INTERNATIONAL INDUSTRIES LTD.

Promising Reliability, For Now and Tomorrow

ANNUAL REPORT 2016

In the Name of Allah
Most Gracious, Most Merciful.
This is by the Grace of Allah.

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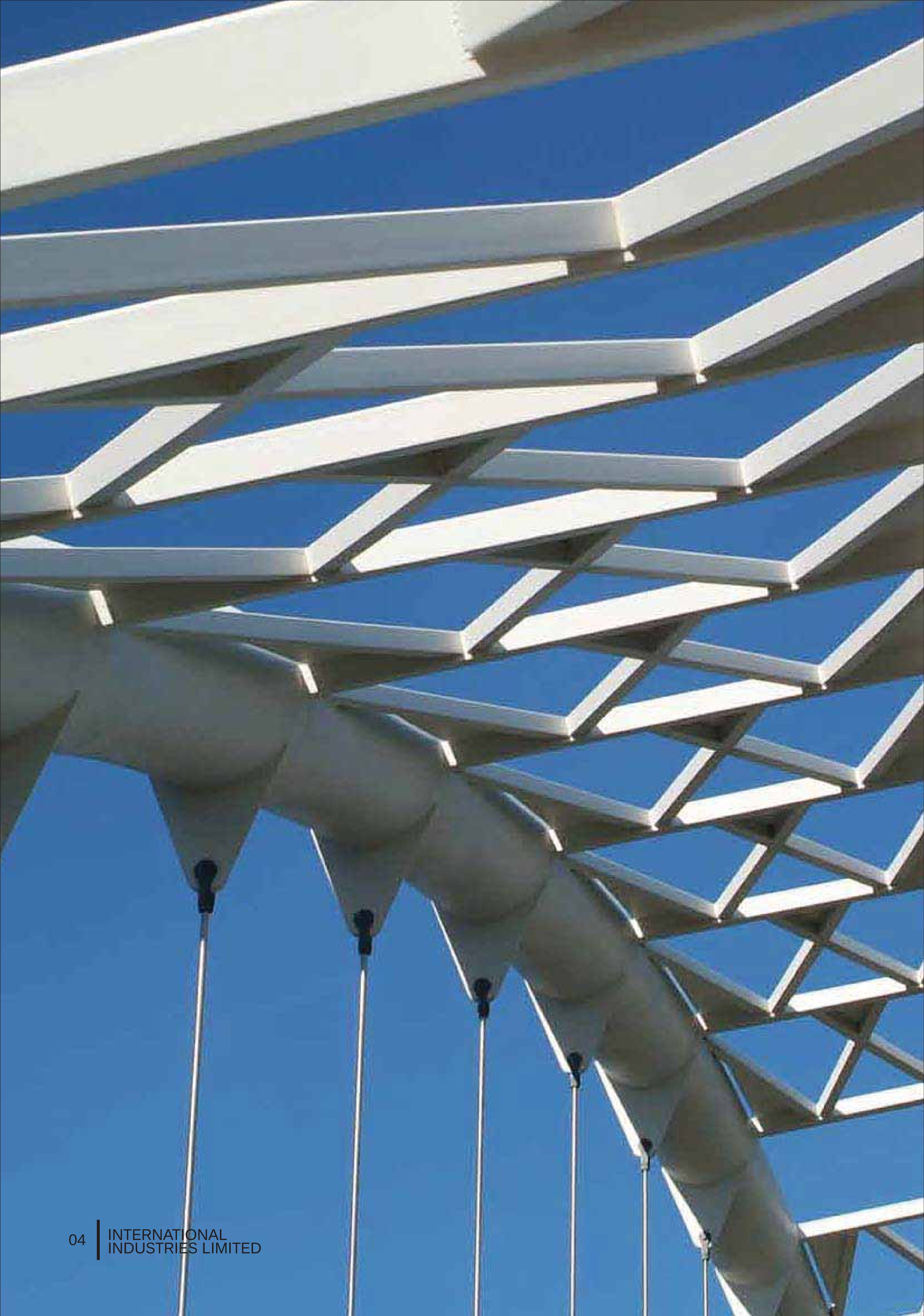
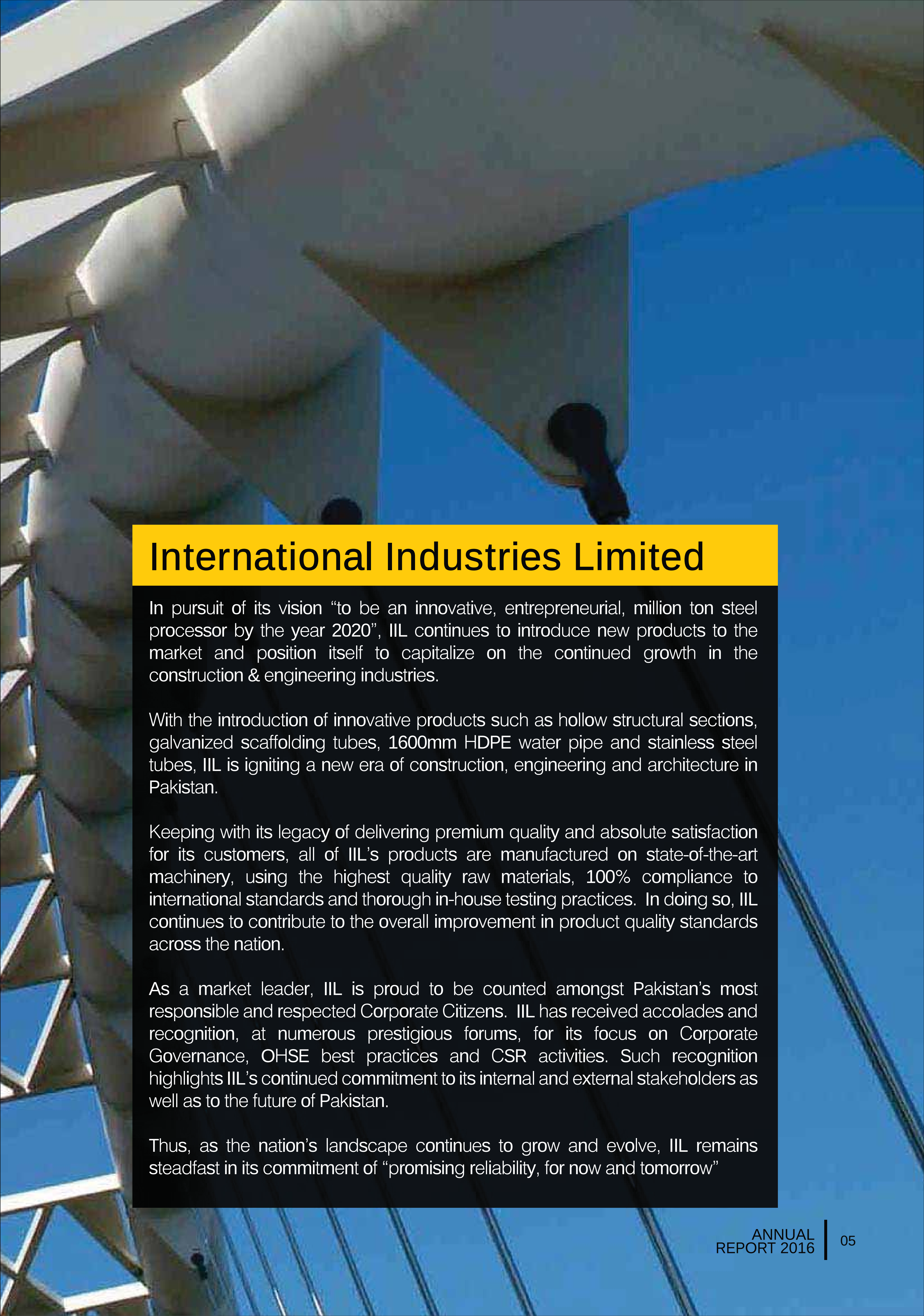




