048).		
32 OTHER OPERATING INCOME		
On financial assets		
Return on bank deposits	3,994,093	3,738,810
On non-financial assets		
Gain on disposal of property, plant and equipment - note 20.3	1,926	20,063
Others	5,450,531	2,630
	5,452,457	22,693
	9,446,550	3,761,503



		30 / Jun / 2021	30 / Jun / 2020
		RUPEES	RUPEES
33 DISTRIBUTION AND SELLING COST			
Salaries and allowances	- note 33.1	8,763,549	6,328,820
Packing materials		12,470,952	4,120,092
Rebates and commission		377,181	829,395
Handling and carriage		12,864,378	4,878,825
Advertisement		23,863,505	31,839,705
Others		7,644,090	3,114,653
		65,983,655	51,111,490
33.1 Salaries and allowances			
Salaries and allowances includes employee retirement benefits amounting to Rs. 910,219 (2020: Rs. 704,730).			
34 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and allowances	- note 34.1	49,484,477	43,031,405
Travelling and conveyance		1,397,225	1,661,478
Entertainment		355,977	555,600
Vehicle running and maintenance		6,555,510	5,604,923
Printing and stationary		1,143,251	837,766
Communication		1,058,250	1,396,219
Electricity and sui gas		2,053,435	3,716,926
Legal and professional		2,871,356	5,452,074
Fee and subscription		2,696,438	2,438,181
Insurance expenses		845,930	622,802
Other expenses		873,744	364,065
Depreciation on property, plant and equipment	- note 20.5	6,541,649	5,802,989
		75,877,242	71,484,428
34.1 Salaries and allowances			
Salaries and allowances includes employee retirement benefits amounting to Rs. 6,826,644 (2020: Rs. 5,285,476).			
35 OTHER OPERATING COST			
Charity and donation	- note 35.1	258,300	850,000
Auditor's remuneration	- note 35.2	1,870,000	1,870,000
Fines and penalties		-	50,000
Provision for workers' profit participation fund	- note 15.3	23,584,881	-
Provision for workers' welfare fund	- note 28.1	8,962,255	-
Provision for doubtful debts	- note 25.1	4,265,170	23,982,167
		38,940,606	26,752,167
35.1 Charity and donation			
This represents donations to various individuals and none of the directors are interested in the donee.			
35.2 Auditor's remuneration			
Audit fee		1,600,000	1,600,000
Fee for review of half yearly financial statements		220,000	220,000
Certifications and other advisory services		30,000	30,000
Out of pocket expenses		20,000	20,000
		1,870,000	1,870,000



36 FINANCE COST

Mark-up on:

- Short-term borrowings
- Lease liabilities

Foreign currency translation loss
Bank charges and commission

23,509,597	22,296,866
9,945,669	8,570,743
33,455,266	30,867,609
1,323,748	1,655,487
995,217	4,445,873
35,774,231	36,968,969

2021

RUPEES

2020

RUPEES

37 TAXATION

Current

- note 28.1

77,511,438

34,744,194

Prior periods

- note 28.1

-

(802,110)

Deferred

- note 13

94,878,052

13,864,767

172,389,490

47,806,851

37.1 Current

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

37.2 Prior periods assessments

Income tax assessments of the Company have been finalized up to tax year 2019 in accordance with the deeming provisions under section 120 (1) of the Ordinance.

37.3 Numerical reconciliation between average and applicable tax rate

Applicable tax rate

29.00%

2020

29.00%

No % reconciliation has been provided as the company has charged provision for taxation on minimum tax basis as per section 113 of Income Tax Ordinance, 2001. Numerical calculation has been provided in note no. 13.3.

