



**Independent Auditor's Review Report on Review of Ittefaq Iron Industries Limited  
Condensed Interim Financial Information to the Members**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Ittefaq Iron Industries Limited** ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

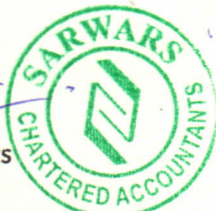
**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2021 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Other Matters**

The figures for the quarters ended December 31, 2020 and December 31, 2021 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

  
SARWARS  
Chartered Accountants



**Engagement Partner:** Rashid Sarwar

Date: February 28, 2022

UDIN: RR202110208iqAJSrDKM

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**ITTEFAQ IRON INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021 (UNAUDITED)**

|   | Notes | Unaudited<br>30 / Dec / 2021<br>Rupees | Audited<br>30 / Jun / 2021<br>Rupees |
|---|-------|--|--------------------------------------|
| <b>EQUITY AND LIABILITIES</b>                             |       |  |                                      |
| <b>Share capital and reserves</b>                         |       |  |                                      |
| Share capital   | 5     | 1,443,433,640                          | 1,443,433,640                        |
| Share premium   | 6     | 774,507,925                            | 774,507,925                          |
| Director's Loan   | 7     | 316,329,215                            | 316,329,215                          |
| Surplus on revaluation of property, plant and equipment   |       | 564,003,792                            | 575,392,456                          |
| Un-appropriated profit                                    |       | 1,530,413,052                          | 1,331,694,966                        |
|   |       | <u>4,628,687,624</u>                   | <u>4,441,358,202</u>                 |
| <b>NON-CURRENT LIABILITIES</b>                            |       |  |                                      |
| Long-term finances  | 8     | 189,202,089                            | 189,202,089                          |
| Liabilities against asset subject to finance lease        |       | 36,589,945                             | 36,589,947                           |
| Deferred taxation   |       | 221,169,124                            | 263,719,717                          |
| Deferred Liabilities                                      |       | 74,158,439                             | 68,326,851                           |
|   |       | <u>521,119,597</u>                     | <u>557,838,604</u>                   |
| <b>CURRENT LIABILITIES</b>                                |       |  |                                      |
| Trade and other payables                                  |       | 2,000,005,663                          | 1,014,398,702                        |
| Unclaimed dividends                                       |       | 3,690,200                              | 3,730,079                            |
| Mark-up accrued on borrowings                             |       | 68,994,314                             | 72,533,323                           |
| Short-term borrowings                                     | 9     | 1,440,393,278                          | 1,353,170,672                        |
| Current portion of against asset subject to finance lease |       | 8,937,821                              | 12,028,406                           |
|   |       | <u>3,522,021,276</u>                   | <u>2,455,861,182</u>                 |
| <b>CONTINGENCIES AND COMMITMENTS</b>                      |       |  |                                      |
|   | 10    | -                                      | -                                    |
|   |       | <b>8,671,828,497</b>                   | <b>7,455,057,988</b>                 |
| <b>ASSETS</b>   |       |  |                                      |
| <b>NON-CURRENT ASSETS</b>                                 |       |  |                                      |
| Property, plant and equipment                             | 11    | 1,944,364,073                          | 1,980,221,679                        |
| Right to use assets                                       | 12    | 66,875,496                             | 70,373,830                           |
| Long-term deposits  |       | 18,972,226                             | 18,972,226                           |
|   |       | <u>2,030,211,795</u>                   | <u>2,069,567,735</u>                 |
| <b>CURRENT ASSETS</b>                                     |       |  |                                      |
| Stores, spare parts and loose tools                       |       | 414,372,860                            | 375,799,706                          |
| Stock in trade  | 14    | 2,379,590,663                          | 2,418,538,554                        |
| Trade debts   |       | 2,856,456,329                          | 1,566,514,762                        |
| Loans and advances  |       | 516,700,588                            | 424,509,169                          |
| Trade deposits and prepayments                            |       | 291,238,085                            | 141,125,374                          |
| Tax refunds due from government                           | 15    | 150,835,607                            | 425,002,284                          |
| Cash and bank balances                                    |       | 32,422,570                             | 34,000,404                           |
|   |       | <u>6,641,616,702</u>                   | <u>5,385,490,253</u>                 |
|   |       | <b>8,671,828,497</b>                   | <b>7,455,057,988</b>                 |

The annexed notes form an integral part of this condensed interim financial information.