International Industries Limited

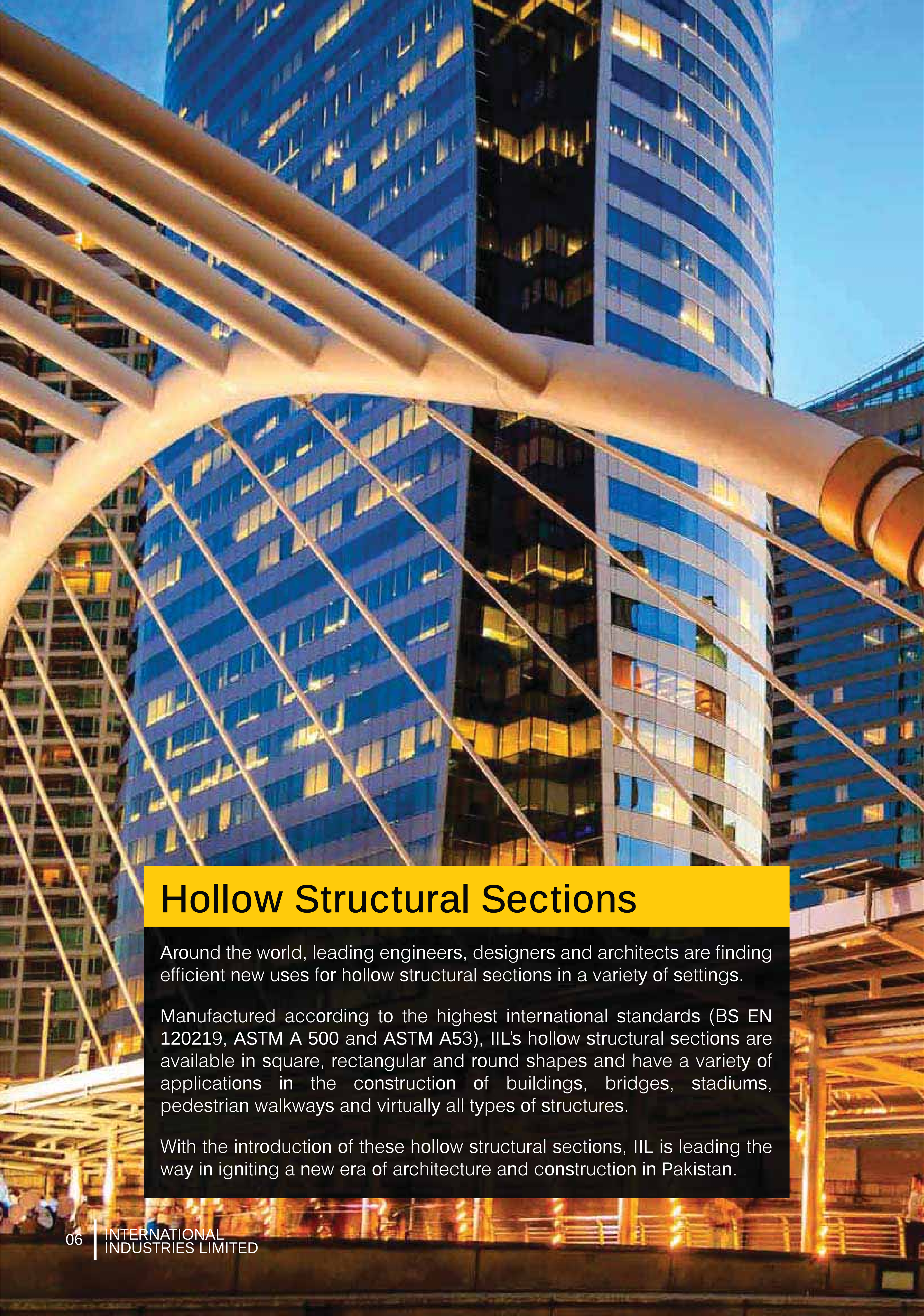
In pursuit of its vision "to be an innovative, entrepreneurial, million ton steel processor by the year 2020", IIL continues to introduce new products to the market and position itself to capitalize on the continued growth in the construction & engineering industries.

With the introduction of innovative products such as hollow structural sections, galvanized scaffolding tubes, 1600mm HDPE water pipe and stainless steel tubes, IIL is igniting a new era of construction, engineering and architecture in Pakistan.

Keeping with its legacy of delivering premium quality and absolute satisfaction for its customers, all of IIL's products are manufactured on state-of-the-art machinery, using the highest quality raw materials, 100% compliance to international standards and thorough in-house testing practices. In doing so, IIL continues to contribute to the overall improvement in product quality standards across the nation.

As a market leader, IIL is proud to be counted amongst Pakistan's most responsible and respected Corporate Citizens. IIL has received accolades and recognition, at numerous prestigious forums, for its focus on Corporate Governance, OHSE best practices and CSR activities. Such recognition highlights IIL's continued commitment to its internal and external stakeholders as well as to the future of Pakistan.

Thus, as the nation's landscape continues to grow and evolve, IIL remains steadfast in its commitment of "promising reliability, for now and tomorrow"

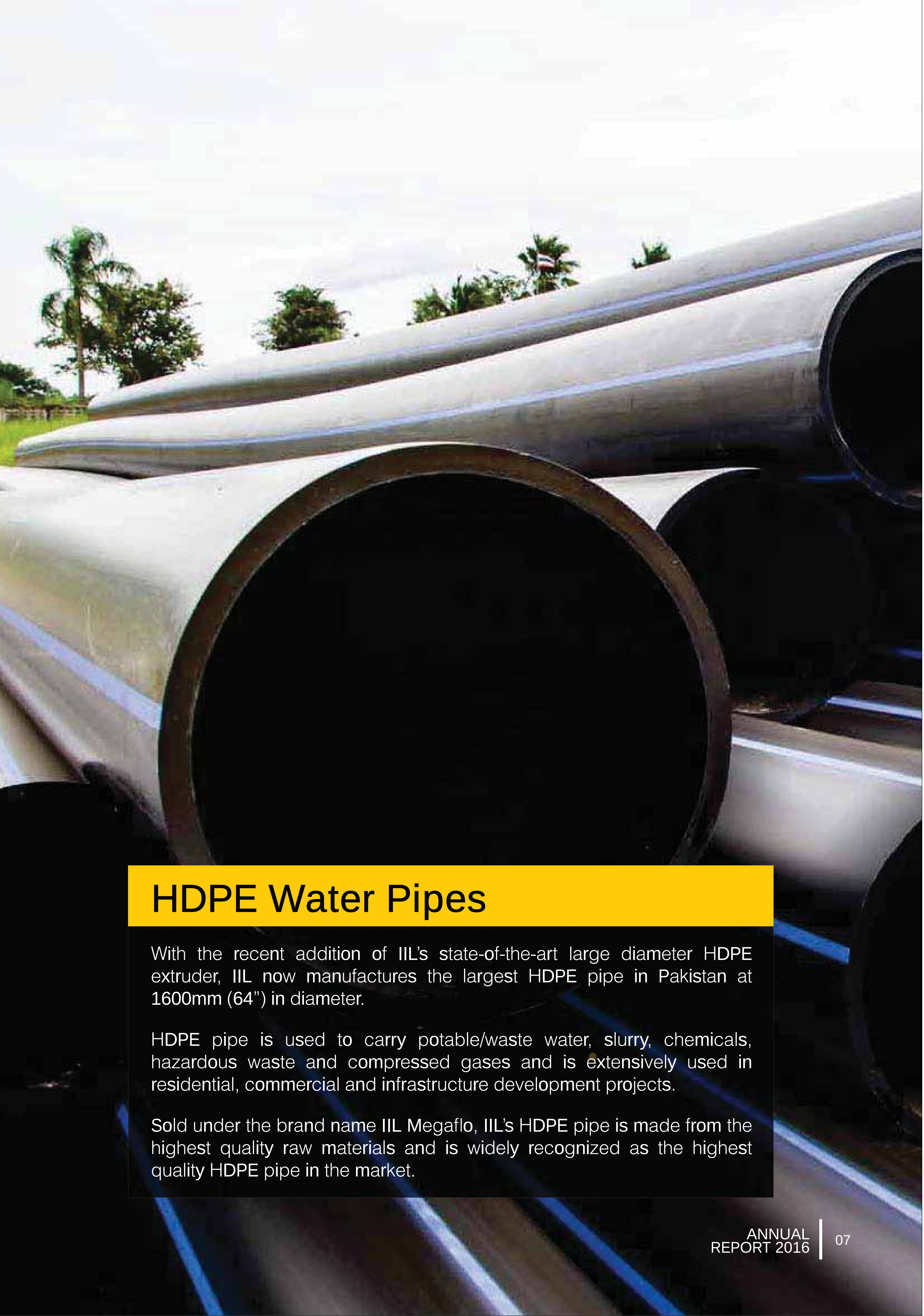


Hollow Structural Sections

Around the world, leading engineers, designers and architects are finding efficient new uses for hollow structural sections in a variety of settings.

Manufactured according to the highest international standards (BS EN 120219, ASTM A 500 and ASTM A53), IIL's hollow structural sections are available in square, rectangular and round shapes and have a variety of applications in the construction of buildings, bridges, stadiums, pedestrian walkways and virtually all types of structures.