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

Profit / (Loss) attributable to ordinary equity holders

Rs. 266,429,264

(212,806,865)

Weighted average number of outstanding ordinary shares

No. 144,343,364

144,343,364

Earnings / (Loss) per share - basic

Rs. **1.85**

(1.47)

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



	30 / Jun / 2021	30 / Jun / 2020
	RUPEES	RUPEES
39 CASH GENERATED FROM OPERATIONS		
Profit / (Loss) before tax	439,150,493	(165,000,014)
Adjustments for non-cash expenses and other items:		
Depreciation on property and equipment - note 20.5	130,832,979	116,059,780
Depreciation on right-to-use assets - note 21	7,819,314	21,429
Provision for staff retirement benefits - note 14.2.1	22,755,479	17,618,254
Gain on disposal of property and equipment - note 20.3	(1,926)	(20,063)
Finance cost - note 36	35,442,492	36,968,969
Provision for workers' profit participation - note 15.3	23,584,881	-
Provision for workers' welfare	8,962,255	-
Provision for doubtful debts - note 25.1	4,265,170	23,982,167
	233,660,644	194,630,536
Operating profit before working capital changes	672,811,137	29,630,522
Working capital changes		
(Increase) / Decrease in current assets:		
Stores, spare parts and loose tools	(70,498,792)	(80,247,058)
Stocks in trade	(799,082,940)	711,580,060
Trade debts	45,038,172	(526,183,734)
Loans and advances	(35,220,712)	256,068,707
Trade deposits and prepayments	(10,073,519)	(6,012,939)
Tax refunds due from government	(63,707,630)	(91,588,638)
Increase / (Decrease) in trade and other payables	489,665,076	1,975,556
	(443,880,345)	265,591,954
Cash generated from operations	228,930,792	295,222,476



40 FINANCIAL RISK MANAGEMENT

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

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

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

40.1 Risk management framework:

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors of the Company. Risk management systems are reviewed regularly by the executive management team to reflect changes in standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

40.2 Credit risk:

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

40.2.1 Exposure to credit risk:

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

At amortized cost	30 / Jun / 2021	30 / Jun / 2020
	Rupees	<u>Rupees</u>
Trade debts - unsecured	1,566,514,762	1,615,818,104
Bank balances	28,849,437	74,269,767
Trade deposits	133,548,702	124,342,784
	<u>1,728,912,901</u>	<u>1,814,430,655</u>



40.2.2 Credit quality of financial assets:

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

- (a) Counterparties without external credit ratings

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

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

- (b) Other financial assets

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

- (a) Counterparties with external credit ratings

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

	Rating as of 2021			30/Jun/21	30/Jun/20
	Short-term	Long-term	Agency	RUPEES	RUPEES
Habib Bank Limited	A-1+	AAA	JCR-VIS	12,638,379	7,174,396
MCB Bank Limited	A-1+	AAA	PACRA	(13,420)	295,820
United Bank Limited	A-1+	AAA	JCR-VIS	4,393,631	9,091,555
Bank Alfalah Limited	A-1+	AA+	JCR-VIS	142,270	17,398
Faysal Bank Limited	A-1+	AA	JCR-VIS	4,466,785	1,991,232
The Bank of Punjab	A-1+	AA	PACRA	10,000,937	10,000,937
JS Bank Limited	A-1+	AA-	PACRA	626,401	1,040,117
Soneri Bank Limited	A-1+	AA-	PACRA	1,403,066	3,418,182
Bank Islami Limited	A-1	A+	PACRA	487,030	487,030
Askari Bank Limited	A-1+	AA+	PACRA	4,212,390	17,333,422
National Bank of Pakistan	A-1+	AAA	JCR-VIS	41,780	592
Samba Bank Limited	A-1	AA	JCR-VIS	202,347	37,691
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	2,241,034	10,005
Meezan Bank Limited	A-1+	AA+	JCR-VIS	(11,162,618)	7,036,858
Apna Microfinance Bank Limited	A-3	BBB+	PACRA	38,616	463,352
Allied Bank Limited	A-1+	AAA	PACRA	(1,376,436)	15,863,935
Summit Bank Limited	A-3	BBB-	JCR-VIS	1,397	1,397
Silk Bank Limited	A-2	A-	JCR-VIS	505,848	5,848
				28,849,437	74,269,767

40.2.3 Concentration of credit risk:

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

	30 / Jun / 2021	30 / Jun / 2020
	Rupees	Rupees
Trade debts - unsecured	1,566,514,762	1,615,818,104
Banks	28,849,437	74,269,767
Trade deposits	133,548,702	513,631,241
	1,728,912,901	2,203,719,112

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

The Company has established a credit policy for its industrial and retail customers under which each new customer is analyzed individually for credit worthiness before the Company enters into a commercial transaction. The Company's review includes identity checks, minimum security deposits, bank guarantees and in some cases bank references. Credit limits are established for each customer in accordance with the security deposit or bank guarantee received, which represents the maximum open amount without requiring approval from the higher management; customer limits are reviewed on a regular basis and once the credit limits of individual customers are exhausted, further transactions are discontinued.

