



ITTEFAQ IRON INDUSTRIES LTD.

Annual Report 2019



LOOKING
BEYOND
TOMORROW



CONTENTS

Key Figures	2
Company Information	4
Vision	6
Mission	7
Strategy Goals	8
Core Values	9
Notice of Annual General Meeting	10
Code of Business Conduct & Ethics	15
Profiles of Directors	18
Company Profile	20
Organization Chart	25
Chief Executive Message	26
Director Report to Members	27
Last Five year Financial review	34
Pattern of Shareholding	36
Statement of Compliance with the code of Corporate Governance	45
Review Report to the Members	48

FINANCIAL STATEMENTS

Auditor's Report to the Members	52
Balance Sheet	61
Profit and Loss Account	63
Statement of Comprehensive Income	64
Cash Flow Statement	65
Statement of Changes in Equity	66
Notes to the Financial Statement	67
Director Reports in Urdu	117
Proxy Form in Urdu & English	120



KEY FIGURES

PKR in
Million

Sales Revenue

6,809.786,461

(2018: 6,197.999,269)

PKR in
Million

EBITDA

628.000,000

(2018: 650.000,000)

PKR in
Million

Profit before Tax & Depreciation

445.131,842

(2018: 546.533,750)

PKR in
Million

Profit after Tax

198.190,844

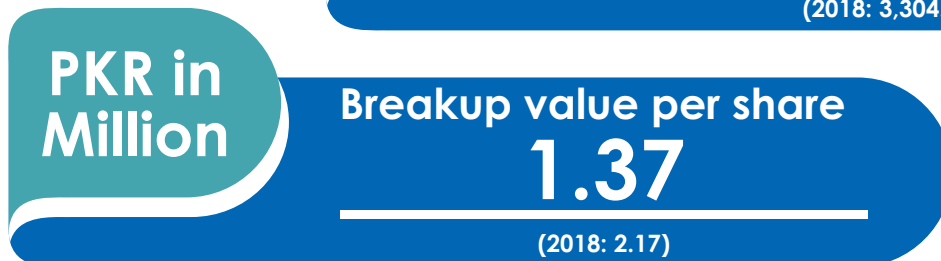
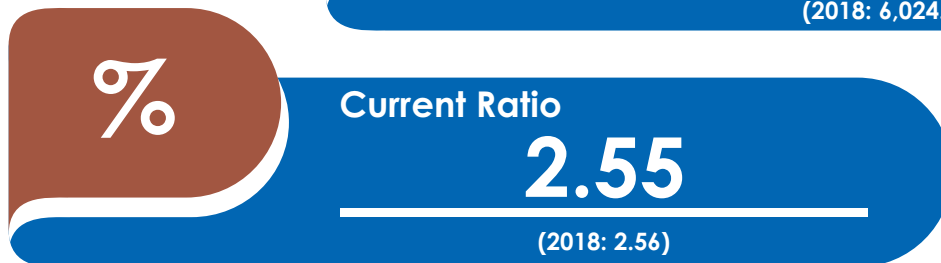
(2018: 313.016,001)

PKR in
Million

Earning per share

1.37

(2018: 2.17)





CORPORATE INFORMATION

Board of Directors

Mian Muhammad Pervaiz Shafi
Shahzad Javed
Shaukat Ali Rana
Khalid Mustafa
Khalida Pervaiz
Sumbleen Usman
Ayesha Fahid

Chairman
Chief Executive
Director
Director
Director
Director
Director

Hr & R Committee

Shaukat Ali Rana
Khalida Pervaiz
Sumbleen Usman

Chairman
Member
Member

Chief Financial Officer

Khaliq Sharif Khilji

Audit Committee

Shaukat Ali Rana
Adnan Younas
Khalid Mustafa
Khalida Pervaiz
Ayesha Fahid

Chairman
Committee Sec.
Member
Member
Member

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

Company Secretary

Muhammad Shahzad Bazmi (AFPA)

Auditors

Kamran & Co.
Chartered Accountants
Apt. A/2. Ingola Apartment
24-Jail Road, Lahore.

Registered Office

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

Company Website

www.ittefaqsteel.com

Mills

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

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

Bankers

National Bank of Pakistan
Bank of Punjab
Soneri Bank Ltd.



ITTEFAQ IRON INDUSTRIES LIMITED



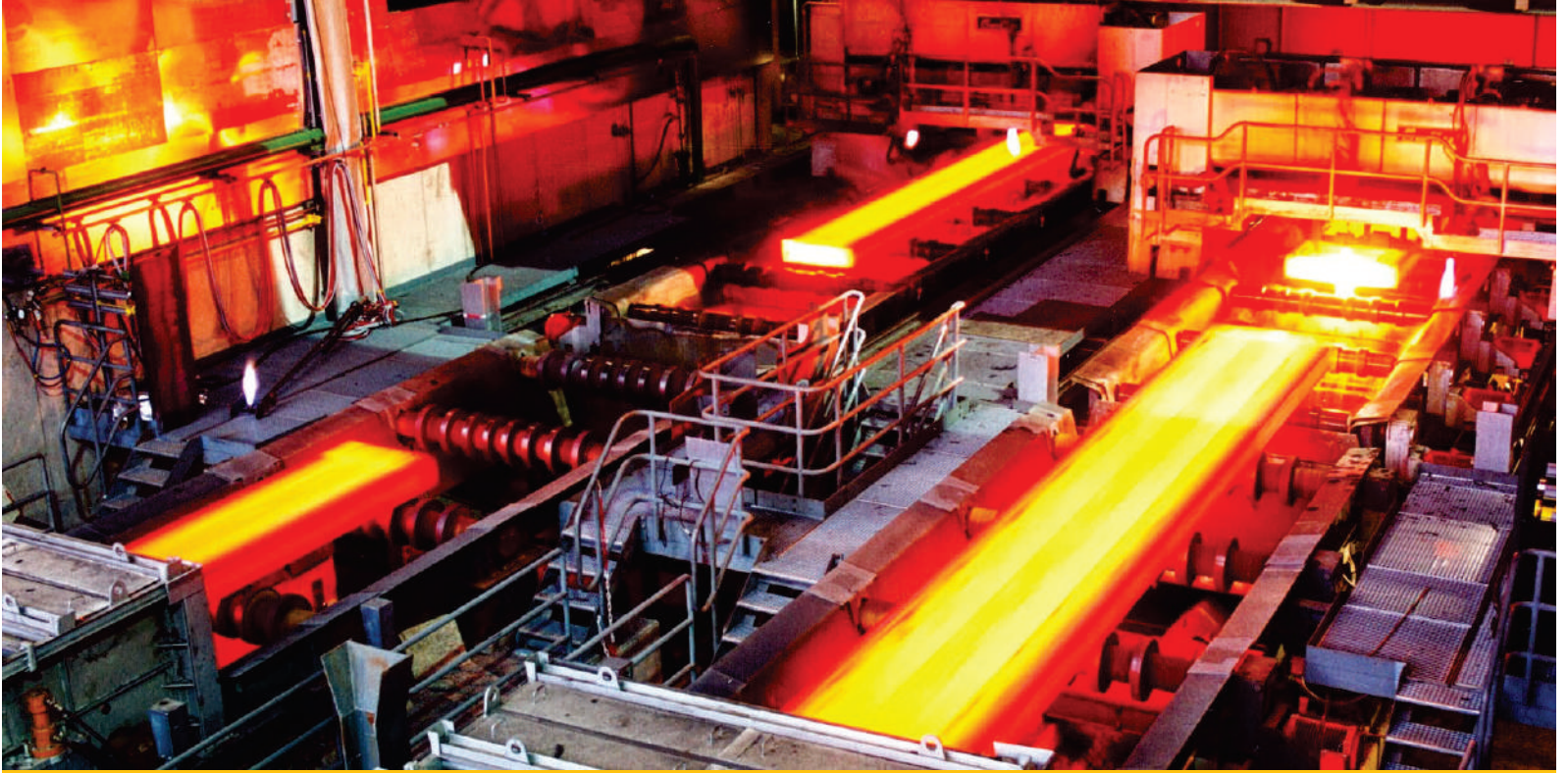
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Vision STATEMENT

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 14th Annual General Meeting of the members of ITTEFAQ IRON INDUSTRIES LIMITED will be held on Monday, November 25, 2019 at 12:00 noon at registered office, 40 B II, Gulberg-III, Lahore to transact the following business.

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on Thursday, October 25, 2018.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2019 together with the Directors and Auditors Report thereon.
3. To appoint Auditors for the year ending June 30, 2020 and to fix their remuneration. The present auditor M/s. Kamran & Co., Chartered Accountants, the retiring auditors, who being eligible, have offered themselves for re-appointment.
4. Any other Business with the permission of the Chairman.

Lahore:
November 4, 2019

BY ORDER OF THE BOARD

Muhammad Shahzad Bazmi
Company Secretary.

2-NOTES:

Book closure

1. Share transfer books of the Company will remain closed from November 18, 2019 to November 25, 2019 (both days inclusive). Physical transfers/ CDS 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 November 17, 2019 will be treated in time.
2. The individual members or representatives of corporate members of the Company in CDC must bring original National Identity Card or Passport, CDC Account and Participant ID Numbers to prove identity and verification at the time of Meeting. CDC account holders will further have to follow the under-mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

a) For Attending AGM

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

b) For Appointing Proxy


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

c) For Zakat

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

3- CIRCULATION OF NOTICE OF MEETING & ANNUAL ACCOUNTS

With reference to SRO 787 (1/2014 dated 8th September, 2014) issued by SECP, share holders 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, I-K Commercial, Model Town, Lahore, to update our record if they wish to receive Annual Audited Financial Statement and Notice of Annual General Meeting through email. However, if a shareholder, in addition, requests for a hard copy of the Audited Financial Statements, the same shall be provided free of cost within Seven (07) Days of receipt of such request.

4-Video conferencing facility

Pursuant to provisions of SECP Circular No.10 of 2014 dated May 21,2014, if the Company receives consent from members holding aggregate 10% or more share holding, residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city.

5-Unclaimed shares / dividend

Pursuant to section 244 of the of the Companies Act, 2017 any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due and payable shall vest with the Federal Government after compliance of procedures prescribed under the Companies Act, 2017 and related regulations. Accordingly, members are requested to promptly deposit their dividend warrants after re-validation, if already available with them. In case dividend warrants or share certificate have not been received, please contact us at our registered office address.

6-Placement of financial statements

The Company has placed the Audited Annual Financial Statements for the year ended June 30, 2019 along with Director and Auditor s Report hereon on its website: www.ittefaqsteel.com. Or scan QR Code.



7-Change of Address

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

8-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, I-K Commercial, Model Town, Lahore. Phone:042-35916714, 042-35916719. Email: corplink786@gmail.com

Lahore:
November 04, 2019

BY ORDER OF THE BOARD

Muhammad Shahzad Bazmi
Company Secretary.





CODE OF CONDUCT

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

FINANCIAL DISCLOSURE

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

CONFLICT OF INTEREST

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

COMPLIANCE WITH LAWS, DIRECTIVES & RULES

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

CONFIDENTIALITY

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

TIME MANAGEMENT

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



efficient and productive time management schedules.

BUSINESS INTEGRITY

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

INSIDER TRADING

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

HEALTH, SAFETY & ENVIRONMENT

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

INVOLVEMENT IN POLITICS, GIFTS & BRIBARY

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

COMPLIANCE

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



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

ACCOUNTABILITY

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



PROFILE OF DIRECTORS

Mr. Shahzad Javed , Chief Executive Officer / Director

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

Mr. Shahzad Javed is instrumental in making strategic decisions for the Company and has led the Company to become one of the leading players in steel sector. He did early education from Aitchison College Lahore Pakistan. Further 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. Shaukat Ali Rana, Director

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



Mr. Khalid Mustafa, Director

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

Mrs. Khalida Pervaiz, Director

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

Mrs. Ayesha Fahid, Director

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

Mrs. Sumbleen Usman, Director

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



COMPANY PROFILE

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

Ittefaq steel is made up of 1000 team-mates whose goal is to take care of the customers. We are accomplished this by being the safest highest quality and most productive steel products company 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 through quality control at all stages of manufacturing process. Ittefaq steel has also introduced international quality ittefaq thermex TMT bars.

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

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 into 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 equipped 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, ASTM-A-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.

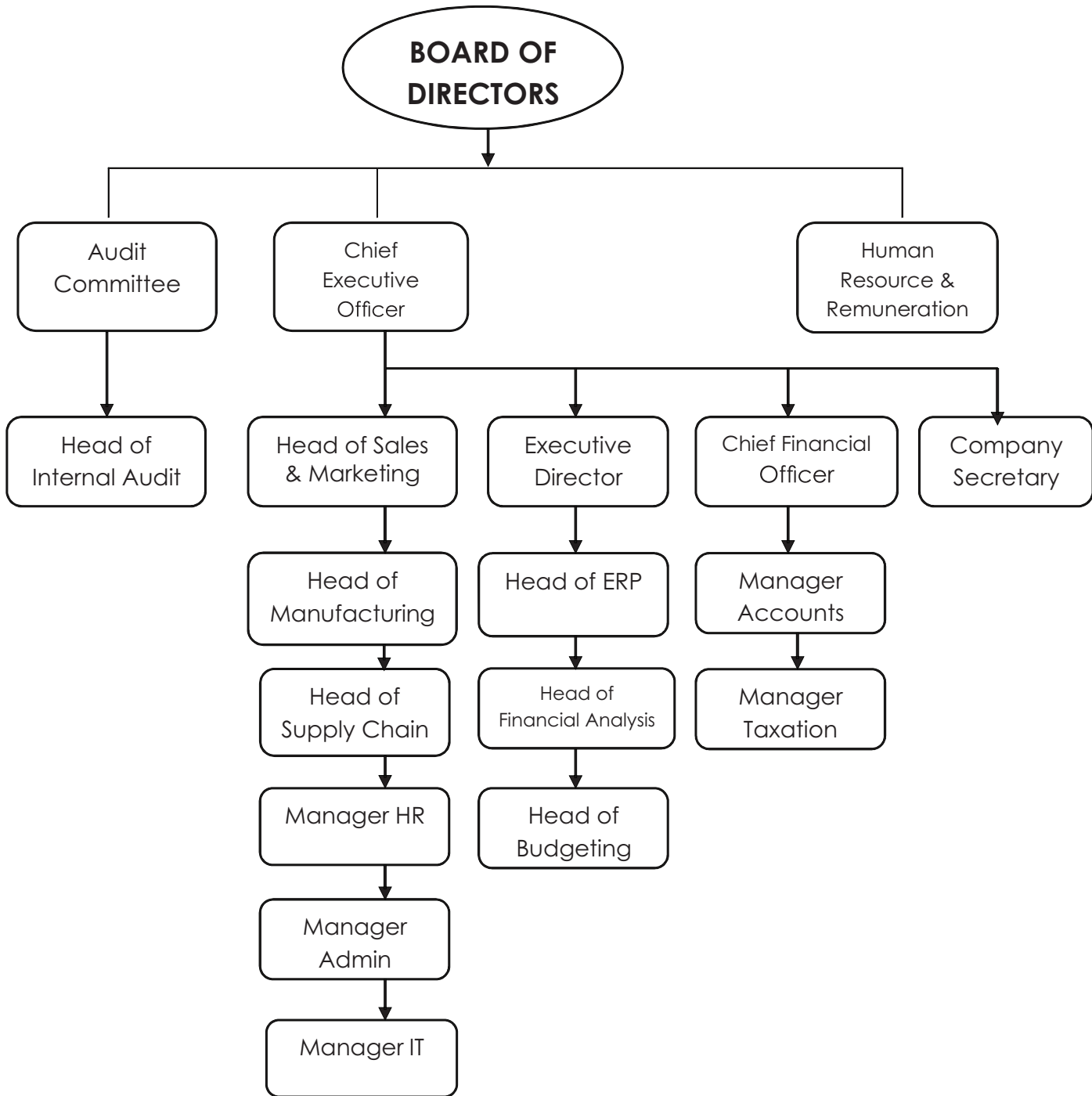
Sample Preparation

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.