With the introduction of these hollow structural sections, IIL is leading the way in igniting a new era of architecture and construction in Pakistan.

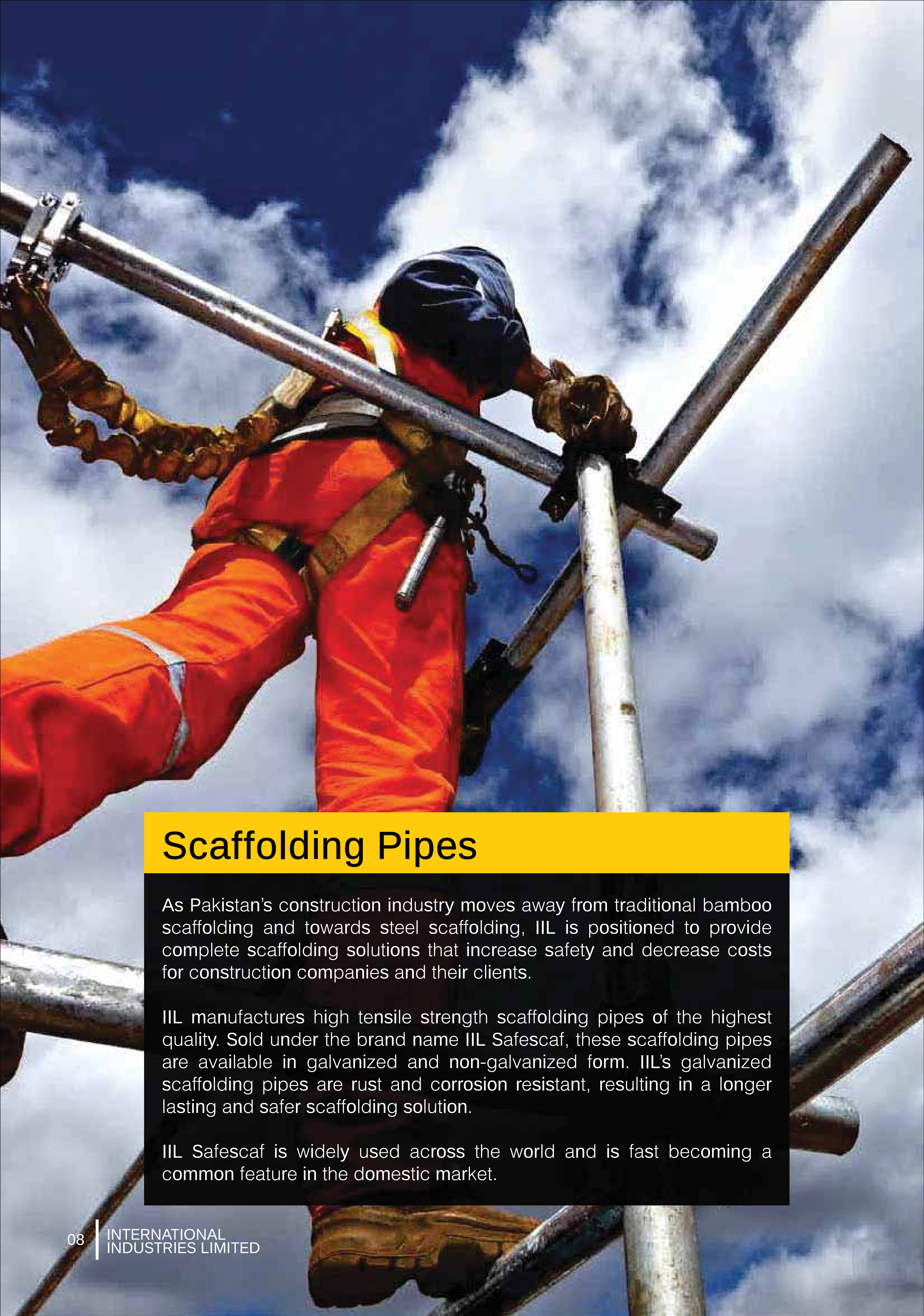


HDPE Water Pipes

With the recent addition of IIL's state-of-the-art large diameter HDPE extruder, IIL now manufactures the largest HDPE pipe in Pakistan at 1600mm (64") in diameter.

HDPE pipe is used to carry potable/waste water, slurry, chemicals, hazardous waste and compressed gases and is extensively used in residential, commercial and infrastructure development projects.

Sold under the brand name IIL Megaflo, IIL's HDPE pipe is made from the highest quality raw materials and is widely recognized as the highest quality HDPE pipe in the market.

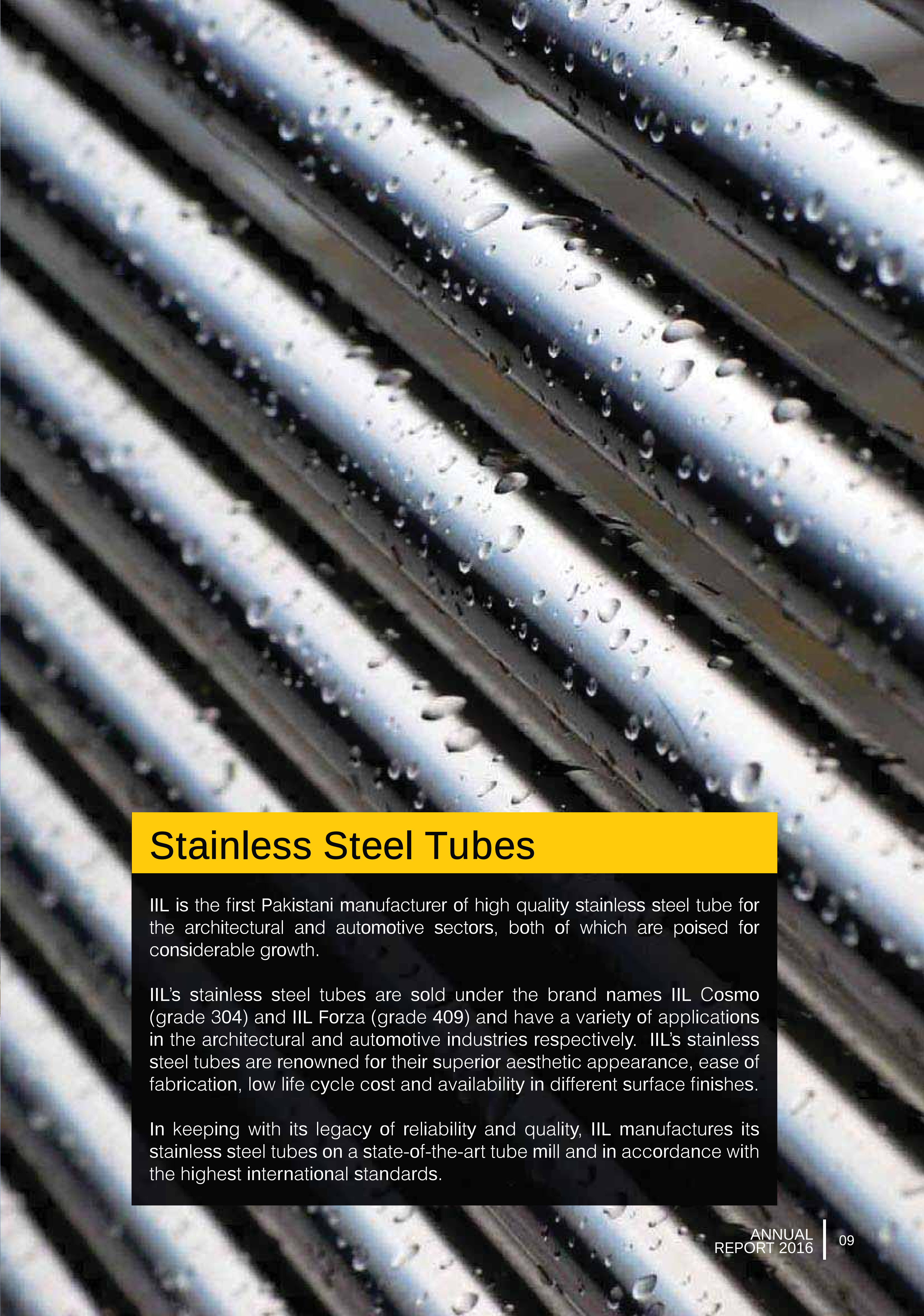


Scaffolding Pipes

As Pakistan's construction industry moves away from traditional bamboo scaffolding and towards steel scaffolding, IIL is positioned to provide complete scaffolding solutions that increase safety and decrease costs for construction companies and their clients.