Chief Executive Officer

Chief Financial Officer

Director

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT /**  
**STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

|   | Half year ended    |                    | Quarter ended      |                   |
|---|--------------------|--------------------|--------------------|-------------------|
|   | 31/Dec/2021        | 31/Dec/2020        | 31/Dec/2021        | 31/Dec/2020       |
|   | Rupees             | Rupees             | Rupees             | Rupees            |
| Sales - net                                       | 5,737,627,659      | 2,556,365,310      | 2,906,710,036      | 1,379,959,574     |
| Cost of sales                                     | (5,328,246,719)    | (2,292,975,309)    | (2,718,107,773)    | (1,210,077,562)   |
| Gross (Loss) / Profit                             | 409,380,940        | 263,390,001        | 188,602,263        | 169,882,012       |
| Other income                                      | 412,750            | 1,367,031          | 363,544            | 851,748           |
| Operating expenses                                |                    |                    |                    |                   |
| Distribution and marketing cost                   | (42,619,704)       | (44,264,495)       | (21,806,251)       | (26,326,980)      |
| Administrative and selling expenses               | (52,801,239)       | (35,279,347)       | (30,210,688)       | (16,184,053)      |
| Other operating cost                              | (25,987,064)       | (9,927,771)        | (18,548,645)       | (7,081,820)       |
| Finance cost                                      | (37,748,620)       | (17,676,949)       | (20,631,505)       | (9,141,029)       |
|   | (159,156,627)      | (107,148,562)      | (91,197,089)       | (58,733,882)      |
| (Loss) / Profit before taxation                   | 250,637,063        | 157,608,470        | 97,768,718         | 111,999,878       |
| Taxation  | (63,307,641)       | (45,304,612)       | 11,169,487         | (37,389,293)      |
| (Loss) / Profit after taxation                    | 187,329,422        | 112,303,858        | 108,938,205        | 74,610,585        |
| <b>Total comprehensive (Loss) / Profit</b>        | <b>187,329,422</b> | <b>112,303,858</b> | <b>108,938,205</b> | <b>74,610,585</b> |
| <b>Earning/Loss per share - basic and diluted</b> | <b>1.30</b>        | <b>0.78</b>        | <b>0.75</b>        | <b>0.52</b>       |

The annexed notes form an integral part of this condensed interim financial information.

  
Chief Executive Officer

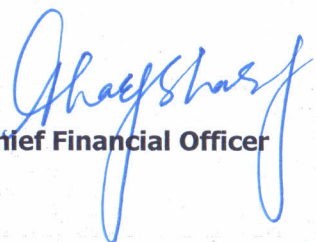
  
Chief Financial Officer


  
Director

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED DECEMBER 31, 2021 (UNAUDITED)**

|  | Share capital        | Reserves           |   |                        | Equity portion of loan from directors | Total equity         |
|--|----------------------|--------------------|---|------------------------|---------------------------------------|----------------------|
|  |                      | Capital            |   | Revenue                |                                       |                      |
|  |                      | Share premium      | Surplus on revaluation of operating asset | Un-appropriated profit |                                       |                      |
| ----- Rupees -----   |                      |                    |   |                        |                                       |                      |
| <b>Balance as at 30 June 2021</b>                            | 1,443,433,640        | 774,507,925        | 575,392,456                               | 1,331,694,966          | 316,329,215                           | 4,441,358,202        |
| Profit after taxation for the year                           | -                    | -                  | -   | 187,329,422            |                                       | 187,329,422          |
| Other comprehensive income                                   |                      |                    |   |                        |                                       |                      |
| Employee retirement benefits plan                            | -                    | -                  | -   | -                      | -                                     | -                    |
| Less: Related deferred tax                                   | -                    | -                  | -   | -                      | -                                     | -                    |
| Amortization of unwinding of interest on loan from directors |                      |                    |   | -                      | -                                     | -                    |
| Transfer from revaluation surplus (net of deferred tax)      |                      |                    | (11,388,664)                              | 11,388,664             |                                       | -                    |
| <b>Balance as at 30 December 2021 un-audited</b>             | <b>1,443,433,640</b> | <b>774,507,925</b> | <b>564,003,792</b>                        | <b>1,530,413,052</b>   | <b>316,329,215</b>                    | <b>4,628,687,624</b> |