ORGANOGRAM OF COMPANY





CHIEF EXECUTIVE MESSAGE

Dear Shareholders:

This year has been quite challenging and tough due to prevailing political instability and poor economic conditions in the country leading to suppression of demand in steel industry along with other major sectors of the economy. The cost of doing business has increased much due to steep hike in SBP's policy rate as well as other inflationary trends in the economy.

But in spite of all the challenges faced by us we stood our ground patiently and tried to create maximum possible value for our shareholders through untiring and endless efforts. This year the company's after-tax profit is Rs 198,190,844 and earnings per share Rs 1.37. The profitability figure seems to be on the lower side as compared to the last year but it is justifiable keeping in view the over-all bad shape of the economy in general and of the industry in particular.



We are hopeful that steel sector would gradually pick momentum and start growing fast again as a result of initiation of mega infrastructure projects relating to China Pakistan Economic Corridor (CPEC) and other public sector projects which are currently on hold by the government due to economic constraints. The government on its part should facilitate the industrial sector by promoting business-friendly environment through reducing cost of doing business and taking other appropriate measures.

At our end, we are leaving no stone unturned in safeguarding and promoting the interest of our shareholders. With enhanced focus on efficiency and installation of a new furnace, our production quality/capacity has been further strengthened and we being one of the major players are fully prepared to exploit the growth potential of the industry in the short as well as long run.

Our smooth sailing through challenging economic conditions currently prevailing in the country could not have been possible without the valuable support of our shareholders and tireless efforts of our management team as well as the staff. I thank all of you for your support and am confident that we as a team would achieve greater and greater heights by making the company best business entity in the steel sector of the country.

DIRECTORS' REPORT

It gives me great pleasure in presenting to you the Company's 14th Annual Report and Audited Accounts for the year ended 30th June 2019.





Review Of Operating Results

I am really pleased to share with you a snapshot of our performance during the financial year ending on June 30, 2019.

By making our best efforts throughout the year, we tried to achieve maximum possible results and profitability for our shareholders by means of attaining all the targets set for the period in spite of over-all challenges faced by the steel industry and political stability in the country. The company achieved highest ever production level and turnover in its history. This year we earned Rs 639.5 Million gross profit which is higher as compared to the last year. Throughout the year, we remained fully focused and committed to achieving maximum possible value for our shareholders by exploiting the growth potential of the industry. We have already got installed a new furnace and re-modification rolling mill as part of our expansion program. An LNG connection for our mills has also been arranged to overcome the shortage of natural gas. For the consumer/domestic construction market, we are going to launch a new brand by the name of Ittefaq Gold to further strengthen our position and enhance our over-all market share.

1. Dividend

The Board has not proposed any cash dividend or bonus shares for the year ended June 30, 2019.

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 (IIL) are pleased to present the annual report together with the audited financial statements of the company for the year ended 30th June 2019 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 are maintained. Compliance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been ensured in preparation of financial statements.

7. Internal control System

An internal control system is designed to provide reasonable assurance that the company ensures compliance of policies, plans and laws; efficient use of resources; accomplishment of goals besides availability and integrity of financial and management information. The internal control system of IIL 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

IIL, as a model corporate entity, pursues perfection by adherence to the best corporate and ethical practices. Best practices of corporate governance, as given in the Companies Act 2017, are being applied and implemented in true letter and spirit. All periodic financial statements of the company were circulated to the Directors, duly endorsed by Chief Executive Officer and Chief Financial Officer, for approval before publication. Quarterly unaudited financial statements along with Directors' review were published and circulated to the share holders and regulators. Half yearly statements reviewed by the Board after the closing date shall be presented to the shareholders in the 14th Annual General Meeting on 25th November for final approval.

(a) . Shareholding Pattern.

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

(b). Shareholders' Information.

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



9. Human Resource Committee

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

10. Role of Chairman

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

11. Board Composition

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

During the year, Mr. Shoukat Ali Rana replaced Mr. Javed Sadiq as independent director.

12. Chief Financial Officer (CFO)

During the year, Mr Abdul Khaliq Sahreef replaced Mr Amir Munir as CFO.

13. Performance Evaluation of the Board

Pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2017 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.

14. 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.

15. 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.

17. Board of Director's Remuneration

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

18. Qualifications of CFO and Head of Internal Audit.

Chief Financial Officer and Head of Internal Audit possess the requisite qualification and experience as re scribed in the Listed Companies (Code of Corporate Governance) Regulation, 2017.

19. Training of the Board Members.

The company takes keen interest in the professional development of its Board members and arranges necessary trainings for them as per the requirements of the Listed Companies (Code of Corporate Governance) Regulation, 2017.

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

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2017, 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.

21. Code of Conduct.

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2017, ILL 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.

22. Listed Companies (Code of Corporate Governance) Regulations, 2017.

In the year 2017, Security and Exchange Commission of Pakistan (SECP) issued the Listed Companies (Code of Corporate Governance) Regulations, 2017 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 1st January 2018 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.

23. 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, 2017. 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.

24. 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.

25. Gratuity Funds Investment.

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



26. Related Party Transactions.

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2017, the company adheres to the highest ethical standards in the conduct of business. Policy on related party transactions of the company is approved by the Board of Directors.

27. External Auditors.

During the year, M/s Kamran & Co, Chartered Accountants, replaced M/s Kaleem & Co, Chartered Accountants, as External Auditors due to disqualification of M/s Kaleem & Co.

M/s Kamran & Co, Chartered Accountants, has completed the Annual Audit for the year ended 30th June 2019 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 Kamran & Co, Chartered Accountants, as External Auditors of the Company for the year ending 30th June 2020.

28. 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.

29. Whistle Blowing Policy.

Pursuant to the Listed Companies (Code of Corporate Governance) Regulation, 2017, 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.

30. 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 2018-19.

MESSAGES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

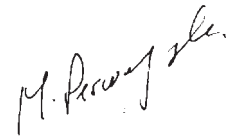
The directors endorse the contents of the Chairman's and Chief Executive Officer's messages. ACKNOWLEDGEMENTS

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

On behalf of the Board



Shahzad Javed
(CEO)



Mian Muhammad Pervaiz Shafi
(Director)

Lahore : Oct 28, 2019





Last Five year Financial Review

(Amounts in PKR Mn.) Income Statement	FY15 Audited	FY16 Audited	FY17 Audited	FY18 Audited	FY19 Audited
Sales	3,842	3,917	959	6,198	6,809
Cost of Goods Sold	3,490	3,562	876	5,578	6,170
Gross Profit	352	356	83	619	639
EBITDA	440	433	98	650	628
Operating Profit	304	307	67	518	505
Financial Charges	183	149	26	82	159
Profit before Taxation	115	152	42	415	322
Profit after Taxation	65	88	33	313	198
Balance Sheet					
Non-Current Assets	1,596	1,471	1,441	1,802	1,722
Current Assets	3,142	2,536	2,510	4,222	4,699
Total Assets	4,738	4,006	3,950	6,024	6,422
Share Capital	895	895	895	1,312	1,443
Total Equity (including surplus on revaluation of assets)	1,671	1,762	1,795	3,959	4,098
Non-Current Liabilities	328	366	366	266	290
Deferred Liabilities	146	137	138	146	190
Current Liabilities	2,593	1,741	1,651	1,652	1,842
Total Liabilities	3,067	2,244	2,156	2,064	2,323
Total Equity and Liabilities	4,738	4,006	3,950	6,024	6,422
Total Number of Issued Shares of PKR 100 each	8.9	8.9	8.9	13.12	14.43
Financial Ratios					
Gross Margin (1)	9.20%	9.10%	8.70%	9.99%	9.39%
Operating Profit Margin (2)	7.90%	7.80%	7.00%	8.36%	7.42%
Net Margin (3)	1.70%	2.30%	3.40%	5.05%	2.91%
EBITDA Margin (4)	11.50%	11.10%	10.30%	10.49%	9.22%
EBIT Margin (5)	7.80%	7.70%	7.10%	8.37%	7.42%
Earnings Per Share (PKR) (6)	0.73	0.99	0.36	2.17%	1.37%
Current Ratio (x) (7)	1.21	1.46	1.52	2.6%	2.6%
Breakup Value Per Share (PKR) (8) (excluding surplus on revaluation of assets)	15.69	16.93	17.38	25	24
Breakup Value Per Share (PKR) (9) (including surplus on revaluation of assets)	18.68	19.7	20.06	30	28
Working Capital Turnover (x) (10)	1.79	2.05	1.97	2.41	2.38
Inventory Days (11)	122	109	98	106	27
Receivable Days (12)	29	40	45	36	42
Payable Days (13)	60	48	38	24	21
Inventory Turnover (14)	2.46	2.76	3.05	2.84	10.23



(Amounts in PKR Mn.) Income Statement	FY15	FY16	FY17	FY18	FY19
	Audited	Audited	Audited	Audited	Audited
Receivable Turnover (15)	10.23	7.49	6.62	8.25	7.02
Payable Turnover (16)	5.04	6.24	7.97	12.68	14.01
Asset Turnover (17)	85.4%	89.6%	96.40%	111.90%	109%
Return on Asset (18)	1.4%	2.0%	3.30%	5.65%	3.18%
Return on Equity (including surplus on revaluation) (19)	4.0%	5.1%	7.30%	8.75%	4.92%
Return on Equity (excluding surplus on revaluation) (20)	4.8%	6.1%	8.50%	9.98%	5.58%
Return on Fixed Asset (21)	3.9%	5.8%	9.00%	19.80%	11.20%
Debt to Equity (including surplus on revaluation) (22)	1.21	0.88	0.87	0.31	0.32
Debt to Equity (excluding surplus on revaluation) (23)	1.45	1.02	1	0.376	0.375
Debt to Assets (24)	0.43	0.39	0.39	0.21	0.2

- (1) Gross Margin is calculated by dividing the gross profit for the year with the net sales of the same year
- (2) Operating Profit Margin is calculated by dividing the operating profit for the year with the net sale of the same year
- (3) Net Margin is calculated by dividing the profit after tax of the year with the net sales of the same year
- (4) EBITDA Margin is calculated by dividing the earnings before interest, tax, depreciation and amortization of the year with the net sales of the same year
- (5) EBIT Margin is calculated by dividing the earnings before interest and tax of the year with the net sales of the same year
- (6) Earnings per Share is calculated by dividing the profit after tax of the year with the total number of current issued shares (i.e. 144,343,364 ordinary shares)
- (7) Current Ratio is calculated by dividing the total current assets of the year with the total current liabilities of the same year
- (8) Breakup Value per Share excluding surplus on revaluation of fixed assets is calculated by dividing the Net equity less revaluation of fixed assets with the total number of current issued shares (i.e. 144,343,364 ordinary shares)
- (9) Breakup Value per Share including surplus on revaluation of fixed assets is calculated by dividing the Net equity of the year with the total number of current issued shares (i.e. 144,343,364 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.
- 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.



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

30-06-2019

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
138	1	100	6,169
188	101	500	74,105
2,378	501	1,000	1,386,566
2,262	1,001	5,000	4,314,390
349	5,001	10,000	2,521,847
160	10,001	15,000	1,937,504
89	15,001	20,000	1,594,940
58	20,001	25,000	1,327,525
34	25,001	30,000	954,226
32	30,001	35,000	1,056,405
24	35,001	40,000	921,732
20	40,001	45,000	848,900
22	45,001	50,000	1,080,250
18	50,001	55,000	964,892
5	55,001	60,000	291,000
7	60,001	65,000	438,600
7	65,001	70,000	469,300
2	70,001	75,000	140,975
6	75,001	80,000	469,300
3	80,001	85,000	252,050
6	85,001	90,000	523,200
3	90,001	95,000	275,550
6	95,001	100,000	594,276
3	100,001	105,000	309,500
13	105,001	110,000	1,430,000



2	110,001	115,000	225,500
1	115,001	120,000	120,000
6	120,001	125,000	739,750
1	125,001	130,000	127,000
2	130,001	135,000	261,850
1	140,001	145,000	143,000
6	145,001	150,000	889,500
1	150,001	155,000	152,850
1	155,001	160,000	160,000
1	160,001	165,000	165,000
1	165,001	170,000	167,700
1	170,001	175,000	170,700
1	175,001	180,000	177,500
1	195,001	200,000	196,500
1	200,001	205,000	205,000
3	205,001	210,000	623,900
1	210,001	215,000	214,500
4	215,001	220,000	878,896
2	255,001	260,000	515,950
1	260,001	265,000	263,000
1	265,001	270,000	266,200
1	270,001	275,000	275,000
1	280,001	285,000	282,500
2	295,001	300,000	600,000
2	305,001	310,000	613,250
2	310,001	315,000	625,420
1	325,001	330,000	328,300
1	360,001	365,000	360,654
1	370,001	375,000	372,000
1	390,001	395,000	391,950
1	400,001	405,000	400,599
1	435,001	440,000	440,000
1	450,001	455,000	452,100
1	455,001	460,000	455,500
1	460,001	465,000	462,000
1	535,001	540,000	536,000
1	560,001	565,000	564,000
1	580,001	585,000	582,450