IIL manufactures high tensile strength scaffolding pipes of the highest quality. Sold under the brand name IIL Safescaf, these scaffolding pipes are available in galvanized and non-galvanized form. IIL's galvanized scaffolding pipes are rust and corrosion resistant, resulting in a longer lasting and safer scaffolding solution.

IIL Safescaf is widely used across the world and is fast becoming a common feature in the domestic market.

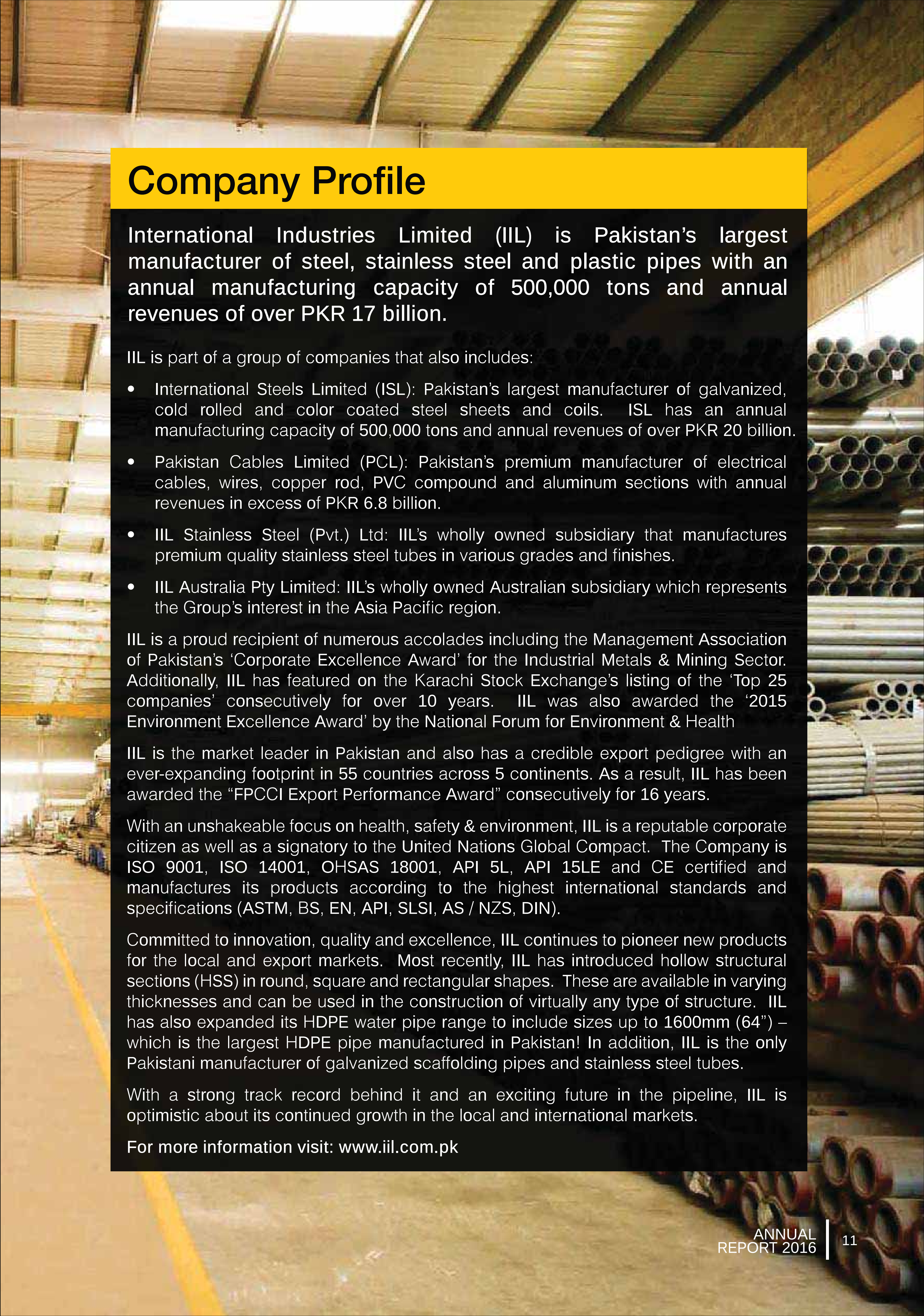


Stainless Steel Tubes

IIL is the first Pakistani manufacturer of high quality stainless steel tube for the architectural and automotive sectors, both of which are poised for considerable growth.

IIL's stainless steel tubes are sold under the brand names IIL Cosmo (grade 304) and IIL Forza (grade 409) and have a variety of applications in the architectural and automotive industries respectively. IIL's stainless steel tubes are renowned for their superior aesthetic appearance, ease of fabrication, low life cycle cost and availability in different surface finishes.

In keeping with its legacy of reliability and quality, IIL manufactures its stainless steel tubes on a state-of-the-art tube mill and in accordance with the highest international standards.



Company Profile

International Industries Limited (IIL) is Pakistan's largest manufacturer of steel, stainless steel and plastic pipes with an annual manufacturing capacity of 500,000 tons and annual revenues of over PKR 17 billion.

IIL is part of a group of companies that also includes:

- International Steels Limited (ISL): Pakistan's largest manufacturer of galvanized, cold rolled and color coated steel sheets and coils. ISL has an annual manufacturing capacity of 500,000 tons and annual revenues of over PKR 20 billion.
- Pakistan Cables Limited (PCL): Pakistan's premium manufacturer of electrical cables, wires, copper rod, PVC compound and aluminum sections with annual revenues in excess of PKR 6.8 billion.
- IIL Stainless Steel (Pvt.) Ltd: IIL's wholly owned subsidiary that manufactures premium quality stainless steel tubes in various grades and finishes.
- IIL Australia Pty Limited: IIL's wholly owned Australian subsidiary which represents the Group's interest in the Asia Pacific region.

IIL is a proud recipient of numerous accolades including the Management Association of Pakistan's 'Corporate Excellence Award' for the Industrial Metals & Mining Sector. Additionally, IIL has featured on the Karachi Stock Exchange's listing of the 'Top 25 companies' consecutively for over 10 years. IIL was also awarded the '2015 Environment Excellence Award' by the National Forum for Environment & Health

IIL is the market leader in Pakistan and also has a credible export pedigree with an ever-expanding footprint in 55 countries across 5 continents. As a result, IIL has been awarded the "FPCCI Export Performance Award" consecutively for 16 years.

With an unshakeable focus on health, safety & environment, IIL is a reputable corporate citizen as well as a signatory to the United Nations Global Compact. The Company is ISO 9001, ISO 14001, OHSAS 18001, API 5L, API 15LE and CE certified and manufactures its products according to the highest international standards and specifications (ASTM, BS, EN, API, SLSI, AS / NZS, DIN).

Committed to innovation, quality and excellence, IIL continues to pioneer new products for the local and export markets. Most recently, IIL has introduced hollow structural sections (HSS) in round, square and rectangular shapes. These are available in varying thicknesses and can be used in the construction of virtually any type of structure. IIL has also expanded its HDPE water pipe range to include sizes up to 1600mm (64") – which is the largest HDPE pipe manufactured in Pakistan! In addition, IIL is the only Pakistani manufacturer of galvanized scaffolding pipes and stainless steel tubes.

With a strong track record behind it and an exciting future in the pipeline, IIL is optimistic about its continued growth in the local and international markets.

For more information visit: www.iil.com.pk

Business at a Glance

IIL, a top 25 PSE-listed company, was established in 1948 as Sultan Chinoy & Company and is in the business of manufacturing and marketing GI Pipe, CR Tube, Black Pipe, API Line Pipe and Plastic Pipe.

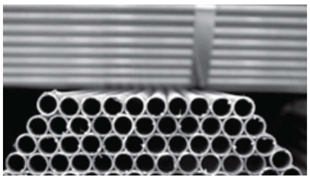
Products

IIL has a wide range of products:

IIL Hollow Structural Sections

Ideal for structural use

IIL's Hollow Structural Sections (HSS) are available in square, rectangle and round shapes in various thicknesses and diameters and can be used in virtually all types of structures. HSS sizes range up to 10”x10” for squares, 10”x6” for rectangles and 12” for round shapes.



IIL Cold Rolled Steel Tube

Ideal for chroming, bending & drawing

CR steel tubes are available in round, rectangle, oval, square and elliptical shapes and are used for automotive, transformer, fans, furniture and other mechanical and general engineering purposes. These tubes are available in standard sizes ranging from 9.00 mm to 75.90mm and in thicknesses from 0.60 to 2.00mm. The products are certified as European Conformity Standards–CE.