The Company recognizes ECL for trade debts using the simplified approach described below,

	Past due 0 - 30 days	Past due 31 - 60 days	Past due 61 - 365 days	Past due over 365 days	
Balance as at June 30, 2021	769,682,166	471,233,980	240,295,212	89,568,574	1,570,779,932
Loss allowance	-	-	-	(4,265,170)	(4,265,170)
	769,682,166	471,233,980	240,295,212	85,303,404	1,566,514,762
Balance as at June 30, 2020	414,311,435	741,969,748	255,178,472	228,340,616	1,639,800,271
Loss allowance	-	-	-	(23,982,167)	(23,982,167)
	414,311,435	741,969,748	255,178,472	204,358,449	1,615,818,104

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

	2021	2020
	Rupees	Rupees
Gross carrying amount		
Trade deposits	133,548,702	124,342,784
Loss allowance	-	-
	133,548,702	124,342,784

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

40.3 Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board. The company is currently under litigation with various banks as disclosed in note no 19.

40.3.1 Exposure to liquidity risk:

- (a) Contractual maturities of financial liabilities, including estimated interest payments.

The following are the remaining contractual maturities of financial liabilities:

30 / June / 2021				
Financial liabilities	Carrying amount	Contractual cash flows	Not Later than 1 Year	
			Later than 1 Year	
----- Rupees -----				
Long-term finances	189,202,089	189,202,089	-	189,202,089
Lease obligations	48,618,353	48,618,353	12,028,406	36,589,947
Short-term borrowings	1,353,170,672	1,353,170,672	1,353,170,672	-
Un-claimed dividends	3,730,079	3,730,079	1,865,040	1,865,040
Trade payables	1,014,398,702	1,014,398,702	1,014,398,702	-
Accrued mark-up	72,533,323	72,533,323	72,533,323	-
	2,681,653,218	2,681,653,218	2,453,996,143	227,657,076

30 / June / 2020				
Financial liabilities	Carrying amount	Contractual cash flows	Not Later than 1 Year	
			Later than 1 Year	
----- Rupees -----				
Lease obligations	58,644,134.00	58,644,134	10,025,781	48,618,353
Short-term borrowings	1,378,552,864	1,378,552,864	1,378,552,864	-
Un-claimed dividends	9,286,705	9,286,705	5,556,626	3,730,079
Trade payables	501,148,745	501,148,745	501,148,745	-
Accrued mark-up	66,092,112	66,092,112	66,092,112	-
	2,013,724,560	2,267,318,131	1,961,376,128	52,348,432

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

40.4 Market risk:

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

40.4.1 Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies.

- **Exposure to foreign currency risk:**

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

	30 / Jun / 2021	30 / Jun / 2020
Outstanding letters and credit (in US \$)	668,598	508,286

Commitments outstanding at year end amounted to US \$2,052,630 (2020: US \$ 180,820) relating to letter of credits for imports. The significant exchange rates applied during the year:

	Average rate		Reporting date mid spot rate	
	30 / Jun / 2021	30 / Jun / 2020	30 / Jun / 2021	30 / Jun / 2020
	----- Rupees -----		----- Rupees -----	
USD 1	166.6	143.05	168.70	164.50

- **Sensitivity analysis:**

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

Decrease in profit and loss account	1,127,925	857,733
--------------------------------------------	------------------	---------

40.4.2 Interest rate risk:

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of all borrowings at variable interest rates. The effect of consequential risk before tax @ 1% is 2021: 15,423,727,911 (2020: 13,785,528). At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

- **Variable rate financial assets and liabilities:**

	30 / Jun / 2021		30 / Jun / 2020	
	Assets	Liabilities	Assets	Liabilities
	----- Rupees -----			
Long Term finances		189,202,089		-
Saving Accounts	4,185,805		14,613,503	
Short-term borrowings	-	1,353,170,672	-	1,378,552,864
	4,185,805	1,542,372,761	14,613,503	1,378,552,864