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

|   | ----- Six months ended ----- |                      |
|---|------------------------------|----------------------|
|   | 31/Dec/2021                  | 31/Dec/2020          |
|   | Rupees                       |                      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                              |                      |
| (Loss) / profit before taxation                                 | <b>250,637,063</b>           | <b>157,608,470</b>   |
| Adjustments for non-cash charges / items:                       |                              |                      |
| Depreciation of property, plant and equipment                   | 71,554,401                   | 65,166,117           |
| Provision for gratuity  | 7,954,321                    | 7,854,316            |
| WWF and WPPF  | 25,987,064                   | 9,927,771            |
| Gain on sale of fixed asset                                     | -                            | 481,001              |
| Finance cost  | 37,748,620                   | 17,676,949           |
|   | <b>143,244,406</b>           | <b>101,106,154</b>   |
| Loss before working capital changes                             | <b>393,881,469</b>           | <b>258,714,624</b>   |
| Working capital changes   |                              |                      |
| (Increase) / Decrease in current assets                         |                              |                      |
| Stores, spare parts and loose tools                             | (38,573,154)                 | 11,938,998           |
| Stock in trade  | 38,947,891                   | (203,088,850)        |
| Trade debts   | (1,289,941,567)              | (11,850,678)         |
| Loans and advances  | (92,191,419)                 | (93,257,452)         |
| Trade deposits and prepayments                                  | (150,112,711)                | (113,700,117)        |
| Tax refunds due from government                                 | 274,166,677                  | (17,808,074)         |
| (Decrease) in trade and other payables                          | 985,606,961                  | 120,142,070          |
|   | <b>(272,097,322)</b>         | <b>(307,624,103)</b> |
| Cash (used in) / generated from operations                      | 121,784,147                  | (48,909,479)         |
| Income tax paid   | (29,956,664)                 | (67,487,570)         |
| Finance cost paid   | (41,287,629)                 | (18,325,844)         |
| Gratuity paid   | (2,122,733)                  | (2,263,634)          |
| <b>Net cash (used in) / generated from operating activities</b> | <b>48,417,121</b>            | <b>(136,986,527)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                              |                      |
| Purchase of property, plant and equipment                       | (526,700)                    | (52,627,294)         |
| Capital work in progress  | (133,560,397)                | (12,044,024)         |
| Proceeds from disposal of fixed assets                          | -                            | 32,000               |
| Security deposits   | -                            | -                    |
| <b>Net cash in / (out) flow from investing activities</b>       | <b>(134,087,097)</b>         | <b>(64,639,318)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                              |                      |
| Dividend Paid   | (39,879)                     | (2,044,772)          |
| Loan from directors   | -                            | 5,248,002            |
| Short term borrowings   | 87,222,606                   | 207,475,776          |
| Repayment of lease liabilities                                  | (3,090,585)                  | (4,364,481)          |
| <b>Net cash in / (out) flow from financing activities</b>       | <b>84,092,142</b>            | <b>206,314,525</b>   |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | <b>(1,577,834)</b>           | <b>4,688,680</b>     |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>     | <b>34,000,404</b>            | <b>77,214,464</b>    |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>           | <b>32,422,570</b>            | <b>81,903,144</b>    |

The annexed notes form an integral part of this condensed interim financial information.