IIL Profile Tubes

Ideal fordoors, windows & railings

Profiles in "L", "T" “D” and "Z" shapes are used in the making of furniture and low cost housing.

IIL Galvanized Iron Pipe

Ideal for water & gas transmission and fencing

GI pipes are ideal for the transmission of potable water, natural gas, oil and other fluids. They are also used in fencing, low cost shelters and fabrication industries. IIL's reliable GI pipes are available from nominal diameters of 1/2” to 8” and in thicknesses from 1.80mm to 6.00mm. The products are certified as European Conformity Standards –CE.

IIL API Line Pipe

Ideal for natural gas and petroleum distribution

IIL's welded line pipes are ideal for natural gas and petroleum distribution systems. These pipes are manufactured as per PSL1 and PSL2 in accordance with API specifications 5L up to 12” diameter. IIL is licensed to manufacture these pipes by the American Petroleum Institute (License: API 5L-0391, 5L-1104).

IIL Safescaf (Scaffolding Pipes)

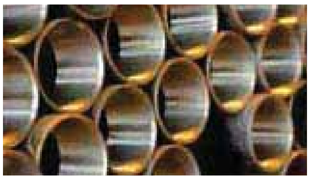
Ideal for scaffolding projects

IIL also manufactures the best quality scaffolding pipes which have high tensile strength and are available in, type 3 and type 4, galvanized or non-galvanized forms (Standard: BS EN 39)

IIL MS Schedule 40

Ideal for fire fighting and high pressure water transmission lines

Keeping in mind the needs of industrial sectors, such as Sugar Industry, Textile Industry, Pharma Industry, Power Industry and Food Industry, IIL has developed IIL MS Schedule 40 as per ASTM A53 standard available in Grade A & B, best for fire fighting, water distribution lines, high pressure lines, steam lines, hot/chill water lines and chemical liquid lines.



IIL Hot Dipped Galvanized Iron Pipe & Black Pipe (ASTM A53)
Best used for fencing applications and fluid transmission

IIL has also developed IIL Hot Dipped Galvanized Pipe & IIL Black Pipe as per ASTM A53 Schedule 40 & Schedule 10. Black pipes are available in nominal diameters of 1/2" to 12" and hot dipped galvanized pipes are available from 1/2" to 8".

IIL Stainless Steel Tube
Ideal for architectural and auto use

IIL's fully owned subsidiary, IIL Stainless Steel (Pvt) Ltd, manufactures high quality, corrosion resistant, stainless steel tubes for the architectural and auto industry under the brand names IIL Cosmo (grade 304) and IIL Forza (grade 409) respectively in various thicknesses and diameters up to 2".

IIL Megaflo (HDPE Water) Pipe
Ideal for water distribution lines

IIL's Polyethylene water pipe (HDPE) is used for distribution of water supply, effluent and water discharge. The range of sizes produced is from 16 mm to 1600 mm.

IIL Flexflo (MDPE Gas) Pipe
Ideal for distribution of natural gas and LPG

IIL's Polyethylene line pipes are manufactured on state-of-the-art German and Austrian equipment to meet the performance requirement of British Gas Technical Specification and American Petroleum Institute Specification for gaseous fuel. It is ideal for natural gas, liquefied petroleum gas (LPG) and other gaseous fuels. The nominal outside diameter of IIL polyethylene line pipes ranges from ¾" to 25" and 20 mm to 250mm.

IIL Plumbo 300 (PEX) Pipe
Ideal for hot & cold water transmission

IIL PEX (Cross Linked Polyethylene) Pipe is one of the most versatile and cost efficient system for transmission of hot and cold water, under elevated pressure and temperature conditions. PEX pipe is available from 16 mm to 50 mm.

IIL Flexflo (Duct) Pipe
Ideal for fiber and cable ducting

IIL's Polyethylene duct is used as casing for optic fiber cables and other telecommunication cables. The standard diameter range is from 12 mm to 90 mm (without internal solid lubrication, with internal ribs and with internal solid lubrication).

IIL PPRC Pipe
Finest PPRC pipe for hot & cold water transmission

IIL manufactures the highest quality PPRC pipe and fittings for the distriubtion of hot & cold potable water. IIL PPRC is made from 100% prime, food grade, imported raw material. IIL PPRC pipes are available in nominal diameter ranging from 20 mm to 110 mm.

Vision

To be an international, innovative, entrepreneurial, million ton steel processor by the year 2020.

Mission

International Industries Limited is a quality conscious company committed to economies of scale.

It shall continually enhance the effectiveness of its quality, environmental, occupational health and safety management systems. IIL is committed to be an ethical company and shall conform to all applicable legal requirements, as well as fulfill and exceed the expectations of all stakeholders.

Team work, continual improvement, prevention of pollution, waste reduction, protection of environment, care for health and safety of people and equipment, reduction of accidents, improvement in safety practices, a fair return to shareholders and fulfillment of social responsibility shall be the hallmark of all activities.


(156-168)

Strategic Objectives

- To remain an ethical Company.
- Ensure a fair return to shareholders.
- Retain our reputation as the quality leader in our markets.
- To remain the volume leader by maintaining quality and easy availability of diversified products.
- To enhance market share by maintaining a fair price, ensuring availability and timely deliveries.
- To enhance exports and leverage them to take advantage of economies of scale.
- Focus on new ventures, especially M&A's and JV's in near home markets in order to capitalize on opportunities for inorganic growth.
- Capitalize on traditionally strong engineering base and invest to expand / modernize production capability.
- Maintain focus on CSR, environmental and safety management in order to reap corporate benefits as good corporate citizen & employer.
- Ensure aggressive training and development of personnel commensurate with strategic needs of the company specially those who are key executives of the company.

Our Values

At IIL we take pride in uncompromising integrity through each individual's effort towards quality product for our customers and sizable contributions to the National Exchequer.

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

Excellence: IIL endeavours to exceed the expectation of all stakeholders.

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

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

Fairness: IIL believes in fairness to all stakeholders.

Responsibility: IIL considers quality health, safety and environment an integral part of its activities and way of life.

Reliable: IIL has established itself as a reliable and dependable supplier.

Company Information

Chairman
Mr. Zaffar A. Khan
Independent Chairman

Directors
Mr. Mustapha A. Chinoy
Non-Executive Director

Mr. Kamal A. Chinoy
Non-Executive Director

Mr. Fuad Azim Hashimi
Non-Executive Director

Mr. Azam Faruque
Independent Director

Mr. Tariq Ikram
Independent Director

Mr. Aly Noormahomed Rattansey
Independent Director

Ms. Nargis Ghaloo
Non-Executive Director

Chief Executive Officer
Mr. Riyaz T. Chinoy
Executive Director

Chief Financial Officer
Mr. Nadir Akbarali Jamal

Company Secretary
Mr. Yasir Ali Quraishi

External Auditor
M/s KPMG Taseer Hadi & Co.

Chief Internal Auditor
Mr. Haseeb Hafeezuddeen

Internal Auditors
Ernst & Young Ford Rhodes Sidat Hyder & Co.

Bankers
Allied Bank Ltd.
Askari Bank Ltd.
Bank Al Falah Ltd.
Bank Al Habib Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
NIB Bank Ltd.
Samba Bank Ltd.
Soneri Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
United Bank Ltd.