1	590,001	595,000	593,000
1	600,001	605,000	601,700
1	630,001	635,000	632,500
1	640,001	645,000	643,500
1	660,001	665,000	660,576
1	700,001	705,000	704,000
1	755,001	760,000	755,650
1	770,001	775,000	771,500
1	925,001	930,000	928,500
1	985,001	990,000	990,000
1	995,001	1,000,000	1,000,000
1	1,300,001	1,305,000	1,303,500
1	1,390,001	1,395,000	1,394,250
1	1,835,001	1,840,000	1,839,607
1	1,855,001	1,860,000	1,859,990
1	1,895,001	1,900,000	1,895,300
1	2,655,001	2,660,000	2,657,900
1	3,360,001	3,365,000	3,364,339
1	5,715,001	5,720,000	5,717,976
1	5,785,001	5,790,000	5,786,693
1	5,840,001	5,845,000	5,841,099
1	5,915,001	5,920,000	5,919,290
1	6,785,001	6,790,000	6,787,902
1	6,940,001	6,945,000	6,940,758
1	8,850,001	8,855,000	8,854,780
1	9,025,001	9,030,000	9,025,500
1	9,065,001	9,070,000	9,067,828
1	9,555,001	9,560,000	9,559,946
1	9,655,001	9,660,000	9,656,559

5,921

144,343,364



2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	24,906,035	17.2547%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	1,394,250	0.9659%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
2.3.5 Insurance Companies	1,365,620	0.9461%
2.3.6 Modarabas and Mutual Funds	5,996,840	4.1546%
2.3.7 Share holders holding 10% or more	0	0.0000%
2.3.8 General Public		
a. Local	105,598,432	73.1578%
b. Foreign	2,200	0.0015%
2.3.9 Others (to be specified)		
Joint Stock Companies	4,957,837	3.4348%
Others	122,150	0.0846%



ITTEFAQ IRON INDUSTRIES LIMITED
Categories of Share Holders
As on 30th June, 2019

**ONLY FOR INFORMATION
NOT FOR PRINTING**

S. No.	NAME	HOLDING	% AGE
<u>DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN:</u>			
1	MR. SHAHZAD JAVED (CDC)	9,025,500	6.2528%
2	MR. SHAHZAD JAVED (CDC)	462,000	0.3201%
3	MIAN MUHAMAMD PERVAIZ SHAFI (CDC)	11,000	0.0076%
4	MRS. AYESHA FAHID (CDC)	11,000	0.0076%
5	MR. USMAN JAVED (CDC)	5,717,976	3.9614%
6	MR. KHALID MUSTAFA (CDC)	11,000	0.0076%
7	MRS. SUMBLEEN USMAN (CDC)	11,000	0.0076%
8	MRS. KHALIDA PERVEZ (CDC)	9,656,559	6.6900%
	MR. SHAUKAT ALI RANA	550	0.004%
		24,906,585	17.2551%
<u>ASSOCIATED COMPANIES:</u>			
		0	0.0000%
<u>NIT & ICP:</u>			
1	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	1,394,250	0.9659%
		1,394,250	0.9659%
<u>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS:</u>			
		0	0.0000%
<u>INSURANCE COMPANIES:</u>			
1	ADMJEE LIFE ASSURANCE COMPANY LIMITED-ISF (CDC)	220,000	0.1524%
2	ADMJEE LIFE ASSURANCE COMPANY LIMITED-IMF (CDC)	601,700	0.4169%
3	DAWOOD FAMILY TAKAFUL LIMITED (CDC)	62,300	0.0432%
4	DAWOOD FAMILY TAKAFUL LIMITED (CDC)	310,920	0.2154%
5	DAWOOD FAMILY TAKAFUL LIMITED (CDC)	170,700	0.1183%
		1,365,620	0.9461%
<u>MODARABAS</u>			
1	B.R.R. GUARDIAN MODARABA. (CDC)	90,200	0.0625%
		90,200	0.0625%
<u>MUTUAL FUNDS:</u>			
1	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	19,040	0.0132%
2	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	1,895,300	1.3130%
3	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	167,700	0.1162%
4	CDC - TRUSTEE JS LARGE CAP. FUND (CDC)	582,450	0.4035%
5	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT (CDC)	255,950	0.1773%
6	MC FSL - TRUSTEE JS GROWTH FUND (CDC)	2,657,900	1.8414%
7	MCBFSL - TRUSTEE JS VALUE FUND (CDC)	328,300	0.2274%
		5,906,640	4.0921%



JOINT STOCK COMPANIES:

1	ADAM SECURITIES LIMITED	1,131	0.0008%
2	ALI HUSAIN RAJABALI LIMITED (CDC)	564,000	0.3907%
3	ASDA SECURITIES (PRIVATE) LIMITED - MF (CDC)	65,000	0.0450%
4	ASDA SECURITIES (PVT.) LTD. (CDC)	25,000	0.0173%
5	BABA EQUITIES (PVT) LTD. (CDC)	50,000	0.0346%
6	BMA CAPITAL MANAGEMENT LTD. - MF (CDC)	12,500	0.0087%
7	BRR FINANCIAL SERVICES (PVT.) LTD. (CDC)	5,500	0.0038%
8	CHENAB STOCK SERVICES (PVT) LIMITED (CDC)	5,000	0.0035%
9	DAWOOD EQUITIES LIMITED- MF (CDC)	5,000	0.0035%
10	FANCY PETROLEUM SERVICES (PVT.) LIMITED (CDC)	206,800	0.1433%
11	FIRM DECON INTERNATIONAL (PVT.) LIMITED (CDC)	5,500	0.0038%
12	HAJI MOHAMMAD ISMAIL MILLS LIMITED (CDC)	308,000	0.2134%
13	KASHMIR FEEDS LIMITED (CDC)	1,839,607	1.2745%
14	KHAWAJA SECURITIES (PVT.) LIMITED (CDC)	643,500	0.4458%
15	M/S RANG COMMODITIES (PVT) LTD (CDC)	391,950	0.2715%
16	MAAN SECURITIES (PRIVATE) LIMITED (CDC)	131,500	0.0911%
17	MRA SECURITIES LIMITED - MF (CDC)	8,000	0.0055%
18	MUHAMMAD BASHIR KASMANI (PRIVATE) LIMITED (CDC)	200	0.0001%
19	MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD. (CDC)	160,000	0.1108%
20	MULTILINE SECURITIES (PVT) LIMITED - MF (CDC)	30,000	0.0208%
21	N. U. A. SECURITIES (PRIVATE) LIMITED - MF (CDC)	2,000	0.0014%
22	NCC - PRE SETTLEMENT DELIVERY ACCOUNT (CDC)	4,000	0.0028%
23	PEARL SECURITIES LIMITED - MF (CDC)	1,500	0.0010%
24	RAO SYSTEMS (PVT.) LTD. (CDC)	11,000	0.0076%
25	ROYAL SECURITIES (PVT.) LIMITED - MF (CDC)	1,000	0.0007%
26	RS PUBLISHERS (PRIVATE) LIMITED (CDC)	6,050	0.0042%
27	SALIM SOZER SECURITIES (PVT.) LTD. (CDC)	400,599	0.2775%
28	SEVEN STAR SECURITIES (PVT.) LTD. (CDC)	10,000	0.0069%
29	SHARE CENTRE (PRIVATE) LIMITED (CDC)	53,500	0.0371%
30	STANDARD CAPITAL SECURITIES (PVT) LIMITED - MF (CDC)	10,000	0.0069%
		4,957,837	3.4348%



OTHERS

1	DAWOOD FAMILY TAKAFUL LIMITED EMPLOYEES P.F (CDC)	31,350	0.0217%
2	TRUSTEE AVARI HOTELS LIMITED EMPLOYEES PROVIDENT FUND (CDC)	600	0.0004%
3	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPLOYEES P.FUND (CDC)	2,200	0.0015%
4	TRUSTEE-GHANI VALUE GLASS LTD EMPLOYEES PROVIDENT FUND (CDC)	33,000	0.0229%
5	TRUSTEE OF NOVO NORDISK PHARMA (PVT) LTD STAFF GRATUITY FUND (CDC)	55,000	0.0381%
		122,150	0.0846%

EXECUTIVES

0 **0.0000%**

SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):

2,200 0.0015%

SHARES HELD BY THE GENERAL PUBLIC (LOCAL):

105,598,982 73.1582%

105,601,182 **73.1597%**

TOTAL **144,343,364** **100.0000%**

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL:

NIL

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL:

1	MRS. KHALIDA PERVEZ (CDC)	9,656,559	6.6900%
2	MR. MUHAMMAD HASNAIN TARIQ SHAFI (CDC)	9,559,946	6.6231%
3	MR. SHAHZAD JAVED (CDC)	9,487,500	6.5729%
4	MR. ATIF MUBARIK (CDC)	9,067,828	6.2821%
5	RANA NISAR AHMAD	8,854,780	6.1345%
		46,626,613	32.3026%

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

<u>S. No.</u>	<u>NAME</u>	<u>SALE</u>	<u>PURCHASE</u>	<u>BONUS</u>
1	MRS. KHALIDA PERVEZ (CDC)			877,869
2	MR. SHAHZAD JAVED (CDC)			862,500
3	MIAN MUHAMAMD PERVAIZ SHAFI (CDC)			1,000
4	MR. USMAN JAVED (CDC)			519,816
5	MRS. AYESHA FAHID (CDC)			1,000
6	MR. KHALID MUSTAFA (CDC)			1,000
7	MRS. SUMBLEEN USMAN (CDC)			1,000
8	MR. SHAUKAT ALI RANA			550

Dear Sir, please check at your end



ITTEFAQ IRON INDUSTRIES LIMITED

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

As on June 30, 2019

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 ALHAMRA ISLAMIC STOCK FUND (CDC)	19,040	0.0132%
2	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	1,895,300	1.3130%
3	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	167,700	0.1162%
4	CDC - TRUSTEE JS LARGE CAP. FUND (CDC)	582,450	0.4035%
5	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT (CDC)	255,950	0.1773%
6	MC FSL - TRUSTEE JS GROWTH FUND (CDC)	2,657,900	1.8414%
7	MCBFSL - TRUSTEE JS VALUE FUND (CDC)	328,300	0.2274%

Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. SHAHZAD JAVED (CDC)	9,487,500	6.5729%
2	MIAN MUHAMAMD PERVAIZ SHAFI (CDC)	11,000	0.0076%
3	MRS. AYESHA FAHID (CDC)	11,000	0.0076%
4	MR. USMAN JAVED (CDC)	5,717,976	3.9614%
5	MR. KHALID MUSTAFA (CDC)	11,000	0.0076%
6	MRS. SUMBLEEN USMAN (CDC)	11,000	0.0076%
7	MRS. KHALIDA PERVEZ (CDC)	9,656,559	6.6900%
8	MR. SHAUKAT ALI RANA	550	0.004%

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

1,455,820 1.0086%

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	MRS. KHALIDA PERVEZ (CDC)	9,656,559	6.6900%
2	MR. MUHAMMAD HASNAIN TARIQ SHAFI (CDC)	9,559,946	6.6231%
3	MR. SHAHZAD JAVED (CDC)	9,487,500	6.5729%
4	MR. ATIF MUBARIK (CDC)	9,067,828	6.2821%
5	RANA NISAR AHMAD	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>
1	MRS. KHALIDA PERVEZ (CDC)			877,869
2	MR. SHAHZAD JAVED (CDC)			862,500
3	MIAN MUHAMAMD PERVAIZ SHAFI (CDC)			1,000
4	MR. USMAN JAVED (CDC)			519,816
5	MRS. AYESHA FAHID (CDC)			1,000
6	MR. KHALID MUSTAFA (CDC)			1,000
7	MRS. SUMBLEEN USMAN (CDC)			1,000
8	MR. SHAUKAT ALI RANA			550

Dear Sir, please check at your end



STATEMENT OF COMPLIANCE

with the Code of Corporate Governance

Name of Company : ITTEFAQ IRON INDUSTRIES LIMITED

YEAR ENDED: JUNE 30, 2019

1. The total number of directors are 7(Seven) as per the following:
 - a) Male : 4
 - b) Female : 3
2. The composition of board is as follows:
 - a) Independent Directors:
 - Mr. Shaukat Ali Rana
 - b) Other-Non Executive Director:
 - Mr. Khalid Mustafa
 - Mrs.Khalida Pervaiz
 - Mrs.Sumbleen Usman
 - Mrs. Ayesha Fahid
 - c) Executive Director :
 - Mian Muhammad Pervaiz Shafi
 - Mr. Shahzad Javed
3. The Directors have confirmed that none of them is serving as Director on more than five 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 Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and the Board met at least once in every Quarter. Written notices of the Board Meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
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 and managed necessary trainings of its Board members as per the



requirements of the Listed Companies (Code of Corporate Governance) Regulation, 2017.

10. 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.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) **Audit Committee**

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

b) **Hr & R Committee**

Shaukat Ali Rana	Chairman
Sumbleen Usman	Member
Khalida Pervaiz	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meeting (quarterly/half year/yearly) of the committee were as per following:

	<u>NAME</u>	<u>Total Meeting Held</u>
a)	Audit Committee	4
b)	HR & Remuneration Committee	2

15. 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.
16. The statutory auditor 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 he, spouses and minor children do not hold shares of the Company and firm is compliance with international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. 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.

18. We confirmed that all other requirements of the Regulations have been complied with.

Mian Muhammad Pervaiz Shafi
Chairman

Shahzad Javed
Chief Executive Officer

Lahore: Dated October 28, 2019

REVIEW REPORT TO THE MEMBERS ON STATEMENTS OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE.

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Ittefaq Iron Industries Limited** for the year ended 30 June 2019 to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism.

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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, we draw attention to the paragraph 9 (training program for directors) of the Statement, except for the matter 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 best practices contained in the Code as applicable to the Company for the year ended 30 June 2019.



KAMRAN & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Kamran Fatah (FCA)



LAHORE
28th October 2019



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Financial Statements

For the year ended 30 June 2019





ITTEFAQ IRON INDUSTRIES LTD.

AUDITOR'S REPORT

AS AT 30 June 2019

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 comprises the statement of financial position as at **30 June 2019**, and the statement of profit or loss and 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanation given to us, the statement of financial position, statement of profit or loss and 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 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 30 June 2019 and of the profit or loss 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 THE MATTER PARAGRAPH

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.

- note 5.2 to the financial statements which states that the financial statements for the year ended 30 June 2018 and 2017 have been restated, to incorporate the impact of errors, which has been applied retrospectively and comparative information has also been restated in accordance with the treatment specified in International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors".
- note 18 to the financial statements which states that the Company is in litigation with National Bank of Pakistan ('NBP') wherein NBP had filed a suit before the Honourable Lahore High Court, Lahore against the Company for recovery of Rs. 887.812 million. The Company had also filed counter suits against NBP.