  
**Chief Executive Officer**

  
**Chief Financial Officer**

  
**Director**

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

**1 STATUS AND ACTIVITIES**

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

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

The registered office of the Company is situated at 40 B / II, Gulberg III, M. M. Alam Road, Lahore.

**2 STATEMENT OF COMPLIANCE**

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting' 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 IAS 34 and IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2019.

**3 BASIS OF MEASUREMENT**

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statements, all the transactions have been accounted for on accrual basis.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and method for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended June 30, 2020.

**5 SHARE CAPITAL**

**Authorized capital**

300,000,000 (2019: 300,000,000) Ordinary shares of Rs. 10 each

**Issued, subscribed and paid-up share capital**

121,750,000 (2019: 121,750,000) Ordinary shares of Rs. 10 each fully paid in cash

9,471,240 (2019: 9,471,240) Ordinary shares of Rs. 10 each for consideration other than cash

13,122,124 (2019: 13,122,124) Ordinary shares of Rs. 10 each issued as bonus shares

| <b>Un-Audited</b>    | <b>Audited</b>         |
|----------------------|------------------------|
| <b>31/Dec/2021</b>   | <b>30 / Jun / 2021</b> |
| <b>Rupees</b>        | <b>Rupees</b>          |
| <b>3,000,000,000</b> | 3,000,000,000          |
| <b>1,217,500,000</b> | 1,217,500,000          |
| <b>94,712,400</b>    | 94,712,400             |
| <b>131,221,240</b>   | 131,221,240            |
| <b>1,443,433,640</b> | 1,443,433,640          |

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

|   | <b>Un-Audited</b><br><b>31/Dec/2021</b><br><b>Rupees</b> | <b>Audited</b><br><b>30 / Jun / 2021</b><br><b>Rupees</b> |
|---|--|---|
| <b>6 CAPITAL RESERVES</b>   |  |   |
| Share premium   | <u><b>774,507,925</b></u>                                | <u><b>774,507,925</b></u>                                 |
| <b>6.1</b> This represents premium of Rs. 20.20 per share received by the Company adjusted by the transaction cost of Rs. 68.842 million on initial public offering ('IPO') of 41,750,000 shares of Rs. 10 each in the year 2017. This reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.  |  |   |
| <b>7 EQUITY PORTION OF LOAN FROM DIRECTORS</b>  |  |   |
| At the beginning of the year  | <b>316,329,215</b>                                       | 316,329,215   |
| Add: Addition during the year   |  |   |
| Less: Repayment during the year   | - <b>note 7.1</b>  | -   |
| At the end of the year  | <u><b>316,329,215</b></u>                                | <u><b>316,329,215</b></u>                                 |
| <b>7.1</b> 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 7.2).   |  |   |
| <b>7.2</b> 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.  |  |   |
| <b>8 LONG-TERM FINANCES</b>   |  |   |
| Loan from non financial institution (EGC)   | - <b>note 8.1</b>  | <u><b>189,202,089</b></u>                                 |
| <b>8.1 Loan from non financial institution</b>  |  |   |
| Opening For the Period  | <b>189,202,089</b>                                       | -   |
| Addition during the year  | -  | 189,202,089   |
| At end of the year  | -  | -   |
|   | <u><b>189,202,089</b></u>                                | <u><b>189,202,089</b></u>                                 |
| <b>Terms and conditions</b>   |  |   |
| 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. |  |   |
| <b>9 SHORT TERM BORROWINGS</b>  |  |   |
| Cash finances   |  |   |
| - Bank of Punjab Limited  | <b>149,686,224</b>                                       | 149,686,224   |
| - National Bank of Pakistan   | <b>166,945,408</b>                                       | 166,945,408   |
|   | <u><b>316,631,632</b></u>                                | <u><b>316,631,632</b></u>                                 |
| FATR / FIM  |  |   |
| - Bank of Punjab Limited  | <b>200,000,000</b>                                       | 200,000,000   |
| - National Bank of Pakistan   | <b>694,989,535</b>                                       | 694,989,535   |
| - Soneri Bank Limited   | <b>228,772,111</b>                                       | 141,549,505   |
| - Elahi Group of Companies  | -  | -   |
|   | <u><b>1,123,761,646</b></u>                              | <u><b>1,036,539,040</b></u>                               |
|   | <u><b>1,440,393,278</b></u>                              | <u><b>1,353,170,672</b></u>                               |