Legal Advisors
Mrs. Sana Shaikh Fikree

Registered Office
101, Beaumont Plaza,
10, Beaumont Road, Karachi – 75530
Tel: +9221-35680045-54
UAN: 021-111-019-019 Fax: +9221-35680373,
E-mail: yasir.quraishi@iil.com.pk

Lahore Office
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UAN: 042-111-019-019 Fax: +9242-37220384
E-Mail: lahore@iil.com.pk

Islamabad Office
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I-8 Markaz, Islamabad
Tel: +9251-4864601-2

Peshawar Office
Office No.1 & 2, First Floor, Hurmaz Plaza,
Opp. Airport, Main University Road, Peshawar
Tel: +9291-5845068

Display Centre
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Tipu Sultan Road, Off: Shahrah-e-Faisal, Karachi
Tel: +9221-32368019

Factories

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LX 15-16, Landhi Industrial Area, Karachi – 75120
Tel: +9221-35080451-55 Fax: +9221-35082403
E-mail: factory@iil.com.pk

Factory 2
Survey # 405 & 406 Rehri Road, Landhi,
Karachi – 75160
Tel: +9221-35017026-28, 35017030
Fax: +9221-35013108

Factory 3
22 KM, Sheikhupura Road, Lahore
Tel: +9242-37190491-3

Website
www.iil.com.pk

Investors Contact
Shares Registrar
Central Depository Company of Pakistan Ltd.
CDC House, 99-B, Block "B", S.M.C.H.S,
Shahrah-e-Faisal, Karachi.
Tel: +9221-111-111-500 Fax: +9221-34326053
E-mail : info@cdcpak.com

Assistant Company Secretary
Mr. M. Irfan Bhatti
101 Beaumont Plaza, 10 Beaumont Road, Karachi.
Tel: +9221-111-019-019 Fax: +9221-35680373
E-mail: irfan.bhatti@iil.com.pk

Code of Conduct

The Code of Conduct is equally applicable to the Board of Directors as well as all the employees of the Company. The salient features of the Code of Conduct are as follows:

A. BUSINESS ETHICS

i. The company's policy is to conduct its business with honesty and integrity and be ethical in its dealings, showing respect for the interest of all stakeholders including its shareholders, employees, customers, suppliers and the society.

ii. The company is dedicated to providing a safe and non-discriminatory working environment for all employees.

iii. The company does not support any political party or contributes funds to groups whose activities promote political interests.

iv. The company is committed to provide products which consistently offer value in terms of price and quality and are safe for their intended use, to satisfy customer needs and expectations.

v. The Board of Directors and the Management are committed that the company is a responsible corporate citizen and the business shall be carried out in sustainable manner.

vi. The operations shall be carried out with minimum adverse effect on the environment and producing quality products in a healthy and safe working environment.

vii. We, as a responsible corporate citizen shall promote our role towards betterment of the society in health and education sectors.

B. CONFLICTS OF INTEREST

i. Every employee should conduct his / her personal and business affairs in a manner such that neither a conflict, nor the appearance of a conflict, arises between those interests and the interests of the company.

ii. An employee should avoid any situation in which he or she, or a family member, might profit personally (directly or indirectly), from the company’s facilities, its products, or company’s relationships with its vendors or customers.

iii. An employee should not permit himself / herself (or members of his / her family) to be obligated (other than in the course of normal banking relationships) to any organization or individual with whom the company has a business relationship. However, business lunches, dinners or social invitations, nominal giveaways and attendance at conferences and seminars would not be considered a violation of this Code.

iv. In case an employee is offered or receives something of value which he / she believes may be impermissible under this Code, he / she should disclose the matter.

v. Conflict of interest shall be avoided and promptly disclosed where they exist and guidance should be sought from superiors.

C. ACCOUNTING RECORDS, CONTROLS & STATEMENTS

i. All books, records, accounts and statements should conform to generally accepted and applicable accounting principles and to all applicable laws and regulations and should be maintained accurately.

ii. Employees are expected to sign only documents or records which they believe to be accurate and truthful.

D. ENVIRONMENT

i. The company is committed to carry its business in an environmentally sound and sustainable manner and promote preservation and sustainability of the environment.

ii. All employees are required to adhere strictly to all applicable environmental laws and regulations that impact the company’s operations.

E. REGULATORY COMPLIANCE

i. The company is committed to make prompt public disclosure of “material information” regarding the company as prescribed in the Pakistan Stock Exchange Regulations.

ii. Where an employee is privy to the information, which is generally referred to as “material inside information”, the same must be held in the strictest confidence by the employee involved until it is publicly released.

iii. The employees shall abide by the appropriate Competition Laws and shall not enter into understandings, arrangements or agreements with competitors which have the effect of fixing or controlling prices, dividing and allocating markets or territories, or boycotting suppliers or customers.

F. PERSONAL CONDUCT

i. All employees should conduct themselves with the highest degree of integrity and professionalism in the workplace or any other location while on company business.

ii. The employees shall be careful while dealing with personal or business associates and not disclose, divulge or provide any information regarding the company to anyone except where the same is used as a part of his / her official obligations and as required for official purpose and shall abide by the Closed period announced by the company from time to time and also sign a Non- Disclosure Agreement if the need arises.

iii. All employees should avoid any kind of bribery, extortion and all other forms of corruption.

iv. Employees should always be cognizant of the need to adhere strictly to all safety policies and regulations.

v. Any legally prohibited or controlled substances if found in the possession of any employee will be confiscated and where appropriate, turned over to the authorities.

G. MISCELLANEOUS

i. All employees are required to comply with this code of conduct and are personally responsible for doing so. Employees must comply with any rules set out in this code of conduct. Breach of any principles within the code may result in disciplinary action, such as if any employee is found to be in wanton abuse of the code and their action cause reputational risk or damage or financial loss to the business, may amount to gross misconduct which may result in summary dismissal. Further, the company reserves the right to seek redress and damages from such individuals.

ii. Employees at all levels will be required to certify annually that they understand the code and that they are in full compliance with this code. On an annual basis, the Board monitors the findings of this certification.

iii. The Company has in place a confidential “Speak Up” policy and process to encourage the reporting of any non-compliance with this code of conduct.

Key Operating Highlights

Rs. Million

FINANCIAL POSITION	2016	2015	2014	2013	2012	2011	2010	2009	2008
Balance sheet									
Property, plant and equipment	4,852	3,622	3,502	3,465	2,804	2,679	9,905	5,987	4,172
Investments	2,743	2,743	2,593	2,584	2,584	2,584	106	-	-
Other non current assets	59	21	18	18	14	26	18	24	15
Current assets	6,322	6,752	10,133	8,500	9,665	8,623	8,709	5,168	6,439
Total assets	13,977	13,138	16,247	14,566	15,066	13,911	18,738	11,179	10,626
Share capital	1,199	1,199	1,199	1,199	1,199	1,199	999	999	833
Reserves	4,004	3,583	3,224	3,140	2,976	3,065	2,305	1,661	1,565
Total equity	5,202	4,782	4,423	4,339	4,175	4,264	3,304	2,660	2,398
Surplus on revaluation of fixed assets	2,104	1,561	1,582	1,605	1,003	1,008	1,367	1,379	1,391
Non current liabilities	1,332	458	568	756	589	405	5,359	2,302	1,416
Current liabilities	5,338	6,337	9,674	7,866	9,299	8,234	8,709	4,838	5,421
Total liabilities	6,670	6,795	10,242	8,622	9,889	8,639	14,067	7,140	6,837
Total equity & liabilities	13,977	13,138	16,247	14,566	15,066	13,911	18,738	11,179	10,626
Net current assets	984	415	459	634	366	389	1	330	1,018
OPERATING AND FINANCIAL TRENDS									
Profit and Loss									
Net turnover	14,821	17,674	16,341	17,730	16,802	15,851	13,472	12,319	12,068
Gross profit	2,460	1,879	2,102	2,065	1,909	1,812	2,222	1,167	1,787
EBITDA	1,708	1,666	1,666	1,608	1,620	2,072	1,830	1,234	1,580
Operating profit	1,387	1,100	1,338	1,320	1,329	1,195	1,703	723	1,362
Profit before taxation	1,104	933	652	699	391	1,269	1,339	469	904
Profit after taxation	786	731	503	558	326	1,030	1,007	375	705
Cash dividend	540	480	390	390	240	600	400	225	201
Bonus share	-	-		-	-	-	200	-	242
Capital expenditure (addition during the year)	868	382	323	185	326	926	4,147	2,055	757
Cash Flows									
Operting activities	1,843	2,255	1,536	1,207	(249)	689	(3,490)	2,945	(597)
Investing activities	(817)	(215)	(172)	(169)	(313)	950	(4,222)	(2,039)	727
Financial activities	386	(475)	(417)	(646)	(155)	(1,371)	2,916	737	141
Cash & cash equivalents at the end of the year	(3,227)	(4,640)	(6,205)	(7,152)	(7,543)	(6,826)	(7,094)	(2,298)	(3,941)

KEY INDICATORS		2016	2015	2014	2013	2012	2011	2010	2009	2008
Profitability Ratios										
Gross profit ratio	%	16.6	10.6	12.9	11.6	11.4	11.4	16.5	9.5	14.8
Net profit to Sales	%	5.3	4.1	3.1	3.1	1.9	6.5	7.5	3.0	5.8
EBITDA Margin to Sales	%	11.5	9.4	10.2	9.1	9.6	13.1	13.6	10.0	13.1
Operating Leverage	%	(0.2)	0.0	(0.5)	(0.1)	(3.6)	0.7	5.2	(10.5)	0.8
Return on Shareholders' Equity with Surplus on revaluation of fixed assets	%	10.8	11.5	8.4	9.4	6.3	19.5	21.6	9.3	18.6
Return on Shareholders' Equity without Surplus on revaluation of fixed assets	%	15.1	15.3	11.4	12.9	7.8	24.2	30.5	14.1	29.4
Return on Capital Employed	%	9.1	10.7	7.7	8.3	5.6	18.1	10.0	5.9	13.6
Return on Total Assets	%	5.6	5.6	3.1	3.8	2.2	7.4	5.4	3.4	6.6