- Cash flow sensitivity analysis for variable rate instruments:

A change of 1% in interest rates at the reporting date would have varied profit before tax as shown below. Analysis

- Variable rate financial instruments:	Variation in basis points (% age)	Effect on profit before tax	
		30 / June / 2021 Rupees	30 / June / 2020 Rupees
Cash with banks	100 bps or 1.00%	4,185,805	14,613,503
Lease liabilities		-	-
Short-term borrowings		13,531,707	13,785,529
		<u>13,531,707</u>	<u>13,785,529</u>

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

40.4.3 Other price risk:

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

41 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS:

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

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

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



Financial instruments on reporting date	Carrying Amount				Fair Value			
	As at 30 June 2021							
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----								
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade debts	-	1,566,514,762	-	1,566,514,762	-	1,566,514,762	-	1,566,514,762
Loans and advances	-	424,509,169	-	424,509,169	-	424,509,169	-	424,509,169
Trade deposits	-	141,125,374	-	141,125,374	-	141,125,374	-	141,125,374
Bank balances	-	34,000,404	-	34,000,404	-	34,000,404	-	34,000,404
	-	2,166,149,709	-	2,166,149,709	-	2,166,149,709	-	2,166,149,709
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term finances	-	-	189,202,089	189,202,089	-	-	-	-
Directors Loan	-	-	316,329,215	316,329,215	-	-	-	-
Lease liabilities	-	-	48,618,353	48,618,353	-	-	-	-
Trade payables	-	-	1,014,398,702	1,014,398,702	-	-	-	-
Unclaimed dividends	-	-	3,730,079	3,730,079	-	-	-	-
Accrued mark-up	-	-	72,533,323	72,533,323	-	-	-	-
Short term borrowings	-	-	1,353,170,672	1,353,170,672	-	-	-	-
	-	-	2,997,982,433	2,997,982,433	-	-	-	-
On Statement of financial position date Gap	-	-	-	-	-	-	-	(831,832,724)
Interest bearing financial Liabilities	-	-	-	-	-	-	-	1,590,991,114
Non-Interest bearing financial Liabilities	-	-	-	-	-	-	-	1,406,991,319

The Relative maturities of financial liabilities has been disclosed in the appropriate notes to the financial statements.

Financial instruments on reporting date	Carrying Amount				Fair Value			
	As at 30 June 2020							
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----								
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								



Trade debts	-	1,615,818,104	-	1,615,818,104	-	1,615,818,104	-	1,615,818,104
Loans and advances	-	389,288,457	-	389,288,457	-	389,288,457	-	389,288,457
Trade deposits	-	131,051,855	-	131,051,855	-	131,051,855	-	131,051,855
Bank balances	-	77,214,464	-	77,214,464	-	77,214,464	-	77,214,464
	-	<u>2,213,372,880</u>	-	<u>2,213,372,880</u>	-	<u>2,213,372,880</u>	-	<u>2,213,372,880</u>
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term finances	-	-	-	-	-	-	-	-
Directors Loan	-	-	316,329,215	316,329,215	-	-	-	-
Trade payables	-	-	501,148,745	501,148,745	-	-	-	-
Unclaimed dividends	-	-	9,286,705	9,286,705	-	-	-	-
Accrued mark-up	-	-	66,092,112	66,092,112	-	-	-	-
Short term borrowings	-	-	<u>1,378,552,864</u>	<u>1,378,552,864</u>	-	-	-	-
	-	-	<u>2,271,409,641</u>	<u>2,271,409,641</u>	-	-	-	-



42 CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are:

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

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

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

	30 Jun 2021	30 Jun 2020
	--- Rupees in '000 ---	
Total debt	1,542,372,761	1,378,552,864
Total equity and debt (including surplus on revaluation of operating assets)	4,441,358,202	4,179,066,960
Debt-to-equity ratio	35%	33%