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

**10 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

- 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 at the rate of 2% on the supplies made to the unregistered persons. Against the aforesaid order, the Company filed writ petition bearing # 105986/2017 before the Honorable Lahore High Court, Lahore which was decided in favour of the Company vide judgment dated 19 December 2017. Tax Department challenged the judgment vide appeal No. 135102/2018 before the Division Bench of the Honorable Lahore High Court, Lahore which is pending adjudication.
- Federal Government through SRO # 568(I)/2014 dated 26 June 2014 imposed a regulatory duty on import of billets through a demand notice dated 29 April 2015. The Company has filed a writ petition bearing # 180139/2018 before the Honorable Lahore High Court, Lahore. The Hon'able Court had granted an interim relief to the Company against the recovery. The said petition is pending adjudication.
- The Company is in litigation with National Bank of Pakistan ('NBP') wherein NBP had filed a suit bearing # COS 22222/2019 before the Honorable Lahore High Court, Lahore against the Company for recovery of Rs. 887.812 million. The Company had also filed counter suits against NBP which are detailed as below:
  - (a) The Company had filed a suit bearing # COS 217367/2018 before the Honorable Lahore High Court, Lahore against NBP's claims of certain facilities of letters of credit.
  - (b) The Company along with other claimants had filed a suit bearing # COS 18377/2019 before the Honorable Lahore High Court, Lahore for recovery of Rs. 942.500 million on account of damages. The said petition is pending adjudication.
  - (c) 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.

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

- Law suit regarding dual claim of Sales Tax/FED against GD's amounting Rs. 77,029,122/- is filed against company by FBR, which has been rectified by the company on immediate basis in its return. Further, FBR demand to pay amount of principle in the form of penalty and default surcharge of amounting Rs. 21,568,154 to department in offense of dual adjustment so claim by the company, against which company file appeal before commissioner (Appeals-V) Lahore; wherein, stay has been granted by appellate Tribunal Inland Revenue.
- Bank guarantees amounting to Rs. 96,727,562 (2019: Rs. 96,727,562) had been issued in favours of the Company by various financial institutions.

|   | <b>Un-Audited<br/>31/Dec/2021<br/>Rupees</b> | <b>Audited<br/>30 / Jun / 2021<br/>Rupees</b> |
|---|--|---|
| <b>Commitments</b>  |  |   |
| - Irrevocable letters of credit                                   | 33,421,564                                   | 30,513,385                                    |
| - Capital expenditure contracted for but not incurred             | 63,151,523                                   | 71,908,212                                    |
| <b>11 PROPERTY, PLANT AND EQUIPMENT</b>                           |  |   |
| Operating fixed assets  | <b>1,854,299,853</b>                         | 1,922,129,891                                 |
| Capital work-in-progress  | <b>90,064,220</b>                            | 58,091,788                                    |
|   | <b>1,944,364,073</b>                         | 1,980,221,679                                 |
| <b>11.1 Operating fixed assets</b>                                |  |   |
| Balance at the beginning of the period                            | <b>1,922,129,891</b>                         | 1,765,316,930                                 |
| Add: Addition during the period                                   | <b>526,700</b>                               | 288,791,789                                   |
| Less: Depreciation during the period                              | <b>(68,034,638)</b>                          | (130,832,979)                                 |
| Less: Adjustments during the period                               | <b>(322,100)</b>                             | (1,145,849)                                   |
| Balance at the end of the period                                  | <b>1,854,299,853</b>                         | 1,922,129,891                                 |
| <b>12 RIGHT-OF-USE ASSETS</b>                                     |  |   |
| Plant and machinery acquired on lease                             | <b>70,395,259</b>                            | 78,193,144                                    |
| Add: Further expense incurred by the Company                      | -  | -   |
|   | <b>70,395,259</b>                            | 78,214,573                                    |
| Less: Depreciation on right-of-use assets ( On no. of days basis) | <b>(3,519,763)</b>                           | (7,819,314)                                   |
|   | <b>66,875,496</b>                            | 70,395,259                                    |
| Useful life   | <b>10 years</b>                              | 10 years                                      |