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 year. 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

No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>Initial audit engagement</p> <ul style="list-style-type: none"> • As this is the first year that our firm has audited the financial statements of the Company. This gives rise to detection risk, as our firm does not have experience with the client, making it more difficult for us to detect material misstatements. • There is also a risk that opening balances and comparative information may not be correct. 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • The risk was mitigated through rigorous audit planning, including obtaining a thorough understanding of business of the Company. • We planned audit carefully to ensure that opening balances and comparative information are both free from material misstatement. • We detected some errors in the prior year financial statements and hence conducted detailed audit procedures to verify opening balances independently, and accordingly corrected the errors by restating the prior years' financial statements.



2. The Company's exposure to litigation risk

Refer to note 18 to the financial statements:

The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. Consequently, the Company has significant litigation cases pending with Federal Board of Revenue and National Bank of Pakistan.

Our audit procedures included the following:

- Obtaining an understanding of the Company's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee;
- A review of the correspondence of the Company with the relevant regulatory authorities and tax / legal advisors including judgments or orders passed by the competent authorities;
- Discussing open matters and developments with the in-house tax / legal department personnel of the Company;

No.	Key Audit Matters	How the matter was addressed in our audit
	<p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statement is subject to significant judgment, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<ul style="list-style-type: none"> • We also obtained and reviewed confirmations from the Company's external tax and legal advisors for their views on the status of each case and an overall opinion on the open tax and legal position of the Company; and • Whilst noting the inherent uncertainties involved with the legal and regulatory matters, assessing the appropriateness of the related disclosures made in the annexed financial statements.



3. Deferred tax

Refer note 12 to the financial statements:

- Under International Accounting Standard 12 “Income Taxes”, the Company is required to assess the deferred tax assets / liabilities recognized in the statement of financial position at each reporting period.
- Recognition of deferred tax is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward losses and tax credits can be utilized. Future taxable profits are based on management's projections. This estimation involves a degree of uncertainty and requires judgment in relation to the future cash flows and also involves assessment of timing of reversals of un-used tax losses and tax credits.
- The Company has booked deferred tax liability of Rs. 156 million as at 30 June 2019 as disclosed in note 12 that include accelerated depreciation surplus on revaluation of assets, provision for employee benefits, and other provisions.

Our audit procedures included the following:

- Obtained understanding of the Company's process of preparing financial projections;

Tested internal controls over management's valuation of deferred tax liabilities;

Obtained financial projections from management as approved by the Board of Directors;

involved tax specialists knowledgeable in Pakistan specific tax legislation and regulatory matters in testing management's forecasted taxable income projections, including evaluation of available evidence related to management's judgments for the amounts of deferred tax liability recognized;

Reviewed management's estimates of projected taxable income for reasonableness;

Reviewed opinions obtained by Company from tax specialists and legal advisor and

Reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.



No.	Key Audit Matters	How the matter was addressed in our audit
-----	-------------------	---

The outflow of this liability has been assessed based on the projected financial statements of the Company for future years. Determination of future taxable profit is based on certain key assumptions such as capacity utilization, inflation and interest rates (Karachi Interbank Offer Rate).

- “Income Taxes”, the Company is required to review outflow of the deferred tax liability recognized in the statement of financial position at each reporting period.
- Deferred tax liability valuation is considered a key audit matter because the amount involved is material, the complexities of the calculation of future taxable profits, evaluation of the impact of tax planning opportunities, and the inherent uncertainty involved in forecasting taxable profit available in future periods.

4. Valuation of Stock-in-trade

Refer notes 22 to the financial statements

- Inventory forms a significant part of the Company's assets. As our appointment was made subsequent to year end, hence we could not conduct physical stock take of inventory.

We identified the valuation of stock in trade as key audit matter as it directly affects the profitability of the Company

- We have detected errors relating to incorrect booking of deferred tax liability in the prior periods' financial statements and hence conducted detailed audit procedures to verify opening balances independently, and accordingly corrected the errors by retrospectively restating the prior years' financial statements in accordance with the International Accounting Standard (IAS) 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

Our audit procedures included the following:

- We obtained an understanding of internal controls over purchases and valuation of stocks and tested on sample basis, their design, implementation, and operating effectiveness;

We conducted physical stock taking subsequent to our appointment, and reconciled the quantities sold and purchased to arrive at the balance as at year end.

Further, we contacted the predecessor auditor who conducted physical stock taking as at year end, to provide us with stock sheets of stock count and provide summary of difference, if any, which was provided by the predecessor auditor.



No.	Key Audit Matters	How the matter was addressed in our audit
		<ul style="list-style-type: none">• The same matched with our stock count sheets reconciliation.• We compared on a sample basis specific purchases with underlying supporting documents / agreements, if any;• We compared calculations of the allocation of directly attributable costs with the underlying supporting documents;• We obtained an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-process and costs necessary to make the sale and their basis; and• We compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.

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 conclusion 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 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 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 Acts, 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 statement, 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF 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 exist. Misstatement can arise from fraud or error and are consider material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of user 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 statement, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of financial statements, including the disclosures and whether the financial statements represent the underlying transaction and events in a manner that achieve fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the 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 statements of financial position, the statement of profit or loss and other 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 agreement with the books of account and returns;
- c) Investment made, expenditure incurred and guarantees extended during the year were for the purpose of company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

OTHER MATTER PARAGRAPH

The financial statements of the Company as of 30 June 2018 were audited by another firm of Chartered Accountants, whose report dated 26 September 2018, expressed an unqualified opinion on those statements.

The engagement Partner on the audit resulting in this independent auditor's report is Mr. Kamran Fatah (FCA).



KAMRAN & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Kamran Fatah (FCA)

LAHORE
28th October 2019





BALANCE SHEET

AS AT 30 June 2019

EQUITY AND LIABILITIES	Note	(re-stated)	
		30 / Jun / 2019 Rupees	30 / Jun / 2018 Rupees
Share capital and reserves			
Share capital	7	1,443,433,640	1,312,212,400
Capital reserves	8	774,507,925	774,507,925
Equity portion of loan from directors	9	26,118,927	50,081,244
Un-appropriated profit		1,226,215,557	1,167,519,815
Surplus on revaluation of property, plant and equipment	10	628,655,446	655,194,969
		<u>4,098,931,495</u>	<u>3,959,516,353</u>
Non-current liabilities			
Long-term finances	11	290,210,289	266,247,972
Deferred taxation	12	155,686,670	120,275,504
Deferred liabilities	13	34,675,128	26,015,028
		<u>480,572,087</u>	<u>412,538,504</u>
Current liabilities			
Trade and other payables	14	522,727,339	408,793,508
Unclaimed dividends	15	15,589,883	-
Mark-up accrued on borrowings	16	72,150,897	18,286,947
Short-term borrowings	17	1,232,283,431	1,225,234,093
Current portion of long-term finances		-	-
		<u>1,842,751,550</u>	<u>1,652,314,548</u>
Contingencies and commitments	18	-	-
Total equity and liabilities		<u><u>6,422,255,132</u></u>	<u><u>6,024,369,405</u></u>

The annexed notes from 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



BALANCE SHEET

AS AT 30 June 2019

ASSETS	Note	30 / Jun / 2019 Rupees	30 / Jun / 2018 Rupees
Non-current assets			
Property, plant and equipment	19	1,703,511,242	1,783,130,860
Long-term deposits	20	18,972,226	18,808,026
		<u>1,722,483,468</u>	<u>1,801,938,886</u>
Current assets			
Stores, spare parts and loose tools	21	225,053,856	248,995,725
Stock in trade	22	2,331,035,674	2,488,103,617
Trade debts	23	1,113,616,537	826,766,553
Loans and advances	24	642,998,633	243,358,869
Trade deposits and prepayments	25	127,397,447	121,568,461
Tax refunds due from government	26	123,619,331	141,303,942
Cash and bank balances	27	136,050,186	152,333,352
		<u>4,699,771,664</u>	<u>4,222,430,519</u>
Total assets		<u><u>6,422,255,132</u></u>	<u><u>6,024,369,405</u></u>

The annexed notes from 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2019

		30 / Jun / 2019	(re-stated) 30 / Jun / 2018
	Note	Rupees	Rupees
Sales - net	28	6,809,786,461	6,197,999,269
Cost of sales	29	6,170,255,565	5,578,257,660
Gross profit		639,530,896	619,741,609
Other operating income	30	5,298,161	7,056,825
Distribution and selling cost	31	31,509,391	20,450,119
Administrative and general expenses	32	80,382,253	53,225,060
Other operating cost	33	27,141,913	34,288,501
Finance cost	34	183,160,487	103,693,135
		322,194,044	211,656,815
Profit before taxation		322,635,013	415,141,619
Taxation	35	(124,444,169)	(102,125,618)
Profit after taxation		198,190,844	313,016,001
Earnings per share (basic and diluted)	36	1.37	2.17

The annexed notes from 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

	Note	30 / Jun / 2019 Rupees	(re-stated) 30 / Jun / 2018 Rupees
Profit after taxation		198,190,844	313,016,001
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss</i>			
Surplus on revaluation of property, plant and equipment:			
Gain on revaluation of property, plant and equipment	10	-	506,218,061
Deferred tax effect	12	-	(59,126,043)
		-	447,092,018
Employee retirement benefits:			
Remeasurement of defined benefits obligation	13	3,258,220	836,854
Related deferred tax	12	(944,884)	(251,056)
		2,313,336	585,798
Total comprehensive income for the year		200,504,180	760,693,817

The annexed notes from 1 to 48 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR



CASH FLOW STATEMENT

For the year ended 30 June 2019

		30 / Jun / 2019	(re-stated) 30 / Jun / 2018
	Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	37	342,975,714	(863,206,503)
Income taxes paid		(131,590,898)	(130,073,955)
Workers' profit participation fund paid	14.2	(22,370,306)	(9,748,137)
Workers' welfare paid		(9,894,195)	(4,055,855)
Employee benefits paid	13.1	(4,941,309)	(3,317,552)
Finance cost paid		(105,334,219)	(82,002,557)
Net cash generated from / (used in) operating activities		68,844,787	(1,092,404,559)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) / Decrease in long-term deposits		(164,200)	295,500
Fixed capital expenditure		(44,365,354)	(72,786,443)
Proceeds from disposal of property, plant and equipment	19.3	2,373,000	-
Net cash used in investing activities		(42,156,554)	(72,490,943)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividends		(50,020,737)	-
Re-payment of long-term finances		-	(83,342,994)
Proceeds from short-term borrowings (net)		7,049,338	289,761,815
Net cash (used in) / generated from financing activities		(42,971,399)	206,418,821
NET DECREASE IN CASH AND CASH EQUIVALENTS		(16,283,166)	(958,476,681)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	27	152,333,352	1,110,810,033
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	27	136,050,186	152,333,352

The annexed notes from 1 to 48 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR



NOTES TO THE ACCOUNTS

For the year ended 30 June 2019

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

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 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 International Financial Reporting Standards (IFRSs), interpretations and amendments that are effective in current year but are not relevant

Other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

3.2 IFRSs, IFRIC interpretations and accounting standards not yet effective and have not been early adopted by the Company

The following International Financial Reporting Standards (IFRS Standards) 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 2019 and are not likely to have an impact on the Company's financial statements.

IFRS 16 : Leases

IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analyzing the potential impacts on adoption of this standard.



IFRIC 23 : Uncertainty over Income Tax Treatments

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.

IFRS 9 : Financial Instruments

Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortized cost or fair value through other comprehensive income, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortized cost or at fair value through other comprehensive income if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

IAS 28 : Investment in Associates and Joint Ventures

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

IAS 19 : Employee Benefits

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

IFRS 3 : Business Combinations

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (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). 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 and IAS 8 : Presentation of Financial Statements | Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). 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.

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.

Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

3.3 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 2018 and the adoption of these revised financial reporting standards, amendments and interpretations have resulted in changes in accounting policies which are disclosed in note 5 to the financial statements.

BASIS OF PREPARATION

4.1 Measurement

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



Components of financial statements

- (i) Financial instruments
- (ii) Certain classes of operating fixed assets
- (iii) Interest free loans from directors
- (iv) Employee retirement benefits

Mode of Valuation

- at fair values
- at revalued amounts
- at present values
- at present values

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

4.2 Significant accounting judgments and estimates

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

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

- | | |
|---|----------------------------|
| a) assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property and equipment; | (notes 6.1 and 19) |
| 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, 12 and 35) |
| c) assumptions and estimates used in calculating the provision for impairment for trade debts; | (notes 6.5 and 23) |
| d) assumptions and estimates used in determining the provision for slow moving stores, spares and loose tools; | (notes 6.10 and 21) |
| e) assumptions and estimates used in writing down items of stock in trade to their net realizable values; | (notes 6.11 and 22) |
| g) assumptions and estimates used for valuation of present value of defined benefit obligations; | (notes 6.7 and 13) |
| h) assumptions and estimates used in disclosure and assessment of provision for contingencies; and | (notes 6.6, 6.13 and 6.18) |
| i) assumptions and estimates used in determining current income under relevant tax law and decisions of appellate authorities issued in past. | (notes 6.4 and 26) |

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.

4.3 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates.

These financial statements are presented in Pak Rupees, which is Company's functional and presentation currency.



5 CHANGE IN ACCOUNTING POLICIES AND CORRECTION OF PRIOR PERIOD ERRORS

5.1 Change in accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 July 2018 which are effective from annual periods beginning on or after 1 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

(i) *IFRS 15 : Revenue from Contracts with Customers*

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company manufactures and contracts with customers for the sale of iron bars, girders and related products which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is 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. The above is generally consistent with the timing and amounts of revenue the Company recognized in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company.

(ii) *IFRS 9 : Financial Instruments*

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

a) *Measurement*

IFRS 9 has two measurement categories:

- amortized cost; and
- fair value.

All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

The amendments do not have a significant impact on the Company's financial statements, other than certain additional disclosures.



b) Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of expected credit loss on adoption of IFRS 9. Given the Company's experience of the collection history and no historical loss rates / bad debts and the normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the statement of financial position and / or financial performance of the Company.

5.2 Prior period re-statement of errors

(i) Surplus on revaluation of property, plant and equipment

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the requirements of International Accounting Standard (IAS) 16: Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity. This change in accounting policy was effective in last year, which had not been accounted for by the Company in the financial statements of the year ended 30 June 2018. However, the financial statements for the current year are retrospective re-stated to incorporate the said change.

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. Each year, the 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.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of property, plant and equipment stands amended (the effect of change in accounting policy) as follows:



	30 June 2018	30 June 2017
	----- Rupees -----	
Effect on statement of financial position		
Decrease in 'surplus of revaluation of fixed assets'	(705,455,113)	(229,871,741)
Increase in 'share capital and reserves'	705,455,113	229,871,741
Effect on statement of changes in equity		
Increase in 'revaluation surplus on fixed assets'	705,455,113	229,871,741
Effect on statement of comprehensive income		
Gain on revaluation of fixed assets (net)	447,092,018	-

There is no impact on statement of cash flow and earnings per share as a result of the retrospective application of change in accounting policy.