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

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

	Liabilities				
	2021				
	Long Term Loan	Unclaimed dividends	Lease obligations	Short-term borrowings	Accrued mark-up
Balance as at June 30, 2020	-	9,286,705	58,644,134	1,378,552,864	66,092,112
Finances repaid		-	-	(25,382,192)	-
Finance obtained	189,202,089	-	-	-	-
Mark-up accrued	-	-	-	-	35,442,492
Mark-up repaid	-	-	-	-	(29,001,281)
Finance lease obtained	-	-	-	-	-
Lease rentals paid	-	-	(10,025,781)	-	-
Down payment paid	-	-	-	-	-
Dividend paid	-	(5,556,626)	-	-	-
Balance as at June 30, 2021	189,202,089	3,730,079	48,618,353	1,353,170,672	72,533,323



43 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	----- Rupees -----					
Remuneration	5,352,120	4,654,017	2,909,693	2,530,168	6,997,974	6,085,195
Other allowances	2,156,824	1,875,499	1,172,563	1,019,620	2,820,097	2,452,243
Retirement benefits	479,295	416,778	260,569	226,582	626,684	544,943
	<u>7,988,239</u>	<u>6,946,294</u>	<u>4,342,825</u>	<u>3,776,370</u>	<u>10,444,737</u>	<u>9,082,381</u>
Number of persons	1	1	1	1	7	6

43.1 The Company has also provided Chief Executive and working Director with the Company maintained cars. No fees were paid to any Director for attending Board meetings.

	At end of the year		Average during the year	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	----- Number of Employees -----			

44 NUMBER OF EMPLOYEES

Company employees	519	515	490	497
Manpower at factory	474	471	464	465



45 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

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

Related Party	Nature of relationship	Basis of relationship	Nature of transaction	Transaction Value		Outstanding Balance	
				30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
				----- Rupees -----			
Chief Executive	CEO	Shareholder	Remuneration	7,988,239	6,946,294	-	-
Directors							
Key management personnel	Directors	Shareholders	Directors loan	-	-	316,329,215	316,329,215
	Directors	Shareholders	Remuneration	4,342,825	3,776,370	-	-
Executives							
Key management	Executives	Related parties	Remuneration	10,352,390	7,668,437	-	-
						30 Jun 2021	30 Jun 2020
						--- Metric Tons ---	

46 PLANT CAPACITY AND PRODUCTION

Total active capacity for production

Plant capacity

Rolling Mill

Melting

140,000

120,000

110,400

130,000

Actual utilization capacity for production

Rolling Mill

Melting

64,708

33,386

65,012

40,039

46.1 Actual production was sufficient to meet the demand.

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

46.3 Melting capacity is down due to relocation of furnace that's why furnace was unavailable for production during the relocation period.

46.4 Structure mill is being run on a demand basis. Being plant restructure, reoperated during the current year, foreseeing further improvement and penetration in the coming year.



47 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment as per the requirements of IFRS 08.

- All the sales of the Company are made to customers located in Pakistan.
- All non-current assets of the Company at 30 June 2021 are located in Pakistan.

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

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

- Sales during the year have increase by 83% approximately. As a result of which sales have increased by Rs. 2,816 million.
- The recovery of trade debts remained significantly affected and the receivables increased by 5% as compared to last year. However, subsequent to post-pandemic shut down the Company has recovered Rs. 300 million on account of trade receivables.
- Dispute with the Bank of Punjab Limited and continuing dispute with National Bank of Pakistan over the payment of borrowing and related mark-up / cost of funds. Filing of suits by National Bank of Pakistan and The Bank of Punjab Limited against the Company and counter suits filed by the Company against these financial institutions (also refer note 19 to the financial statements).

49 RE-CLASSIFICATIONS AND RE-ARRANGEMENTS OF CORRESPONDING FIGURES

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

AS per TR-32 issued by ICAP, a loan to an entity by the director which is agreed to be paid at the discretion of the entity does not pass the test of liability and is to be recorded as equity at face value. This is not subsequently remeasured. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the director's loan would be a direct debit to equity. Therefore the company has reclassified directors loans from non-current liabilities to statement of changes in equity.