- note 12.2

| 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 -----                                  |                                   |                           |   |   |
| <b>Own assets</b>                      |                             |                                 |  |                                       |   |                           |                             |   |                                   |                           |   |   |
| 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              |                             | 561,642,154                     |  |                                       |   | 561,642,154               | 5%                          | 172,156,102   |                                   | 9,737,151                 | 181,893,253                                   | 379,748,901                             |
| Building- Revaluation                  |                             | 45,357,943                      |  |                                       |   | 45,357,943                | 5%                          | 20,189,123  |                                   | 629,221                   | 20,818,344                                    | 24,539,600                              |
| Plant and machinery                    |                             | 1,205,255,431                   |  |                                       |   | 1,205,255,431             | 10%                         | 568,675,895   |                                   | 31,828,977                | 600,504,872                                   | 604,750,559                             |
| Plant and machinery-Revaluation        |                             | 702,082,162                     |  |                                       |   | 702,082,162               | 10%                         | 393,859,140   |                                   | 15,411,151                | 409,270,291                                   | 292,811,871                             |
| Grid station                           |                             | 57,279,039                      |  |                                       |   | 57,279,039                | 10%                         | 44,830,613  |                                   | 622,421                   | 45,453,034                                    | 11,826,005                              |
| Electric installation and equipment    |                             | 293,055,910                     |  |                                       |   | 293,055,910               | 10%                         | 138,332,220   |                                   | 7,736,185                 | 146,068,405                                   | 146,987,506                             |
| Laboratory equipment                   |                             | 11,982,088                      |  |                                       |   | 11,982,088                | 10%                         | 8,791,228   |                                   | 159,543                   | 8,950,771                                     | 3,031,317                               |
| Loose tools                            |                             | 302,509                         |  |                                       |   | 302,509                   | 10%                         | 236,765   |                                   | 3,287                     | 240,052                                       | 62,457                                  |
| Office equipment                       |                             | 10,488,549                      | 434,250                                    |                                       |   | 10,922,799                | 20%                         | 5,375,461   |                                   | 554,734                   | 5,930,195                                     | 4,992,604                               |
| Furniture and fixture                  |                             | 6,985,413                       | 84,300                                     | (48,500)                              |   | 7,021,213                 | 10%                         | 4,303,345   |                                   | 135,893                   | 4,439,238                                     | 2,581,975                               |
| Arms and ammunition                    |                             | 146,013                         |  |                                       |   | 146,013                   | 10%                         | 113,746   |                                   | 1,613                     | 115,360                                       | 30,653                                  |
| Motor vehicles                         |                             | 30,450,030                      | 8,150                                      | (273,600)                             |   | 30,184,580                | 20%                         | 18,039,962  |                                   | 1,214,462                 | 19,254,424                                    | 10,930,156                              |
| <b>Sub-total</b>                       |                             | <b>3,297,033,491</b>            | <b>526,700</b>                             | <b>(322,100)</b>                      | <b>-</b>                                  | <b>3,297,238,091</b>      |                             | <b>1,374,903,600</b>                                | <b>-</b>                          | <b>68,034,638</b>         | <b>1,442,938,238</b>                          | <b>1,854,299,853</b>                    |
| <b>Assets subject to finance lease</b> |                             |                                 |  |                                       |   |                           |                             |   |                                   |                           |   |   |
| Plant and machinery                    |                             | 78,214,573                      | -  | -                                     | -   | 78,214,573                | 10%                         | 7,819,314   | -                                 | 3,519,763                 | 11,339,077                                    | 66,875,496                              |
| Arms and ammunition                    |                             | -                               | -  | -                                     | -   | -                         | 0%                          | -   | -                                 | -                         | -   | -                                       |
| Motor vehicles                         |                             | -                               | -  | -                                     | -   | -                         | 0%                          | -   | -                                 | -                         | -   | -                                       |
| <b>Sub-total</b>                       |                             | <b>78,214,573</b>               | <b>-</b>                                   | <b>-</b>                              | <b>-</b>                                  | <b>78,214,573</b>         |                             | <b>7,819,314</b>                                    | <b>-</b>                          | <b>3,519,763</b>          | <b>11,339,077</b>                             | <b>66,875,496</b>                       |
| <b>Grand Total Current Period</b>      |                             | <b>3,375,248,064</b>            | <b>526,700</b>                             | <b>(322,100)</b>                      | <b>-</b>                                  | <b>3,375,452,664</b>      | <b>-</b>                    | <b>1,382,722,914</b>                                | <b>-</b>                          | <b>71,554,401</b>         | <b>1,454,277,315</b>                          | <b>1,921,175,349</b>                    |