(ii) Other errors

(a) Incorrect impacts of deferred tax and related effects on surplus on revaluation of property, plant and equipment

The Company had not recognized the surplus on revaluation of property plant and equipment and related deferred tax as per the requirements of IAS 12: "Income Taxes". Further, during the year ended 2018 the Company revalued its assets which include freehold land, buildings on freehold land, plant and machinery. This transaction was correctly recognized in the financial statements for the year ended 2018 except for the charge of deferred tax on revaluation surplus. The Company had inadvertently charged the deferred tax on revaluation surplus to profit.

(b) Incorrect impacts of deferred tax and related effects on equity portion of loans directors of the Company

The unwinding of interest free loans from directors had been incorrectly recognized in financial statements of the Company for the year ended 30 June 2017 and 2018. An amount equal to Rs. 22.340 million had been incorrectly adjusted against deferred tax of equity portion of loans from directors in the year 2017 and in the year 2018 an amount of Rs. 7.98 million was wrongly adjusted in 'other payables'.

Financial statements for the year ended 30 June 2018 and 2017 have been restated, to incorporate the impact of above errors, which has been applied retrospectively and comparative information has also been restated in accordance with the treatment specified in International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The error has been corrected by restating each of the affected financial statement line items for the prior periods, as follows:

	30 June 2017		
	<i>(As previously reported)</i>	<i>Impact of change</i>	<i>(As re-stated)</i>
	----- Rupees -----		
(i) Statement of financial position			
Surplus on revaluation of assets	229,871,741	9,161,430	239,033,171
Unwinding of discount on loans	49,724,864	22,340,157	72,065,021
Impact on deferred tax liability	109,686,054	(31,501,587)	78,184,467



	<u>30 / Jun / 2018</u>
	<u>Rupees</u>
(ii) Statement of financial position (2018)	
Increase in deferred tax liability	9,517,810
Decrease in equity portion of loans from directors	(7,865,755)
Increase in trade payables	7,978,970
Decrease in surplus on revaluation of property, plant and equipment	(59,421,574)
Net impact on equity	<u>49,790,551</u>
① Impact of retained earnings	
Incorrect charge of deferred tax on revaluation surplus to deferred tax expense	43,195,418
Incorrect transfer of unwinding of interest on loan from directors	6,595,133
	<u>49,790,551</u>

	<u>30 / June / 2018</u>		
	<u>Net profit</u>		<u>Net profit</u>
	<u>(as previously</u>	<u>Impact of</u>	<u>(as re-stated)</u>
	<u>reported)</u>	<u>change</u>	<u>(as re-stated)</u>
	----- Rupees -----		
(iii) Statement of profit or loss			
(a) Profit for the year			
Profit before income tax	415,141,617	-	415,141,617
Taxation	(145,321,034)	43,195,418	(102,125,616)
Profit after tax	<u>269,820,583</u>	<u>43,195,418</u>	<u>313,016,001</u>
(b) Earnings per share			
Profit after tax	269,820,583	43,195,418	313,016,001
Weighted average number of shares			
- before issuance of bonus shares	131,221,240	-	131,221,240
- issuance of bonus shares in 2019	144,343,364	-	144,343,364
Earnings per share			
- before issuance of bonus	2.06		2.39
- issuance of bonus shares in 2019	1.87		2.17
(iv) Statement of other comprehensive income			
Gain on revaluation of asset (for the year)	<u>-</u>	<u>447,092,018</u>	<u>447,092,018</u>

(v) Statement of cash flows

There is no impact on statement of cash flows as a result of the retrospective application of change in accounting policy.

Amendments' to IAS 1 'Presentation of Financial Statements' regarding comparative information

The amendment clarifies the disclosure requirements for comparative information when an entity provides a third statement of financial position as required by IAS 8, the statement of financial position should be as at the beginning of the preceding period i.e. the opening position.

Further, no notes are required to support this statement of financial position.



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 19 to these financial statements.

Depreciation on additions to property and equipment is charged from the month in which they are available for use while no depreciation is charged for the month 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 'profit and loss account / statement of comprehensive income' or 'equity', in which case it is recognized in 'profit and loss account / 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 date of statement of financial position 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 statement of financial position date.

6.5 Trade debts 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.

6.6 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.

6.7 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 2019, 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.

6.8 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.

6.9 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.



6.10 Stores, spare parts and loose tools

These are normally held for internal use and valued at moving average cost less allowances for obsolete and slow moving items 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.

6.11 Stocks in trade

Basis of valuations are as follows:

<i>Particulars</i>	<i>Mode of Valuation</i>
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.

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.

6.12 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.

6.13 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.

6.14 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.



6.15 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 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.

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 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.



6.18 Contingents

a) *Contingent liabilities*

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.

6.19 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 instatement of profit or loss.

6.20 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.

6.21 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.

6.22 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.



6.23 Impairment

a) *Financial assets*

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

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

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

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

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

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

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

b) *Non-financial assets*

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the statement of profit or loss.

6.24 Earnings per share ("EPS")

The Company calculates both basic and diluted EPS 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.



6.25 Related party transactions

Related party transactions are carried out on an arm's length basis. Pricing for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller. The accounting methods adopted for various types of transactions and balances with related parties are as follows:

a) Sale of goods and services

Revenue from sale of goods and services to related parties is recognized in accordance with the revenue recognition policy of the Company for such transactions. Receivables against sale of goods outstanding at the reporting date are carried at amortized cost in accordance with the accounting policy of the Company for such balances.

b) Purchases of goods and services

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

c) Dividend distribution

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

6.26 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.

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, 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, discounted at the market rate of interest at the reporting date.

c) Borrowings

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

6.27 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'.

6.28 Figures

Figures have been rounded off to the nearest of rupee.



7 SHARE CAPITAL

Authorized capital

2019	2018		30 / Jun / 2019 Rupees	30 / Jun / 2018 Rupees
----- Number of shares -----				
<u>300,000,000</u>	<u>300,000,000</u>	Ordinary shares of Rs. 10 each	<u>3,000,000,000</u>	<u>3,000,000,000</u>

Issued, subscribed and paid-up capital

2019	2018		30 / Jun / 2019 Rupees	30 / Jun / 2018 Rupees
----- Number of shares -----				
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	-	Ordinary shares of Rs. 10 each issued as bonus shares	131,221,240	-
<u>144,343,364</u>	<u>131,221,240</u>		<u>1,443,433,640</u>	<u>1,312,212,400</u>

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

2019	2018		30 / Jun / 2019 Rupees	30 / Jun / 2018 Rupees
----- Number of shares -----				
131,221,240	131,221,240	At beginning of the year	1,312,212,400	1,312,212,400
13,122,124	-	Bonus shares issued	131,221,240	-
<u>144,343,364</u>	<u>131,221,240</u>	At end of the year	<u>1,443,433,640</u>	<u>1,312,212,400</u>

7.1 The Company has only one class of ordinary shares which carry no right to fixed income. All shares rank pari passu with existing shares in all entitlements including bonus, right shares and dividends.

8 CAPITAL RESERVES

Share premium

30 / Jun / 2019 Rupees	30 / Jun / 2018 Rupees
<u>774,507,925</u>	<u>774,507,925</u>

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

9 EQUITY PORTION OF LOAN FROM DIRECTORS

At beginning of the year		50,081,244	72,065,021
Less: Unwinding of interest on loan from directors	- note 34	(23,962,317)	(21,983,777)
At end of the year		<u>26,118,927</u>	<u>50,081,244</u>

9.1 It represents equity portion relating to interest free loan from directors amounting to Rs. 316.329 million (2018: Rs. 316.329 million). This loan have been discounted at using effective rate of interest and classified separately in equity portion and long-term loans.

(re-stated)



10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	<i>Freehold land</i>	<i>Buildings on freehold land</i>	<i>Plant and machinery</i>	<i>Aggregate</i>
	----- Rupees -----			
10.1 As at 30 June 2019				
<i>Revaluation surplus</i>				
At beginning of the year	338,684,248	29,355,674	422,802,499	790,842,421
Less: Transferred to unappropriated profit in respect of Incremental depreciation charged for the year	-	(1,467,784)	(42,280,250)	(43,748,034)
At end of the year	338,684,248	27,887,890	380,522,249	747,094,387
<i>Related deferred tax liabilities</i>				
at beginning of the year	-	(8,806,702)	(126,840,750)	(135,647,452)
Effect of change in tax rate	-	293,557	4,228,025	4,521,582
Incremental depreciation charged during the year	-	425,657	12,261,272	12,686,929
At end of the year	-	(8,087,488)	(110,351,453)	(118,438,941)
At end of the year (net)	338,684,248	19,800,402	270,170,796	628,655,446
10.2 As at 30 June 2018 (as re-stated)				
<i>Revaluation surplus</i>				
At beginning of the year	29,552,998	40,117,287	263,477,167	333,147,452
Add: Surplus / (Deficit) on revaluation during the year	309,131,250	(9,216,577)	206,303,388	506,218,061
Less: Transferred to unappropriated profit in respect of Incremental depreciation charged for the year	-	(1,545,036)	(46,978,056)	(48,523,092)
At end of the year	338,684,248	29,355,674	422,802,499	790,842,421
<i>Related deferred tax liabilities</i>				
On revaluation surplus at beginning of the year	-	(12,436,359)	(81,677,922)	(94,114,281)
On surplus arising on revaluation during the year	-	2,764,973	(61,891,016)	(59,126,043)
Effect of change in tax rate	-	401,173	2,634,772	3,035,945
Incremental depreciation charged during the year	-	463,511	14,093,416	14,556,927
At end of the year	-	(8,806,702)	(126,840,750)	(135,647,452)
At end of the year (net)	338,684,248	20,548,972	295,961,749	655,194,969



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

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

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

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

10.5 Basis of revaluation are as under:

Freehold land The value of land is based on inquiries in the activity of land and also information obtained from different sources in the area.

Buildings on freehold land The value of building is based on information of various construction details, covered areas and quality of constructions were noted and new rate of construction per square foot where applicable was determined to arrive at new construction value.

Plant and machinery The value is based on inquiries from the local market to obtain prevalent replacement values of similar local and imported machinery items.

		<u>30 / Jun / 2019</u>	<u>30 / Jun / 2018</u>
		<u>Rupees</u>	<u>Rupees</u>
11	LONG-TERM FINANCES		
	Unsecured and interest free loans		
	Loans from directors - note 11.1	<u>290,210,289</u>	<u>266,247,972</u>
11.1	Loans from directors		
	Loans from directors	<u>316,329,215</u>	<u>316,329,215</u>
	Present value adjustments	<u>(50,081,243)</u>	<u>(72,065,020)</u>
	Present value of loans from directors	<u>266,247,972</u>	<u>244,264,195</u>
	Unwinding of interest free directors' loans - note 9	<u>23,962,317</u>	<u>21,983,777</u>
	Net present value of loans from directors	<u><u>290,210,289</u></u>	<u><u>266,247,972</u></u>
11.2	Terms and conditions		

This represents unsecured interest free loans from directors amounting to Rs. 316.329 million (2018: Rs. 316.329 million).

These loans have been discounted to arrive at their present values using effective rate of interest of the Company and classified separately in 'equity portion of loans from directors' and 'long-term finances from directors'.



	30 / Jun / 2019 Rupees	(re-stated) 30 / Jun / 2018 Rupees
12 DEFERRED TAXATION		
<i>Deferred tax liability on taxable temporary differences</i>		
Accelerated depreciation on property, plant and equipment	173,246,147	178,802,413
Surplus on revaluation of property, plant and equipment	118,438,940	135,647,451
<i>Deferred tax asset on deductible temporary differences</i>		
Provision for employee retirement benefits	(10,640,686)	(6,307,130)
Other provisions	(125,357,731)	(187,867,230)
	<u>155,686,670</u>	<u>120,275,504</u>

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 2019					
Accelerated depreciation	178,802,413	-	(5,556,266)	-	173,246,147
Surplus on revaluation of assets	135,647,451	(4,521, 582)	(12,686,929)	-	118,438,940
Provision for employee benefits	(6,307,130)	-	(5,278,440)	944,884	(10,640,686)
Other provisions	(187,867,230)	-	62,509,499	-	(125,357,731)
	<u>120,275,504</u>	<u>4,521, 582</u>	<u>38,987,864</u>	<u>944,884</u>	<u>155,686,670</u>
As at 30 June 2018					
Accelerated depreciation	181,686,704	-	(2,884,291)	-	178,802,413
Surplus on revaluation of assets	94,114,280	56,090,098	(14,556,927)	-	135,647,451
Provision for employee benefits	(7,221,297)	-	66,331	251,056	(6,307,130)
Other provisions	(190,395,220)	-	2,527,990	-	(187,867,230)
	<u>78,184,467</u>	<u>56,090,098</u>	<u>(14,250,117)</u>	<u>251,056</u>	<u>120,275,504</u>



	30 / Jun / 2019	30 / Jun / 2018
	Rupees	Rupees
13 DEFERRED LIABILITIES		
Defined gratuity benefit plan - note 13.1	34,675,128	26,015,028
13.1 Reconciliation of present value of defined benefit obligation		
Obligation at beginning of the year	26,015,028	23,294,506
Charge for the year		
- Profit and loss account - note 13.2.1	16,859,629	6,874,928
- Other comprehensive income - note 13.2.2	(3,258,220)	(836,854)
	13,601,409	6,038,074
Benefits paid during the year	(4,941,309)	(3,317,552)
Obligation at end of the year	34,675,128	26,015,028
13.2 Reconciliation of present value of defined benefit obligation		
At beginning of the year	26,015,028	23,294,506
Current service cost	10,504,607	5,263,015
Past service cost	4,236,028	-
Interest cost on defined benefit obligations	2,118,994	1,611,913
Benefits paid during the year	(4,941,309)	(3,317,552)
Remeasurements recognized in other comprehensive income		
Actuarial (gain)/losses from changes in financial assumptions	288,582	(69,401)
Experience adjustments	(3,546,802)	(767,453)
	(3,258,220)	(836,854)
At end of the year	34,675,128	26,015,028
13.2.1 Charge to profit and loss account		
Current service cost	10,504,607	5,263,015
Past service cost	4,236,028	-
Interest cost	2,118,994	1,611,913
	16,859,629	6,874,928
13.2.2 Remeasurements recognized in other comprehensive income		
Actuarial loss due to changes in financial assumptions	288,582	(69,401)
Actuarial (gain) / loss due to Experience adjustments	(3,546,802)	(767,453)
Net actuarial (gain) / loss for the year	(3,258,220)	(836,854)
	30 / Jun / 2019	30 / Jun / 2018
	----- % age per annum -----	
13.3 Assumptions used for valuation of the defined benefit scheme for employees are as under:		
Valuation discount rate	14.25	9.00
Expected rate of increase in salary	13.25	8.00
Expected mortality rate	SLIC 2001-2005	SLIC 2001-2005
Retirement age	60 years	60 years



13.4 Historical information for gratuity

	<i>Present value of defined benefit obligation</i>	<i>Experience adjustment arising on plan liabilities</i>
	----- Rupees -----	
Year Ended: 30 June 2019	34,675,128	(3,258,220)
Year Ended: 30 June 2018	26,015,028	(836,854)
Year Ended: 30 June 2017	23,294,506	971,343
Year Ended: 30 June 2016	20,258,236	(2,360,518)
Year Ended: 30 June 2015	18,801,654	(2,987,158)

13.5 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 2019 would have been as follows:

	<u>30 / Jun / 2019</u>		<u>30 / Jun / 2018</u>	
	<i>Variation of 100 bps</i>		<i>Variation of 100 bps</i>	
	<i>Increase</i>	<i>Decrease</i>	<i>Increase</i>	<i>Decrease</i>
	----- Rupees -----		----- Rupees -----	
Discount rate	<u>33,263,329</u>	<u>38,008,362</u>	<u>24,322,748</u>	<u>27,982,506</u>
Future salary	<u>38,033,901</u>	<u>33,203,280</u>	<u>28,020,207</u>	<u>24,258,266</u>

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.