Rs. Million

		2016	2015	2014	2013	2012	2011	2010	2009	2008
Liquidity Ratios										
Current ratio	(x)	1.18	1.07	1.05	1.08	1.04	1.05	1.00	1.07	1.19
Quick / Acid test ratio	(x)	0.42	0.49	0.36	0.39	0.25	0.47	0.30	0.61	0.34
Cash to Current Liabilities	(x)	(0.60)	(0.73)	(0.64)	(0.91)	(0.81)	(0.83)	(0.81)	(0.47)	(0.73)
Cash flow from Operations to Sales	(x)	0.12	0.13	0.09	6.81	(1.48)	4.35	(25.91)	23.91	(4.95)
Activity / Turnover Ratios										
Inventory turnover ratio	times	3.0	4.3	2.1	2.9	2.0	3.0	1.8	5.0	2.2
Inventory turnover in days	days	120	84	171	126	179	124	198	73	163
Debtor turnover ratio	times	10.8	8.7	8.2	9.6	11.2	9.5	9.9	13.1	9.8
Debtor turnover in days	days	34	42	44	38	33	38	37	28	37
Creditor turnover ratio	times	5.9	7.9	4.5	20.4	11.0	11.9	13.8	10.0	9.8
Creditor turnover in days	days	62	46	82	18	33	31	26	37	37
Total assets turnover ratio	times	1.1	1.3	1.0	1.2	1.1	1.1	0.7	1.1	1.1
Fixed assets turnover ratio	times	3.1	4.9	4.7	5.1	6.0	5.9	1.4	2.1	2.9
Operating cycle in days	days	91	80	134	146	179	131	209	64	163
Capital employed turnover ratio	times	1.7	2.6	2.5	2.6	2.9	2.8	1.3	1.9	2.3
Investment / Market Ratios										
Earnings per share - basic and diluted	Rs.	6.6	6.1	4.2	4.7	2.7	8.6	8.4	3.8	7.1
Price earning ratio	times	10.8	11.0	11.8	9.7	10.4	5.8	6.7	12.3	17.1
Dividend Yield ratio	%	6.4	6.0	6.6	7.2	7.1	10.1	10.7	4.9	4.6
Dividend Payout ratio	%	68.6	65.7	77.6	69.8	73.6	58.2	59.5	60.0	62.8
Dividend per share - Cash	Rs.	4.50	4.00	3.25	3.25	2.00	5.00	4.00	2.25	2.50
Bonus shares	Rs.	-	-	-	-	-	-	2.00	-	3.00
Dividend Cover	times	1.46	1.52	1.29	1.43	1.36	1.72	2.10	1.67	2.82
Market value per share at the end of the year	Rs.	71	67	49	45	28	50	56	46	121
Market value per share high during the year	Rs.	94	87	61	49	52	71	72	57	173
Market value per share low during the year	Rs.	60	45	40	28	26	44	46	44	107
Break-up value per share with revaluation of fixed assets	Rs.	61	53	50	50	43	44	47	40	46
Break-up value per share without revaluation of fixed assets	Rs.	43	40	37	36	35	36	33	27	29
Capital Structure Ratios										
Financial leverage ratio	(x)	1.3	1.4	2.3	2.0	2.4	2.0	4.3	2.7	2.9
Weight avg: cost of debts	(x)	5.4	5.8	9.9	7.2	8.3	5.6	2.6	9.1	8.0
Total Debt : Equity ratio	(x)	48:52	52:48	63:37	59:41	66:34	62:38	75:25	64:36	64:36
Interest cover	times	4.1	2.3	1.7	1.3	1.3	2.0	6.6	1.4	3.0
Value Addition										
Employees as remuneration	Rs. in million	1,138	904	728	657	592	610	472	374	350
Government as taxes	Rs. in million	2,784	2,400	2,700	2,599	1,999	3,027	2,900	2,110	1,940
Shareholders as dividends	Rs. in million	540	480	390	240	240	600	600	225	443
Retained within the business	Rs. in million	246	251	113	168	86	430	427	163	275
Financial charges to providers of finance	Rs. in million	334	488	779	699	1,037	607	257	535	450

Vertical Analysis

Rs. Million

	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
OPERATING RESULTS:														
Sales - Net	14,821	100.0	17,674	100.0	16,341	100.0	17,730	100.0	16,802	100.0	15,851	100.0	13,472	100.0
Cost of sales	12,360	83.4	15,795	89.4	14,240	87.1	15,665	88.4	14,893	88.6	14,039	88.6	11,250	83.5
Gross profit	2,460	16.6	1,879	10.6	2,102	12.9	2,065	11.6	1,909	11.4	1,812	11.4	2,222	16.5
Administrative, Selling and Distribution expenses	1,073	7.2	778	4.4	764	4.7	744	4.2	580	3.5	617	3.9	519	3.9
Other operating expenses	116	0.8	82	0.5	73	0.4	71	0.4	41	0.2	192	1.2	227	1.7
Other operating income	167	1.1	402	2.3	166	1.0	149	0.8	140	0.8	872	5.5	121	0.9
Profit before finance costs	1,438	9.7	1,420	8.0	1,431	8.8	1,398	7.9	1,428	8.5	1,876	11.8	1,597	11.9
Finance costs	334	2.3	488	2.8	779	4.8	699	3.9	1,037	6.2	607	3.8	257	1.9
Profit before taxation	1,104	7.4	933	5.3	652	4.0	699	3.9	391	2.3	1,269	8.0	1,340	9.9
Taxation	318	2.1	202	1.1	149	0.9	141	0.8	65	0.4	239	1.5	333	2.5
Profit for the year	786	5.3	731	4.1	503	3.1	558	3.1	326	1.9	1,030	6.5	1,007	7.5
BALANCE SHEET														
Property, plant and equipment	4,852	34.7	3,622	27.6	3,502	21.6	3,465	23.8	2,804	18.6	2,679	19.3	9,905	52.9
Investments	2,743	19.6	2,743	20.9	2,593	16.0	2,584	17.7	2,584	17.1	2,584	18.6	106	0.6
Other non current assets	59	0.4	21	0.2	18	0.1	18	0.1	14	0.1	26	0.2	18	0.1
Current assets	6,322	45.2	6,752	51.4	10,133	62.4	8,500	58.4	9,665	64.2	8,623	62.0	8,709	46.5
Total assets	13,977	100.0	13,138	100.0	16,247	100.0	14,566	100.0	15,066	100.0	13,911	100.0	18,738	100.0
Shareholders' equity	5,202	37.2	4,782	36.4	4,423	27.2	4,339	29.8	4,175	27.7	4,264	30.7	3,304	17.6
Surplus on revaluation of fixed assets	2,104	15.1	1,561	11.9	1,582	9.7	1,605	11.0	1,003	6.7	1,008	7.2	1,367	7.3
Non current liabilities	1,332	9.5	458	3.5	568	3.5	756	5.2	589	3.9	405	2.9	5,359	28.6
Current portion of long term financing	158	1.1	150	1.1	150	0.9	-	0.0	321	2.1	238	1.7	600	3.2
Short term borrowings	3,243	23.2	4,664	35.5	6,277	38.6	7,158	49.1	7,564	50.2	6,839	49.2	7,116	38.0
Other current liabilities	1,937	13.9	1,522	11.6	3,247	20.0	708	4.9	1,414	9.4	1,157	8.3	992	5.3
Total equity and liabilities	13,977	100.0	13,138	100.0	16,247	100.0	14,566	100.0	15,066	100.0	13,911	100.0	18,738	100.0
CASH FLOWS														
Net cash generated from / (used in) operating activities	1,843	130.5	2,255	144.1	1,536	162.2	1,207	308.2	(249)	34.7	689	257.1	(3,490)	72.8
Net cash inflows / (outflows) from investing activities	(817)	(57.9)	(215)	(13.7)	(172)	(18.2)	(169)	(43.1)	(313)	43.7	950	354.4	(4,222)	88.0
Net cash (outflows) / inflows from financing activities	386	27.4	(475)	(30.4)	(417)	(44.0)	(646)	(165.1)	(155)	21.6	(1,371)	(511.6)	2,915	(60.8)
Net increase / (decrease) in cash and cash equivalents	1,412	100.0	1,565	100.0	947	100.0	392	100.0	(717)	100.0	268	100.0	(4,797)	100.0