From	To	Reason	Amount
Long Term Loan from director	Equity	As per TR- 32	290,210,288

50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 23 September 2021.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



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

23. گریجویٹ فنڈز میں سرمایہ داری

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

24. متعلقہ فریق سے لین دین

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

25. بیرونی آڈیٹرز

میسرز سرورز چارٹرڈ اکاؤنٹنٹس، نے 30 جون 2021 کو ختم ہونے والی سال کا سالانہ آڈٹ مکمل کر لیا ہے اور سالانہ جنرل اجلاس کے اختتام پر ریٹائرڈ ہو جائیں گے۔ کارپوریٹ گورننس کے اچھے طریقوں کے پیش نظر، بورڈ نے آڈٹ کمپنی کے ذریعے تائید شدہ شیئر ہولڈرز کی منظوری کے لیے 30 جون 2022 کو اختتام پذیر ہونے کے لیے کمپنی کے بیرونی آڈیٹر کی حیثیت سے میرز سرورز چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

26. سماجی ماحولیاتی پالیسی

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

27. وہسل بلونگ پالیسی

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

28. اظہارات

ہمارے بہترین علم کے مطابق، ڈائریکٹرز (ماسوائے شیئر ہولڈنگ کی وضع رپورٹ میں ظاہر کئے گئے)، چیف ایگزیکٹو/میجنگ ڈائریکٹر، CFO، کمپنی سیکریٹری، کمپنی آڈیٹرز، اُن کے ازدواج اور اُن کے نابالغ بچے مالی سال 2020-2021 کے دوران کمپنی کے حصص کی کسی قسم کی تجارت میں شامل نہیں ہوئے۔



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

19. ضابطہ اخلاق

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

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

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

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

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

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

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

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

21. کمپنی کے کنٹرول اور رپورٹنگ کی نمایاں خصوصیات:

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

22. کمپنی الیکاروں سے تعلقات

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



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

13. بورڈ آف ڈائریکٹرز کا اجلاس

بورڈ کے اجلاس ہر سہ ماہی میں کمپنی کے مالی معاملات پر نظر ثانی اور منظوری کے لیے ہوتے ہیں جس میں جائزہ اور کاروباری مسودے کو اپنانے کے عمل بھی شامل ہیں۔ اس سال کے دوران بورڈ آف ڈائریکٹرز کے 16 اجلاس ہوئے۔

14. بورڈ کی کمیٹیاں

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

(a) آڈٹ کمیٹی:

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

15. بورڈ آف ڈائریکٹرز کا مشاہدہ / معاوضہ

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

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

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

17. بورڈ اراکین کی تربیت

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

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

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



(a) شیئر ہولڈنگ کی وضع

درج کمپنیوں (کوڈ آف کارپورٹ گورننس) ریگولیشن 2019 اور کمپنیز ایکٹ 2017 کے مطابق کمپنی کے شیئر ہولڈنگ کا نمونہ 30 جون کو 2021 کے مطابق، رپورٹ کے آخر میں منسلک ہے۔

(b) حصص یافتگان کی معلومات

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

9. ہیومن ریسورس کمیٹی

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

10. چیئر مین کا کردار

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

11. بورڈ کی ترغیب

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

12. بورڈ کی کارکردگی کا یقین

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



3. عمومی بیان

30 جون 2021 کو اختتام پذیر سال کے لیے اتفاق آئرن انڈسٹریز لمیٹڈ (IIL) کے ڈائریکٹرز سالانہ رپورٹ کے ہمراہ پڑتال شدہ مالیاتی سٹیٹمنٹ اور آڈیٹرز کی رپورٹ پیش کرنے میں فخر محسوس کرتے ہیں۔

4. مالیاتی سٹیٹمنٹس کی پیشکش

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

5. اکاؤنٹنگ پالیسیاں

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

6. کھاتوں کی کتابیں

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

7. انٹرنل کنٹرول سسٹم

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

8. کارپوریٹ گورننس کی بہترین عمل داری

ماڈل کاروباری ادارہ کے طور پر IIL بہترین کاروباری اور اخلاقی عمل دار کے اطلاق سے عزائم کی تکمیل حاصل کرتی ہے۔ کارپوریٹ گورننس کے بہترین عمل، جیسا کہ کمپنیز ایکٹ 2017 میں دیا گیا ہے، اس پر عمل درآمد اور من و عن لاگو کیا ہے۔ چیف فائینانشل آفیسر سے حسب ضابطہ تائید کے بعد کمپنی کی تمام دوری مالیاتی اسٹیٹمنٹس اشاعت سے قبل ڈائریکٹرز کو بھیجی جاتی ہیں۔ غیر پڑتال شدہ سہ ماہی مالیاتی اسٹیٹمنٹس اور ڈائریکٹرز کا تجزیہ شائع کیا گیا اور شیئر ہولڈرز اور ریگولیٹرز کو ارسال کیا گیا۔