13.6 Expected expense for next year

The expected expense to the gratuity scheme and reimbursable rights of the outsourced staff for the year ending 30 June 2020 is Rs. 16,010,473.

13.8 Average duration of the obligation

Weighted average duration of the defined benefit obligation is 7 (2018: 6) years gratuity plan.

13.7 Exposure of actuarial risk

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

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



	30 / Jun / 2019	(re-stated) 30 / Jun / 2018
	<u>Rupees</u>	<u>Rupees</u>
14 TRADE AND OTHER PAYABLES		
Creditors	162,843,924	206,432,040
Advances from customers	209,067,274	58,535,831
Accrued expenses	97,988,641	73,114,362
Deposits - note 14.1	3,283,380	1,896,292
Workers' profit participation fund - note 14.2	15,995,701	22,370,306
Workers' welfare fund	7,558,449	9,894,195
Other payables	25,989,970	36,550,482
	<u>522,727,339</u>	<u>408,793,508</u>

14.1 Deposits

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

	30 / Jun / 2019	30 / Jun / 2018
	<u>Rupees</u>	<u>Rupees</u>
14.2 Workers' profit participation fund		
At beginning of the year	22,370,306	9,748,137
Add: Provision for the year	15,995,701	22,370,306
Less: Paid during the year	(22,370,306)	(9,748,137)
At end of the year	<u>15,995,701</u>	<u>22,370,306</u>

15 UNCLAIMED DIVIDENDS

This represents unclaimed dividends as on the reporting date.

16 MARK-UP ACCRUED ON BORROWINGS

Cash finances	16,613,205	8,588,052
FATR / FIM	55,537,692	9,698,895
	<u>72,150,897</u>	<u>18,286,947</u>

17 SHORT-TERM BORROWINGS

Cash finances		
- Bank of Punjab Limited - note 17.1	149,686,224	148,581,786
- National Bank of Pakistan - note 17.2	166,945,408	185,761,650
	316,631,632	334,343,436
FATR / FIM		
- Bank of Punjab Limited - note 17.3	200,000,000	200,000,000
- National Bank of Pakistan - note 17.4	694,989,535	517,017,562
- Soneri Bank Limited - note 17.5	20,662,264	173,873,095
	915,651,799	890,890,657
	<u>1,232,283,431</u>	<u>1,225,234,093</u>



Name of Bank and Facility Type	Interest	----- Security -----	30 / Jun / 2019		30 / Jun / 2018	
			Facility Limit	Facility Availed	Facility Limit	Facility Availed
----- Rupees -----						
17.1 Bank of Punjab Limited Cash finances	3 months KIBOR plus 225 bps (2018: 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	148,581,786
17.2 National Bank of Pakistan Cash finances	3 months KIBOR plus 250 bps (2018: 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	185,761,650
17.3 Bank of Punjab Limited FATR / FIM	3 months KIBOR plus 225 bps (2018: 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
17.4 National Bank of Pakistan FATR / FIM	3 months KIBOR plus 200 bps (2018: 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	517,017,562
17.5 Soneri Bank Limited FATR / FIM	3 months KIBOR plus 250 bps (2018: 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.	150,000,000	20,662,264	200,000,000	173,873,095
			1,900,000,000	1,232,283,431	1,950,000,000	1,225,234,093



18 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.

- Bank guarantees amounting to Rs. 96,727,562 (2018: Rs. 89,323,046) had been issued in favours of the Company by various financial institutions.

	30 / Jun / 2019	30 / Jun / 2018
	Rupees	Rupees
<i>Commitments</i>		
- Irrevocable letters of credit	169,818,000	151,000,000
- Capital expenditure contracted for but not incurred	8,452,890	10,500,750
19 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	- note 19.1 1,691,741,237	1,772,805,148
Capital work-in-progress	- note 19.6 11,770,005	10,325,712
	<u>1,703,511,242</u>	<u>1,783,130,860</u>



19.1 Operating fixed assets

a) Reconciliation of carrying values at end of the year (as at 30 June 2019)

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



19.1 Operating fixed assets

b) Reconciliation of carrying values at beginning of the year (as at 30 June 2018)

PARTICULARS	COST / REVALUATION				DEPRECIATION			BOOK VALUE		Annual rate of depreciation
	As on 01 July 2017	Additions / (Disposals) during the year	Transfers from capital work in progress	Surplus / (Impairment) on revaluation	As on 30 June 2018	As on 01 July 2017	Charge for the year	As on 30 June 2018	As on 30 June 2018	
----- Rupees -----										% age
Freehold land										
- Cost	33,322,002	-	-	-	33,322,002	-	-	-	33,322,002	-
- Revaluation	29,552,998	-	-	309,131,250	338,684,248	-	-	-	338,684,248	-
	62,875,000	-	-	309,131,250	372,006,250	-	-	-	372,006,250	
Buildings on freehold land										
- Cost	446,456,973	-	18,476,320	-	464,933,293	102,346,933	17,651,251	119,998,184	344,935,109	5
- Revaluation	54,574,520	-	-	(9,216,577)	45,357,943	14,457,233	1,545,036	16,002,269	29,355,674	5
	501,031,493	-	18,476,320	(9,216,577)	510,291,236	116,804,166	19,196,287	136,000,453	374,290,783	
Plant and machinery										
- Cost	856,701,343	-	34,440,080	-	891,141,423	361,481,898	50,758,734	412,240,632	478,900,791	10
- Revaluation	495,778,774	-	-	206,303,388	702,082,162	232,301,607	46,978,056	279,279,663	422,802,499	10
	1,352,480,117	-	34,440,080	206,303,388	1,593,223,585	593,783,505	97,736,790	691,520,295	901,703,290	
Grid station	57,279,039	-	-	-	57,279,039	38,305,672	1,897,337	40,203,009	17,076,030	10
Electric equipment	192,839,624	-	5,946,349	-	198,785,973	100,021,597	9,487,497	109,509,094	89,276,879	10
Laboratory equipment	11,232,088	-	-	-	11,232,088	7,511,520	372,057	7,883,577	3,348,511	10
Loose tools	302,509	-	-	-	302,509	202,305	10,020	212,325	90,184	10
Office equipment	3,933,153	1,970,180	-	-	5,903,333	2,476,301	489,956	2,966,257	2,937,076	20
Furniture and fixtures	5,326,107	965,900	-	-	6,292,007	3,205,080	236,807	3,441,887	2,850,120	10
Arms and ammunition	146,013	-	-	-	146,013	96,833	4,918	101,751	44,262	10
Motor vehicles	24,964,271	3,496,150	-	-	28,460,421	17,318,196	1,960,462	19,278,658	9,181,763	20
	2,212,409,414	6,432,230	58,862,749	506,218,061	2,783,922,454	879,725,175	131,392,131	1,011,117,306	1,772,805,148	



19.2 Revaluation of property, plant and equipment

Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at 30 June 2019 and 2018 would be as under:

	30 / June / 2019			30 / June / 2018		
	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	481,207,210	137,679,369	343,527,841	464,933,293	119,998,184	344,935,109
Plant and machinery	916,918,402	460,885,825	456,032,577	891,141,423	412,240,632	478,900,791
	<u>1,431,447,614</u>	<u>598,565,194</u>	<u>832,882,420</u>	<u>1,389,396,718</u>	<u>532,238,816</u>	<u>857,157,902</u>

19.3 Disposal of property, plant and equipment

Particulars of property, plant and equipment disposed of during the year is as follows:

Particulars		Cost	Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of
Asset	Buyer	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	Disposal
Motor Vehicles							
Hino Bus	Haseeb Zafar (outsider)	3,148,200	2,465,380	682,820	1,400,000	717,180	- Negotiations -
Hino Bus	Haseeb Zafar (outsider)	3,391,023	2,631,686	759,337	950,000	190,663	- Negotiations -
Motor Cycle	M. Abbass (employee)	101,000	55,015	45,985	23,000	(22,985)	- Company Policy -
Total : 2019		<u>6,640,223</u>	<u>5,152,081</u>	<u>1,488,142</u>	<u>2,373,000</u>	<u>884,858</u>	
Total : 2018		-	-	-	-	-	

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

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



		30 / Jun / 2019	30 / Jun / 2018
		Rupees	Rupees
19.5 Depreciation for the tax year has been allocated as follows:			
Cost of sales	- note 29	116,371,988	124,822,524
Administrative expenses	- note 32	6,124,841	6,569,607
		<u>122,496,829</u>	<u>131,392,131</u>

19.6 Capital work-in-progress

	<i>Buildings on freehold land</i>	<i>Plant and machinery</i>	<i>Electric equipment</i>	<i>Aggregate</i>
	----- Rupees -----			
As at 30 June 2019				
Beginning balance	2,529,083	7,796,629	-	10,325,712
Additions	14,385,379	29,109,810	115,500	43,610,689
Transfers out	(16,273,917)	(25,776,979)	(115,500)	(42,166,396)
Closing balance	<u>640,545</u>	<u>11,129,460</u>	<u>-</u>	<u>11,770,005</u>
As at 30 June 2018				
Beginning balance	-	2,834,248	-	2,834,248
Additions	21,005,403	39,402,461	5,946,349	66,354,213
Transfers out	(18,476,320)	(34,440,080)	(5,946,349)	(58,862,749)
Closing balance	<u>2,529,083</u>	<u>7,796,629</u>	<u>-</u>	<u>10,325,712</u>

	30 / Jun / 2019	30 / Jun / 2018
	Rupees	Rupees
20 LONG-TERM DEPOSITS		
Deposits with various institutions	<u>18,972,226</u>	<u>18,808,026</u>
20.1 Movement during the year is as follows:		
At beginning of the year	18,808,026	19,103,526
Add: Deposits during the year	164,200	-
Less: Deposits matured / transferred during the year	-	(295,500)
At end of the year	<u>18,972,226</u>	<u>18,808,026</u>

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

21 STORES, SPARE PARTS AND LOOSE TOOLS

Stores	195,781,722	222,748,421
Spare parts	27,668,268	24,720,672
Loose tools	1,603,866	1,526,632
	<u>225,053,856</u>	<u>248,995,725</u>



	30 / Jun / 2019	30 / Jun / 2018
	Rupees	Rupees
22 STOCK IN TRADE		
Raw material	1,653,171,564	1,960,509,636
Finished goods	677,864,110	527,593,981
	<u>2,331,035,674</u>	<u>2,488,103,617</u>
22.1 Stocks are pledged with financial institutions against short-term borrowings availed by the Company.		
23 TRADE DEBTS		
Local - unsecured but considered good		
Considered good	1,113,616,537	826,766,553
Considered doubtful	1,393,763	-
	<u>1,115,010,300</u>	<u>826,766,553</u>
Less: Provision for doubtful debts - note 33	(1,393,763)	-
	<u>1,113,616,537</u>	<u>826,766,553</u>
23.1 Provision for doubtful debts		
Add: Provision for the year	1,393,763	-
Less: Write off against provision	(1,393,763)	-
Balance at end of the year	<u>-</u>	<u>-</u>
23.2 Ageing of trade debts		
Past due 0 - 30 days	355,192,031	370,581,936
Past due 31 - 60 days	105,343,392	55,010,206
Past due 61 - 365 days	289,144,859	281,051,608
Past due over 365 days	213,936,255	120,122,803
	<u>963,616,537</u>	<u>826,766,553</u>
23.3 Foreign concentration of trade debts		
There are no trade debts related to foreign customers in current as well as last year.		
24 LOANS AND ADVANCES		
Advances to: (unsecured but considered good)		
- Employees		
against salaries	878,627	127,945
against expenses - note 24.1	13,069,962	12,837,799
	<u>13,948,589</u>	<u>12,965,744</u>
- Suppliers	140,654,086	56,432,150
	<u>154,602,675</u>	<u>69,397,894</u>
Letters of credits	488,395,958	173,960,975
	<u>642,998,633</u>	<u>243,358,869</u>
24.1 Advances to employees against expenses		
The advances to employees are given to meet business expenses and are settled when expenses are incurred.		