Depreciation for the period has been allocated as under:

|   |     | 2021              | 2020               |
|---|-----|-------------------|--------------------|
| Cost of goods manufactured                | 95% | 64,632,906        | 110,256,791        |
| Cost of goods manufactured (Lease)        |     | 3,519,763         | 21,429             |
| Administrative expenses                   | 5%  | 3,401,732         | 5,802,989          |
| <b>Total depreciation during the year</b> |     | <b>71,554,401</b> | <b>116,081,209</b> |

**ITTEFAQ IRON INDUSTRIES LIMITED**  
**SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2021**

|  | Un-Audited<br>31/Dec/2021<br>Rupees | Audited<br>30 / Jun / 2021<br>Rupees |
|--|-------------------------------------|--------------------------------------|
| <b>14 STOCK IN TRADE</b>                               |                                     |                                      |
| Raw material   | 787,854,113                         | 833,444,110                          |
| Finished goods   | 1,591,736,550                       | 1,585,094,444                        |
|  | <u>2,379,590,663</u>                | <u>2,418,538,554</u>                 |
| <b>15 TAX REFUNDS DUE FROM GOVERNMENT</b>              |                                     |                                      |
| Income tax recoverable                                 | 120,831,132                         | 196,732,701                          |
| Sales tax refundable                                   | 30,004,475                          | 228,269,583                          |
|  | <u>150,835,607</u>                  | <u>425,002,284</u>                   |
| <b>15.1 Income tax recoverable</b>                     |                                     |                                      |
| At beginning of the period                             | 196,732,701                         | 140,127,688                          |
| Add: Advance income tax / deductions during the period | 29,956,664                          | 143,078,706                          |
| Less: Adjustments                                      | <u>(105,858,233)</u>                | <u>(86,473,693)</u>                  |
|  | <u>120,831,132</u>                  | <u>196,732,701</u>                   |

**16 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   | Basis of relationship | Nature of transaction | Un-Audited<br>31/Dec/2021 | Audited<br>30 / Jun / 2021 |
|-----------------|-----------------------|-----------------------|---------------------------|----------------------------|
|                 |                       |                       | ----- Rupees -----        | ----- Rupees -----         |
| Chief executive | Shareholder           | Remuneration          | 4,792,943                 | 7,988,239                  |
| Directors       | Shareholders          | Remuneration          | 2,605,695                 | 4,342,825                  |
| Executives      | Related parties       | Remuneration          | 6,266,842                 | 10,444,737                 |
|                 |                       |                       | <u>13,665,481</u>         | <u>22,775,801</u>          |

**17 AUTHORIZATION FOR ISSUE**

These financial statements have been approved by the board of directors of the Company and authorized for issue on February 24, 2022.

**18 CORRESPONDING FIGURES**

- 18.1** Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.  
**18.2** Figures have been rounded off to the nearest of rupees.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director