ڈائریکٹرز کی رپورٹ:

میں 30 جون 2021 کو ختم ہونے والے مالی سال کے دوران ہماری کارکردگی سے متعلق رپورٹ کا خلاصہ پیش کرتا ہوں۔ یہ سال ہماری کارکردگی اور منافع کے لحاظ سے شاندار رہا ہے۔ اس سال بین الاقوامی مارکیٹ میں سکریپ کی قیمتوں میں نمایاں اضافے اور دیگر اخراجات کی وجہ سے کاروبار کے بڑھتے ہوئے اخراجات کے باوجود ہم چیزوں کی مثبت اطراف میں لے جانے میں کامیاب رہے ہیں۔ اور کمپنی کو نقصان سے معقول منافع کی طرف لے گئے ہیں۔

ہماری ضرورت کا حجم اس سال تقریباً 6.2 ارب کی نمایاں آمدنی سے بڑھا ہے۔ جو کہ پچھلے سال کے اعداد و شمار سے تقریباً دو گنا ہے۔ اس سال مجموعی طور پر منافع میں زبردست اضافہ ہوا جو کہ گزشتہ سال 17.56 ملین روپے سے بڑھ کر تقریباً 645.95 ملین ہو گیا ہے۔ کمپنی نے اس سال 266.76 ملین روپے کا منافع حاصل کیا ہے۔ جبکہ فی حصص آمدنی 1.85 روپے ہے۔ یہ نتائج کمپنی کے تمام عملے اور مینجمنٹ کا مل جل کر اور اپنی تمام کوششوں کی وجہ سے ممکن ہوا ہے۔ کمپنی اس عظیم کامیابی کو آگے بڑھاتے ہوئے اور سٹیبل انڈسٹری میں نمایاں بننے کے لئے دن رات کامیابی کے لئے کوشاں ہے۔

ہماری فروخت کارپوریٹ کے ساتھ ساتھ ہمارے پاس ایک مضبوط ڈسٹری بیوشن کانٹریکٹ بھی موجود ہے۔ جو کہ مستقبل میں ہمارے فروخت کا حجم زیادہ سے زیادہ بڑھانے کے لیے پُر اعتماد ہے۔

1. منافع منقسمہ

بورڈ نے 30 جون 2021 کو ختم ہونے والے سال کے لئے کوئی نقد منافع یا بونس تجویز نہیں کئے۔

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

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



Form of Proxy / E-Voting Ittefaq Iron Industries Limited

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

Option 1

Appointing other person as Proxy

I/We _____ of _____, being member(s) of Ittefaq Iron Industries Limited, holder of _____ Ordinary Share(s) as per Registered Folio/CDC Account No. _____ hereby appoint Mr. _____ Folio / CDC Account No. _____ (if member) of _____ or failing him, Mr. _____ Folio / CDC Account No. _____ (if member) of _____, as my / our Proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 16th Annual General Meeting of the Company to be held on October 21, 2021 and at any adjournment thereof.

Signed under my / our hand(s) this _____ day of _____ 2021.

Option 2

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

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

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

Signature of Proxy

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

Signed in the presence of:

Signature of witnesses _____

Name : _____

Address: _____

CNIC No. _____

Signature of witnesses _____

Name : _____

Address: _____

CNIC No. _____

NOTES FOR APPOINTING PROXY:

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

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

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

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

FORM FOR VIDEO CONFERENCE FACILITY

I/We _____ of _____, being member(s) of Ittefaq Iron Industries Limited, holder of _____ Share(s) as per Registered Folio/CDC Account No. _____ hereby opt for video conference facility at _____.