		30 / Jun / 2019	30 / Jun / 2018
		Rupees	Rupees
25 TRADE DEPOSITS AND PREPAYMENTS			
Prepayments		6,995,165	473,454
Trade deposits		23,674,720	31,771,961
Guarantee margins		96,727,562	89,323,046
		<u>127,397,447</u>	<u>121,568,461</u>
26 TAX REFUNDS DUE FROM GOVERNMENT			
Income tax recoverable	- note 26.1	50,646,016	4,511,423
Sales tax refundable	- note 26.2	72,973,315	136,792,519
		<u>123,619,331</u>	<u>141,303,942</u>
26.1 Income tax recoverable			
At beginning of the year		4,511,423	(9,186,797)
Add: Advance income tax / deductions during the year		131,590,898	130,073,955
		<u>136,102,321</u>	<u>120,887,158</u>
Less: Provision for taxation -	- note 35		
- Current year		(85,924,441)	(116,355,735)
- Prior periods		468,136	(20,000)
		<u>(85,456,305)</u>	<u>(116,375,735)</u>
At end of the year		<u>50,646,016</u>	<u>4,511,423</u>
26.2 Sales tax refundable			
It represents accumulated differences of input tax on purchases and sales tax payable.			
27 CASH AND BANK BALANCES			
In hand		2,649,980	2,958,002
With banks			
- On current accounts		102,402,843	144,438,794
- On saving accounts	- note 27.1	30,997,363	4,936,556
		<u>133,400,206</u>	<u>149,375,350</u>
		<u>136,050,186</u>	<u>152,333,352</u>
27.1	The profit rate in respect of savings accounts ranges between 5.25% and 8.50% per annum (2018: 3.50% to 7.75% per annum).		
		30 / Jun / 2019	30 / Jun / 2018
		Rupees	Rupees
28 SALES - NET			
Gross sales		7,198,463,833	6,679,991,509
Less: Sales tax		(388,677,372)	(481,992,240)
Net sales		<u>6,809,786,461</u>	<u>6,197,999,269</u>



		30 / Jun / 2019	30 / Jun / 2018
		Rupees	Rupees
29 COST OF SALES			
Consumption			
- Raw material	- note 29.1	5,210,671,937	4,469,404,821
- Stores, spare parts and loose tools		134,974,191	294,512,536
		5,345,646,128	4,763,917,357
Salaries, wages, allowances and other benefits	- note 29.2	241,375,350	243,451,610
Fuel and power		502,138,817	613,745,106
Vehicle running and maintenance		3,584,031	5,123,866
Repairs and maintenance		67,881,378	85,681,856
Freight and forwarding		13,062,835	24,927,754
Insurance		6,130,548	5,375,632
Laboratory		566,960	1,116,509
Traveling and conveyance		6,328,025	3,203,875
Entertainment		2,461,212	1,559,602
Other manufacturing overheads		14,978,422	14,982,511
Depreciation on property, plant and equipment	- note 19.5	116,371,988	124,822,524
Cost of goods manufactured		6,320,525,694	5,887,908,202
Adjustment of finished goods			
Opening stocks		527,593,981	217,943,439
Less: Closing stocks		(677,864,110)	(527,593,981)
		(150,270,129)	(309,650,542)
		6,170,255,565	5,578,257,660
29.1 Raw material consumed			
Opening stocks		1,960,509,636	1,217,043,796
Add: Purchases and related direct cost		4,903,333,865	5,212,870,661
Less: Closing stocks		(1,653,171,564)	(1,960,509,636)
Raw material consumed		5,210,671,937	4,469,404,821
29.2 Salaries, wages, allowances and other benefits			
Salaries, wages, allowances and other benefits includes employee retirement benefits amounting to Rs. 11,127,355 (2018: Rs. 4,537,452.48).			
30 OTHER OPERATING INCOME			
On financial assets			
Return on bank deposits		1,728,156	6,158,390
On non-financial assets			
Gain on disposal of property, plant and equipment	- note 19.3	884,858	-
Others		2,685,147	898,435
		3,570,005	898,435
		5,298,161	7,056,825



		30 / Jun / 2019	30 / Jun / 2018
		Rupees	Rupees
31 DISTRIBUTION AND SELLING COST			
Salaries and allowances	- note 31.1	5,829,121	2,748,269
Packing materials		7,649,405	6,460,477
Rebates and commission		5,159,698	3,168,331
Handling and carriage		4,864,024	3,077,273
Advertisement		5,268,113	1,108,455
Others		2,739,030	3,887,314
		<u>31,509,391</u>	<u>20,450,119</u>
31.1 Salaries and allowances			
Salaries and allowances includes employee retirement benefits amounting to Rs. 674,385 (2018: Rs. 274,997).			
32 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and allowances	- note 32.1	55,241,677	29,744,073
Travelling and conveyance		1,369,007	1,945,270
Entertainment		447,609	173,444
Vehicle running and maintenance		4,273,331	4,356,337
Printing and stationary		1,161,751	1,751,256
Communication		880,700	745,683
Electricity and sui gas		1,126,520	262,640
Legal and professional		4,868,899	2,014,130
Fee and subscription		3,825,820	4,899,967
Insurance expenses		605,178	666,375
Other expenses		456,920	96,278
Depreciation on property, plant and equipment	- note 19.5	6,124,841	6,569,607
		<u>80,382,253</u>	<u>53,225,060</u>
32.1 Salaries and allowances			
Salaries and allowances includes employee retirement benefits amounting to Rs. 5,057,889 (2018: Rs. 2,062,478).			
33 OTHER OPERATING COST			
Charity and donation	- note 33.1	324,000	324,000
Auditor's remuneration	- note 33.2	1,870,000	1,700,000
Provision for workers' profit participation fund	- note 14.2	15,995,701	22,370,306
Provision for workers' welfare fund		7,558,449	9,894,195
Provision for doubtful debts	- note 23.1	1,393,763	-
		<u>27,141,913</u>	<u>34,288,501</u>
33.1 Charity and donation			
This represents charity and donation to various individuals and none of the directors are interested in the donee.			



		30 / Jun / 2019	30 / Jun / 2018
		Rupees	Rupees
33.2 Auditor's remuneration			
Audit fee		1,540,000	1,400,000
Fee for review of half yearly financial statements		220,000	200,000
Certifications and other advisory services		90,000	85,000
Out of pocket expenses		20,000	15,000
		<u>1,870,000</u>	<u>1,700,000</u>
34 FINANCE COST			
Mark-up on short-term borrowings		144,132,905	74,740,970
Unwinding of interest free loans from directors	- note 11	23,962,317	21,983,777
Bank charges and commission		15,065,265	6,968,388
		<u>183,160,487</u>	<u>103,693,135</u>
			(re-stated)
		30 / Jun / 2019	30 / Jun / 2018
		Rupees	Rupees
35 TAXATION			
Current	- note 26.1	85,924,441	116,355,735
Prior periods	- note 26.1	(468,136)	20,000
Deferred	- note 12	38,987,864	(14,250,117)
		<u>124,444,169</u>	<u>102,125,618</u>
35.1 Current			
Provision for current year's taxation has been made in accordance with the relevant provisions of the Income Tax Ordinance, 2001.			
35.2 Prior periods assessments			
Income tax assessments of the Company have been finalized up to tax year 2018 in accordance with the deeming provisions under section 120 (1) of the Ordinance.			
			(re-stated)
		30 / Jun / 2019	30 / Jun / 2018
35.3 Numerical reconciliation between average and applicable tax rate			
Applicable tax rate		<u>29.00%</u>	<u>30.00%</u>
Tax effects of amounts that are:			
- Prior periods' taxation		-0.15%	0.00%
- Temporary differences		12.08%	-3.43%
- Difference in tax rates / inadmissible expenses		-2.36%	-1.97%
Average effective tax rate/tax		<u>38.57%</u>	<u>24.60%</u>



35.4 Sufficiency of tax provision

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

	30 / Jun / 2018	30 / Jun / 2017	30 / Jun / 2016
	----- Rupees -----		
Provision as per financial statements	116,355,735	89,069,663	65,479,730
Tax assessments	115,877,599	82,902,375	65,857,754

		30 / Jun / 2019	30 / Jun / 2018
36 EARNINGS PER SHARE (BASIC AND DILUTED)			
Profit attributable to ordinary equity holders	Rs.	198,190,844	313,016,001
Weighted average number of outstanding ordinary shares	No.	144,343,364	144,343,364
Earnings per share - basic	Rs.	1.37	2.17

36.1 There is no dilutive effect on the basic earnings per share of the Company. Moreover, there are no dilutive potential ordinary shares outstanding as at 30 June 2019 and 2018.

		30 / Jun / 2019	30 / Jun / 2018
		Rupees	Rupees
37 CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before tax		322,635,013	415,141,619
Adjustments for non-cash expenses and other items:			
Depreciation on property and equipment	- note 19.5	122,496,829	131,392,131
Provision for staff retirement benefits	- note 13.2.1	16,859,629	6,874,928
Gain on disposal of property and equipment	- note 19.3	(884,858)	-
Finance cost	- note 34	183,160,487	103,693,135
Provision for workers' profit participation	- note 14.2	15,995,701	22,370,306
Provision for workers' welfare		7,558,449	9,894,195
Provision for doubtful debts	- note 23.1	1,393,763	-
		346,580,000	274,224,695
Operating profit before working capital changes		669,215,013	689,366,314
Working capital changes			
<i>(Increase) / Decrease in current assets:</i>			
Stores, spare parts and loose tools		23,941,869	(111,793,098)
Stock in trade		157,067,943	(1,053,116,382)
Trade debts		(288,243,747)	(146,559,109)
Loans and advances		(399,639,764)	12,259,967
Trade deposits and prepayments		(5,828,986)	(92,474,317)
Tax refunds due from government		63,819,204	(76,518,293)
<i>Increase / (Decrease) in trade and other payables</i>		122,644,182	(84,371,585)
		(326,239,299)	(1,552,572,817)
Cash generated from / (used in) operations		342,975,714	(863,206,503)



38 FINANCIAL RISK MANAGEMENT

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

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

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

38.1 Risk management framework

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

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

38.2 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.

38.2.1 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:

	30/Jun/2019 Rupees	30/Jun/2018 Rupees
<i>At amortized cost</i>		
Trade debts - unsecured	1,113,616,537	826,766,553
Bank balances	133,400,206	149,375,350
Loans and advances	642,998,633	243,358,869
Trade deposits	120,402,282	121,095,007
	<u>2,010,417,658</u>	<u>1,340,595,779</u>

38.2.2 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 trade debts as at the balance sheet date are classified in Pak Rupees. The aging of trade debts at the balance sheet date is reported in note 23.2 to the financial statements.

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

- **(b) Other financial assets**

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

- **(a) Counterparties with external credit ratings**

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

	Rating as of 2019			30/Jun/19	30/Jun/18
	Short-term	Long-term	Agency	Rupees	Rupees
Habib Bank Limited	A-1+	AAA	JCR-VIS	(5,372,357)	69,451,183
MCB Bank Limited	A1+	AAA	PACRA	5,403,273	4,337,300
United Bank Limited	A-1+	AAA	JCR-VIS	5,071,134	4,334,797
Bank Alfalah Limited	A1+	AA+	PACRA	(1,118,765)	(83,260)
Faysal Bank Limited	A1+	AA	PACRA	4,049,170	1,442,401
The Bank of Punjab	A1+	AA	PACRA	9,799,374	40,543,573
JS Bank Limited	A1+	AA-	PACRA	69,229	1,758
Soneri Bank Limited	A1+	AA-	PACRA	2,508,898	(9,352)
Bank Islami Limited	A1	A+	PACRA	487,030	487,030
Askari Bank Limited	A1+	AA+	PACRA	29,846,915	9,261,733
National Bank of Pakistan	A1+	AAA	JCR-VIS	1,516,324	323,619
Samba Bank Limited	A1	AA	JCR-VIS	37,691	37,691
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	8,421,391	20,000
Meezan Bank Limited	A-1+	AA+	JCR-VIS	35,960,630	12,501,343
Allied Bank Limited	A1+	AAA	PACRA	35,112,444	6,889,709
Summit Bank Limited	A-3	BBB-	JCR-VIS	1,601,977	29,977
Silk Bank Limited	A-2	A-	JCR-VIS	5,848	5,848
				<u>133,400,206</u>	<u>149,575,350</u>

38.2.3 Concentration of credit risk

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



	30/Jun/2019	30/Jun/2018
	Rupees	Rupees
Customers	1,113,616,537	826,766,553
Banks	133,400,206	149,375,350
Others	763,400,915	364,453,876
	<u>2,010,417,658</u>	<u>1,340,595,779</u>

38.3 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.

38.3.1 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/Jun/2019			
	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year
<i>Financial liabilities</i>	----- Rupees -----			
Long term finances	316,329,215	316,329,215	-	316,329,215
Short term borrowings	1,232,283,431	1,232,283,431	1,273,220,688	-
Trade payables	511,090,557	511,090,557	511,090,557	-
Accrued mark-up	72,150,897	72,150,897	72,150,897	-
	<u>2,131,854,100</u>	<u>2,131,854,100</u>	<u>1,856,462,142</u>	<u>316,329,215</u>
	----- Rupees -----			
	30/Jun/2018			
	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year
<i>Financial liabilities</i>	----- Rupees -----			
Long term finances	316,329,215	316,329,215	-	316,329,215
Short term borrowings	1,225,234,093	1,225,234,093	1,225,234,093	-
Trade payables	378,840,825	378,840,825	378,840,825	-
Accrued mark-up	18,286,947	18,286,947	18,286,947	-
	<u>1,938,691,080</u>	<u>1,938,691,080</u>	<u>1,622,361,865</u>	<u>316,329,215</u>

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



38.4 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.

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. The Company is not exposed to currency risk as all transactions are carried out in domestic currency.

Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

38.4.1 Fixed rate financial instruments

The Company do not have any financial instrument bearing fixed rate of interest (2018: Nil).

- Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

38.4.2 Variable rate financial instruments

	30/Jun/2019		30/Jun/2018	
	<i>Financial assets</i>	<i>Financial liabilities</i>	<i>Financial assets</i>	<i>Financial liabilities</i>
	----- Rupees -----			
Financial assets				
Cash with banks	30,997,363	-	4,936,556	-
Financial liabilities				
Short term borrowings	-	1,232,283,431	-	1,225,234,093
	<u>30,997,363</u>	<u>1,232,283,431</u>	<u>4,936,556</u>	<u>1,225,234,093</u>

- Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit before tax by amounts shown below.

The analysis assumes that all other variables, in particular foreign exchange rates, remain constant.



	<i>Variation in basis points (% age)</i>	<i>Effect on profit before tax</i>	
		<i>30/Jun/2019 Rupees</i>	<i>30/Jun/2018 Rupees</i>
Variable rate instruments			
Financial assets			
Cash with banks	100 bps	309,974	49,366
Financial liabilities	or 1.00%		
Short term borrowings		12,322,834	12,252,341
		12,632,808	12,301,707

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

38.4.3 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.

39 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 consolidated 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 (that is, unadjusted) 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.