Signature of member(s)



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The Company Secretary

ITTEFAQ IRON INDUSTRIES LIMITED

40-B-II, Gulberg-III, Lahore

Tel: 042-35765021-26



پراکسی / ای ووٹنگ فارم اتفاق آئرن انڈسٹریز لمیٹڈ

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

اختیار-1 Option-1

کسی دوسرے شخص کو بطور نمائندہ (پراکسی) مقرر کرنے کے لیے

میں / ہم _____ ساکن _____ بطور ممبر (ز) _____
اتفاق آئرن انڈسٹریز لمیٹڈ حامل _____ عام حصص، رجسٹرڈ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ محترم
فولیو / سی ڈی سی اکاؤنٹ نمبر (اگر ممبر ہو) ساکن _____ یا ان کے حاضر نہ
ہونے کی صورت میں محترم _____ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ (اگر ممبر ہو)
ساکن _____ کو اپنے / ہمارے ایما پر کمپنی کے 21 اکتوبر 2012ء کو ہونے والے 16 ویں سالانہ
اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کرنے کے لیے یا کسی بھی التوا کی صورت میں اپنا / ہمارا نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

اختیار-2 Option-2

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

میں / ہم _____ ساکن _____ بطور ممبر (ز) _____
اتفاق آئرن انڈسٹریز لمیٹڈ حامل _____ عام حصص، رجسٹرڈ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ انٹرمیڈی کے ذریعے ای
ووٹنگ کا اختیار دیتا / دیتے ہیں اور اس کے ذریعے Executive Officer (_____) کی بطور نمائندہ پراکسی کی تقرری کی منظوری
دیتا ہوں / دیتے ہیں۔ مزید یہ کہ میں / ہم کمپنیز (ای ووٹنگ) قوانین، 2016ء، کے مطابق ای ووٹنگ کا استقبال کروں گا / کریں گے اور اسکے ذریعے قراردادوں کے انتخاب کا مطالبہ کرتا ہوں / کرتے ہیں۔

پانچ روپے کے رسیدی ٹکٹ پر ممبر کے دستخط

نمائندہ (پراکسی) کے دستخط

گواہان۔

(2) دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____
پاسپورٹ نمبر _____

(1) دستخط _____
نام _____
پتہ _____
شناختی کارڈ نمبر _____
پاسپورٹ نمبر _____

نمائندہ (پراکسی) کی تقرری سے متعلق نکات:

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

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

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

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

ویڈیو کانفرنس کی سہولت کیلئے فارم

کسی دوسرے شخص کو بطور نمائندہ (پراکسی) مقرر کرنے کیلئے میں / ہم _____ ساکن _____ بطور
ممبر (ز) اتفاق آئرن انڈسٹریز لمیٹڈ حامل _____ عام حصص، رجسٹرڈ فولیو / سی ڈی سی اکاؤنٹ نمبر ویڈیو کانفرنس کی
سہولت بمقام _____ چاہیں گے۔

رکن کے دستخط



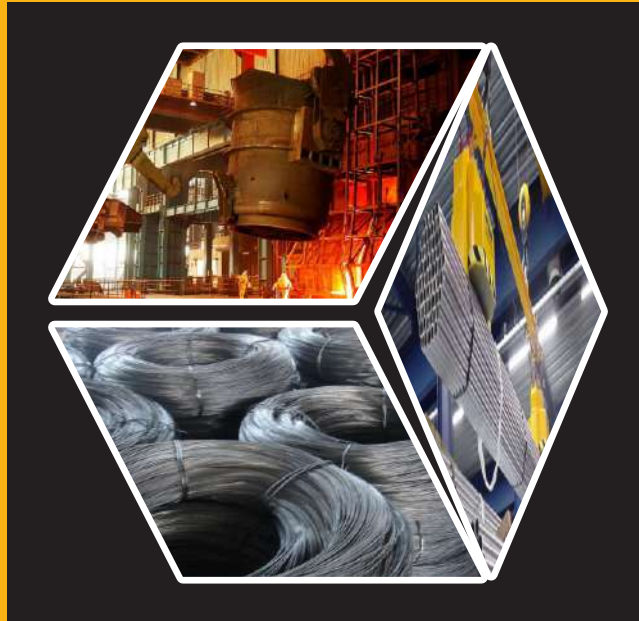
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The Company Secretary

ITTEFAQ IRON INDUSTRIES LIMITED

40-B-II, Gulberg-III, Lahore

Tel: 042-35765021-26



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