	Carrying Amount				Fair Value			
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- As at 30 June 2018 -----								
Financial instruments on reporting date								
----- Rupees -----								
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade debts	-	826,766,553	-	826,766,553	-	-	-	-
Loans and advances	-	243,358,869	-	243,358,869	-	-	-	-
Trade deposits	-	121,095,007	-	121,095,007	-	-	-	-
Bank balances	-	149,375,350	-	149,375,350	-	-	-	-
	-	1,340,595,779	-	1,340,595,779	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term finances	-	-	266,247,972	266,247,972	-	-	-	-
Equity portion of loans	-	-	50,081,244	50,081,244	-	-	-	-
Trade payables	-	-	408,793,508	408,793,508	-	-	-	-
Accrued mark-up	-	-	18,286,947	18,286,947	-	-	-	-
Short term borrowings	-	-	1,225,234,093	1,225,234,093	-	-	-	-
	-	-	1,968,643,764	1,968,643,764	-	-	-	-



	Carrying Amount				Fair Value			
	Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- As at 30 June 2019 -----								
Financial instruments on reporting date								
----- Rupees -----								
Financial assets measured at fair value	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Trade debts	-	1,113,616,537	-	1,113,616,537	-	-	-	-
Loans and advances	-	642,998,633	-	642,998,633	-	-	-	-
Trade deposits	-	120,402,282	-	120,402,282	-	-	-	-
Bank balances	-	133,400,206	-	133,400,206	-	-	-	-
	-	2,010,417,658	-	2,010,417,658	-	-	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value								
Long term finances	-	-	290,210,289	290,210,289	-	-	-	-
Equity portion of loans	-	-	26,118,927	26,118,927	-	-	-	-
Trade payables	-	-	522,727,339	522,727,339	-	-	-	-
Unclaimed dividends	-	-	15,589,883	15,589,883	-	-	-	-
Accrued mark-up	-	-	72,150,897	72,150,897	-	-	-	-
Short term borrowings	-	-	1,232,283,431	1,232,283,431	-	-	-	-
	-	-	2,159,080,766	2,159,080,766	-	-	-	-



40 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/2019	30/Jun/2018
	--- Rupees in '000 ---	
Total debt	1,548,613	1,541,563
Total equity and debt (including surplus on revaluation of operating assets)	5,621,425	5,450,998
Debt-to-equity ratio	<u>28%</u>	<u>28%</u>

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.

41 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:

	<u>Chief Executive</u>		<u>Directors</u>		<u>Executives</u>	
	<u>30/Jun/2019</u>	<u>30/Jun/2018</u>	<u>30/Jun/2019</u>	<u>30/Jun/2018</u>	<u>30/Jun/2019</u>	<u>30/Jun/2018</u>
	----- Rupees -----					
Remuneration	4,654,017	10,088,162	2,530,168	17,633,044	5,137,853	5,606,228
Other allowances	1,875,499	4,065,379	1,019,620	7,105,853	2,070,478	2,259,226
Retirement benefits	416,778	903,417	226,582	1,579,079	460,106	502,050
	<u>6,946,294</u>	<u>15,056,958</u>	<u>3,776,370</u>	<u>26,317,976</u>	<u>7,668,437</u>	<u>8,367,504</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>6</u>	<u>4</u>

41.1 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.

<u>At end of the year</u>		<u>Average during the year</u>	
<u>30/Jun/2019</u>	<u>30/Jun/2018</u>	<u>30/Jun/2019</u>	<u>30/Jun/2018</u>
----- Number of Employees -----			

42 NUMBER OF EMPLOYEES

Company employees	478	457	449	429
Manpower at factory	458	421	441	393



43 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/2019	30/Jun/2018	30/Jun/2019	30/Jun/2018
				----- Rupees -----			
Chief Executive and Directors							
Chief executive	CEO	Shareholder	Remuneration	6,946,294	15,056,958	-	-
Directors							
Key management personnel	Directors	Shareholders	Directors loan	-	-	316,329,215	316,329,215
	Directors	Shareholders	Remuneration	3,776,370	26,317,976	-	-
Executives							
Key management	Executives	Related parties	Remuneration	7,668,437	8,367,504	-	-
				30/Jun/2019	30/Jun/2018	30/Jun/2019	30/Jun/2018
				--- % age ---		--- Metric Tons ---	

44 PLANT CAPACITY AND PRODUCTION

Plant capacity

Rolling Mill	100%	100%	120,000	120,000
Structural Mill	100%	100%	160,000	160,000

Actual utilization of production capacity

Rolling Mill	62%	67%	74,620	80,666
Structural Mill	23%	0%	36,953	-

44.1 Actual production was sufficient to meet the demand.

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



45 OPERATING SEGMENTS

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

- All the sales of the Company are made to customers located in Pakistan.
- All non-current assets of the Company at 30 June 2019 are located in Pakistan.

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

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- Sales during the year have increased by approximately 10% as compared with last year. As a result of which sales have increased by Rs. 612 million.
- 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 against the Company and counter suits filed by the Company against National Bank of Pakistan (also refer note 18 to the financial statements).

47 RE-CLASSIFICATIONS AND RE-ARRANGEMENTS OF CORRESPONDING FIGURES

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

From	To	Reason	Amount
Deposits	Prepayments	Better presentation	473,454
	Advances to suppliers	Better presentation	6,008,602
Advances, deposits and prepayments	Trade deposits and prepayments	Better presentation	
- Security deposits			31,771,961
- Letter of guarantee			89,323,046
Statement of profit or loss	Other expenses	Better presentation	
- Provision for workers' profit participation			22,370,306
- Provision for workers' welfare			9,894,195
Administrative and general expenses	Other expenses	Better presentation	
- Charity and donations			324,000
- Auditors' remuneration			1,700,000

48 DATE OF AUTHORIZATION FOR ISSUE

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

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۔

25. گریجویٹ فنڈز میں سرمایہ داری

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

26. متعلقہ فریق سے لین دین

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2017ء 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۔

27. بیرونی آڈیٹرز

سال کے دوران، میسرز کامران اینڈ کو، چارٹرڈ اکاؤنٹنٹس میسرز کلیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے میسرز کلیم اینڈ کو کی نااہلی کے باعث، ان کی جگہ بطور بیرونی آڈیٹر کام کیا۔ میسرز کامران اینڈ کو، چارٹرڈ اکاؤنٹنٹس، نے 30 جون 2019 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 2020 کو اختتام پذیر ہونے کے لیے کمپنی کے بیرونی آڈیٹر کی حیثیت سے میسرز کامران اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔

28. سماجی ماحولیاتی پالیسی

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

29. وہسل بلونگ پالیسی

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2017ء کی پیروی میں IIIL 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 تخلفات کا اظہار کرتے ہیں۔

30. 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، ان کے ازدواج اور ان کے نابالغ بچے مالی سال 2018-2019 کے دوران کمپنی کے حصص کی کسی قسم کی تجارت میں شامل نہیں ہوئے۔



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

21. ضابطہ اخلاق

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017 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 گیا ہے۔

22. لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2017ء:

سال 2017 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 2017 جاری کیا۔ بورڈ آف ڈائریکٹرز اس نظر ثانی شدہ کو ضروریات سے پوری طرح واقف ہے۔ جو یکم جنوری 2018 سے لاگو ہے 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 فلوا 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۔

23. کمپنی کے کنٹرول اور رپورٹنگ کی نمایاں خصوصیات:

کمپنی کمپنیز ایکٹ 2017ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2017ء 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۔

24. کمپنی ہلکاروں 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۔

14. 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۔

15. 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۔

17. 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۔

18. 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، 2017 میں درج ہے۔

19. 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 2017 کے تقاضوں کے مطابق ضروری تربیت کا انتظام کرتی ہے۔

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

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2017 کے تحت، بورڈ آف ڈائریکٹرز نے کمپنی کی وٹن، مشن 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 وٹن 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 2017 اور کمپنیز ایکٹ 2017 کے مطابق کمپنی کے شیئر ہولڈنگ کا نمونہ 30 جون کو 2019 کے مطابق، رپورٹ کے آخر میں منسلک ہے۔

(b) حصص یافتگان کی معلومات

حصص یافتگان کو کمپنی کی کاروائیوں، نمو اور امور کی صورتحال کے بارے میں تازہ ترین معلومات فراہم کرنے کے لیے، انتظامیہ فوری طور پر تمام مادی معلومات کو پاکستان اسٹاک ایکسچینج میں عبوری اور آخری نتائج کے اعلان سمیت ترسیل کرتی ہے۔ سہ ماہی، نصف سالانہ اور سالانہ مالیاتی اسٹیٹمنٹس تمام متعلقہ افراد کو ارسال کی جاتی ہیں۔ اسی طرح سے، نوٹس اور منافع منقسمہ کے اعلانات لسٹڈ کمپنیز (کوڈ آف کارپورٹ گورننس) ضوابط 2017ء 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۔ ایک سال کے دوران، مسٹر شوکت علی رانانے مسٹر جاوید صادق کی جگہ بطور خود مختار ڈائریکٹر کام کیا۔

12. چیف فنانشل آفیسر (سی ایف او)

ایک سال کے دوران، مسٹر عبدالخالق شریف سے مسٹر عامر منیر کی جگہ بطور سی ایف او کام کیا۔

13. بورڈ کی کارکردگی کا یقین

لسٹڈ کمپنیز (کوڈ آف کارپورٹ گورننس) ضوابط 2017 کی پیروی میں بورڈ آف ڈائریکٹرز نے اپنی کارکردگی کے جائزہ کے



3. عمومی بیان
30 جون 2019 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 فلو اور ایکویٹی میں تبدیلی کو موزوں اور درست انداز میں پیش کرتی ہیں۔

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

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

7. انٹرنل کنٹرول سسٹم
قابل بھروسہ یقین دہانی کے لئے انٹرنل کنٹرول سسٹم مرتب کیا گیا ہے۔ پالیسیوں، منصوبوں اور قوانین، وسائل کا بہترین استعمال، اہداف کو عبور کرنا اور مالیاتی اور انتظامی معلومات کی دیانت کو کمپنی یقینی بناتی ہے۔ آئی۔ آئی۔ ایل کا اندرونی کنٹرول سسٹم بہت جامع، موثر انداز میں نافذ اور مستقل طور پر مانیٹر کیا 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 وعن 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۔ اختتامی تاریخ کے بعد بورڈ کے زیر جائزہ نصف سالانہ بیانات حتمی منظور کے لیے 25 نومبر کو 14 ویں سالانہ عمومی اجلاس میں حصص یافتگان کے سامنے پیش کیے جائیں گے۔



ڈائریکٹرز کی رپورٹ:

کمپنی کی چودھویں سالانہ رپورٹ پر سال 30 جون 2019 کی سالانہ اور آڈٹ شدہ اکاؤنٹس آپ کے سامنے پیش کرنے میں مجھے بہت خوشی ہے۔ مجھے 30 جون 2019 کو ختم ہونے والے مالی سال کی کارکردگی کے بارے میں آپ کے ساتھ شیئر کرنے میں واقعی خوشی ہے۔ سٹیبل انڈسٹری کے درپیش ملکی سیاسی عدم استحکام اور دوسرے تمام چیلنجوں کا سامنا کرتے ہوئے اپنے حصص یا دوکان کے لیے پورے سال اپنی بہترین کوششیں کر کے زیادہ سے زیادہ منافع حاصل کرنے کی کوشش کی۔ کمپنی نے اپنی اب تک کی تاریخ میں سب سے زیادہ پیداوار کی سطح حاصل کی۔ اس سال ہم نے 639.5 ملین روپے مجموعی منافع حاصل کیا جو پچھلے سال کے مقابلے میں زیادہ ہے۔ پورے سال میں ہم صنعت سازی کی ترقی کی صلاحیت کو بروئے کار لاکر اپنے حصص یافتگان کے لئے زیادہ سے زیادہ ممکنہ قیمت کے حصول کے لیے پوری طرح مرکوز اور پرعزم رہے۔ ہمارے توسیعی پروگرام کے ایک حصے کے طور پر ہم نے ایک نئی فرنس اور ترمیمی رولنگ مل افشاں کرنی ہے۔

قدرتی گیس کی قلت کو دور کرنے کے لیے ہماری ملوں کے لئے ایل این جی کنکشن کا انتظام بھی کر لیا گیا ہے۔ صارفین / گھریلو تعمیراتی منڈی کے لئے ہم ایک نیا براڈ اتفاق گولڈ کے نام سے لانچ کرنے جا رہے ہیں تاکہ ہم اپنی پوزیشن کو مستحکم کر سکیں اور مارکیٹ میں حصص بڑھا سکیں۔

1. منافع منقسمہ

بورڈ نے 30 جون 2019 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 14th Annual General Meeting of the Company to be held on November 25, 2019 and at any adjournment thereof.

Signed under my / our hand(s) this _____ day of _____ 2019.

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 notorially 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۔ II، 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 25 نومبر 2019ء کو ہونے والے 14 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	_____ (1) دستخط
_____ نام	_____ نام
_____ پتہ	_____ پتہ
_____ شناختی کارڈ نمبر	_____ شناختی کارڈ نمبر
_____ پاسپورٹ نمبر	_____ پاسپورٹ نمبر

نمائندہ (پراکسی) کی تقرری سے متعلق نکات:

اختیار-1 (option) کے تحت مقرر کردہ نمائندہ (پراکسی) کی دستاویز تحریری طور پر مقرر کرنے والے کے ہاتھ سے لکھی گئی ہو یا اس کے اختیار کے تحت مقرر کردہ وکیل کی طرف ہونی چاہیے۔ اگر مقرر کردہ کمپنی ہے تو نمائندہ کی دستاویز کمپنی کی عام ہر (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 ہونا چاہیے۔ بصورت دیگر پراکسی کی دستاویز درست تصور نہیں ہوگی۔

اختیار-2 (option) کے تحت ای ووٹنگ کی دستاویز عام اجلاس کے دن سے کم از کم دس یوم قبل کمپنی کے رجسٹرڈ آفس واقع 40-بی۔ II، گلبرگ III، لاہور میں جمع کرا دی 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



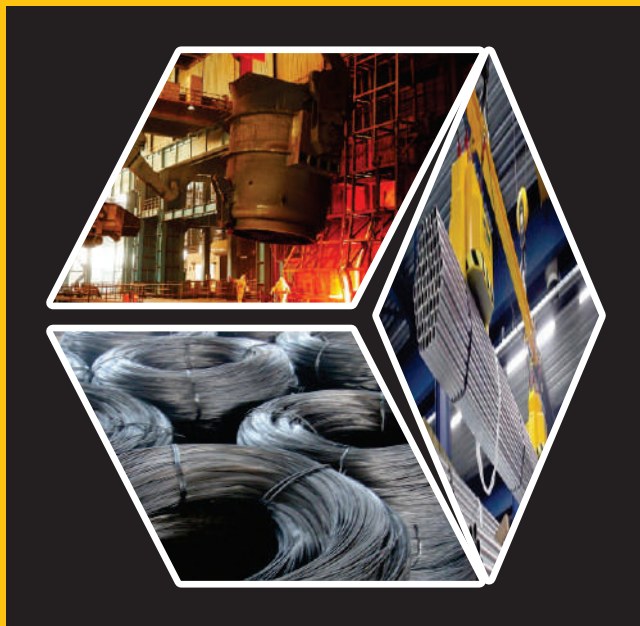
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The Company Secretary

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