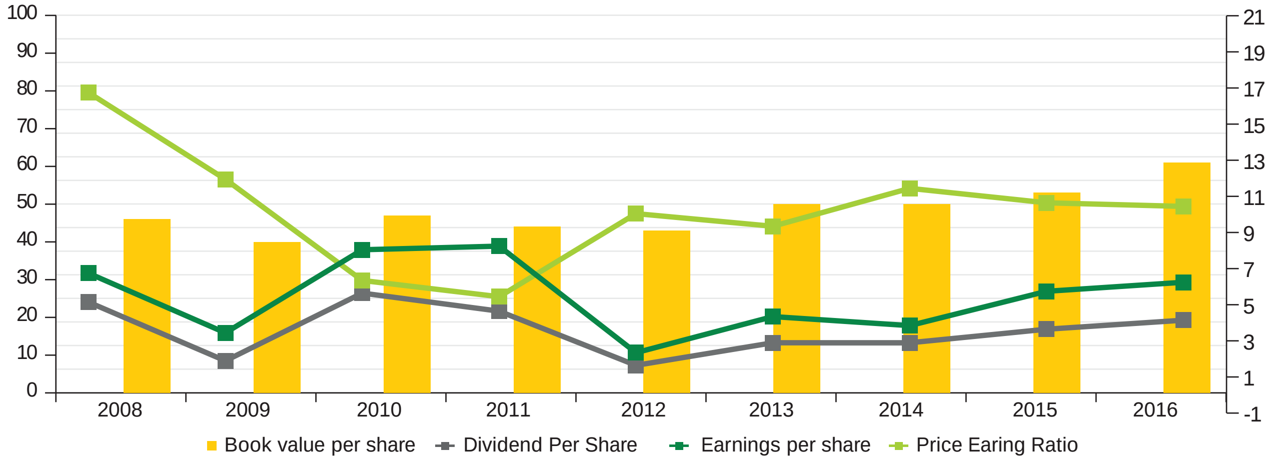
Horizontal Analysis

Rs. Million

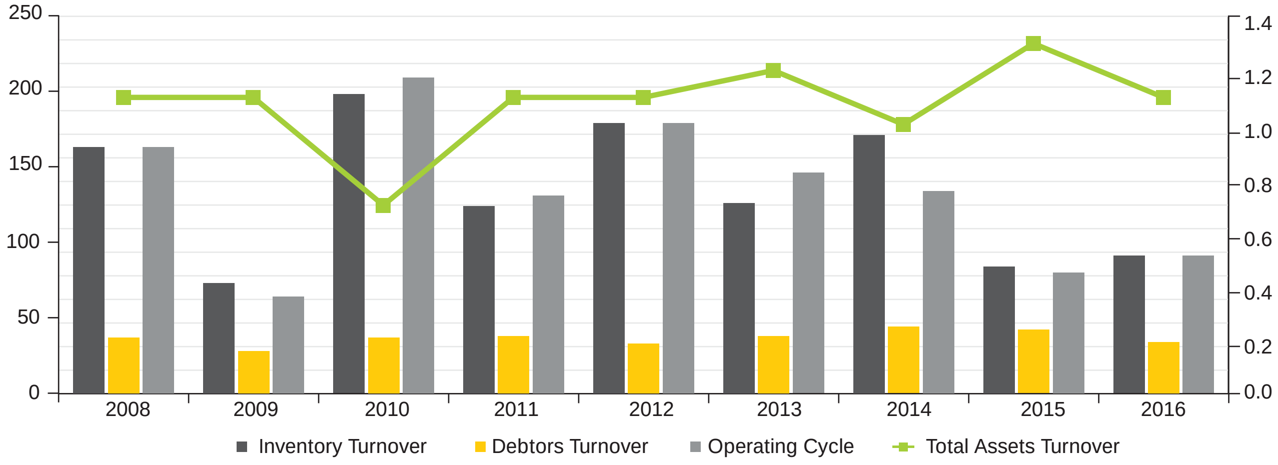
	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
OPERATING RESULTS														
Sales - Net	14,821	(16.1)	17,674	8.2	16,341	(7.8)	17,730	5.5	16,802	6.0	15,851	17.7	13,472	9.4
Cost of sales	12,360	(21.7)	15,795	10.9	14,240	(9.1)	15,665	5.2	14,893	6.1	14,039	24.8	11,250	0.9
Gross profit	2,460	30.9	1,879	(10.6)	2,102	1.8	2,065	8.1	1,909	5.4	1,812	(18.5)	2,222	90.4
Administrative, Selling and Distribution expenses	1,073	37.8	778	1.9	764	2.6	744	28.3	580	(5.9)	617	18.8	519	21.5
Other operating expenses	116	42.1	82	12.0	73	2.1	71	74.8	41	(78.7)	192	(15.5)	227	3683.3
Other operating income	167	(58.4)	402	141.7	166	11.4	149	6.8	140	(84.0)	872	620.9	121	(54.7)
Operating profit / (loss) before finance costs	1,438	1.3	1,420	(0.7)	1,431	2.4	1,398	(2.1)	1,428	(23.9)	1,876	17.5	1,597	59.5
Finance costs	334	(31.4)	488	(37.4)	779	11.5	699	(32.6)	1,037	71.0	607	136.1	257	(52.0)
Profit / (loss) before taxation	1,104	18.3	933	43.1	652	(6.8)	699	79.0	391	(69.2)	1,269	(5.3)	1,340	187.5
Taxation	318	57.2	202	35.9	149	5.8	141	117.6	65	(72.9)	239	(28.2)	333	254.3
Profit for the year	786	7.6	731	45.3	503	(9.9)	558	71.3	326	(68.4)	1,030	2.3	1,007	170.6
BALANCE SHEET														
Property, plant and equipment	4,852	34.0	3,622	3.4	3,502	1.1	3,465	23.6	2,804	4.7	2,679	(73.0)	9,905	65.4
Investments	2,743	0.0	2,743	5.8	2,593	0.4	2,584	0.0	2,584	0.0	2,584	2337.3	106	100.0
Other non current assets	59	183.6	21	13.9	18	4.2	18	27.3	14	(46.5)	26	43.8	18	(25.0)
Current assets	6,322	(6.4)	6,752	(33.4)	10,133	19.2	8,500	(12.1)	9,665	12.1	8,623	(1.0)	8,709	68.5
Total assets	13,977	6.4	13,138	(19.1)	16,247	11.5	14,566	(3.3)	15,066	8.3	13,911	(25.8)	18,738	67.6
Shareholders' equity	5,202	8.8	4,782	8.1	4,423	1.9	4,339	3.9	4,175	(2.1)	4,264	29.1	3,304	24.2
Surplus on revaluation of fixed assets	2,104	34.8	1,561	(1.3)	1,582	(1.5)	1,605	60.0	1,003	(0.4)	1,008	(26.3)	1,367	(0.9)
Non current liabilities	1,332	190.9	458	(19.4)	568	(24.9)	756	28.3	589	45.3	405	(92.4)	5,359	132.8
Current portion of long term financing	158	100.0	150	100.0	150	100.0		(100.0)	321	35.1	238	(60.4)	600	47.1
Short term borrowings	3,243	(30.5)	4,664	(25.7)	6,277	(12.3)	7,158	(5.4)	7,564	10.6	6,839	(3.9)	7,116	101.4
Other current liabilities	1,937	27.2	1,522	(53.1)	3,247	358.9	708	(50.0)	1,414	22.2	1,157	16.7	992	10.7
Total equity and liabilities	13,977	6.4	13,138	(19.1)	16,247	11.5	14,566	(3.3)	15,066	8.3	13,911	(25.8)	18,738	67.6
CASH FLOWS														
Net cash generated from / (used in) operating activities	1,843	(18.3)	2,255	46.8	1,536	27.3	1,207	(584.3)	(249)	(136.1)	689	(119.8)	(3,490)	(218.5)
Net cash inflows / (outflows) from investing activities	(817)	280.9	(215)	24.5	(172)	2.2	(169)	(46.1)	(313)	(132.9)	950	(122.5)	(4,222)	107.1
Net cash (outflows) / inflows from financing activities	386	(181.2)	(475)	14.0	(417)	(35.5)	(646)	317.4	(155)	(88.7)	(1,371)	(147.0)	2,915	295.5
Net increase / (decrease) in cash and cash equivalents	1,412	(9.8)	1,565	65.4	947	141.8	392	(154.6)	(717)	(367.5)	268	(105.6)	(4,797)	(392.0)

Key Operating Highlights

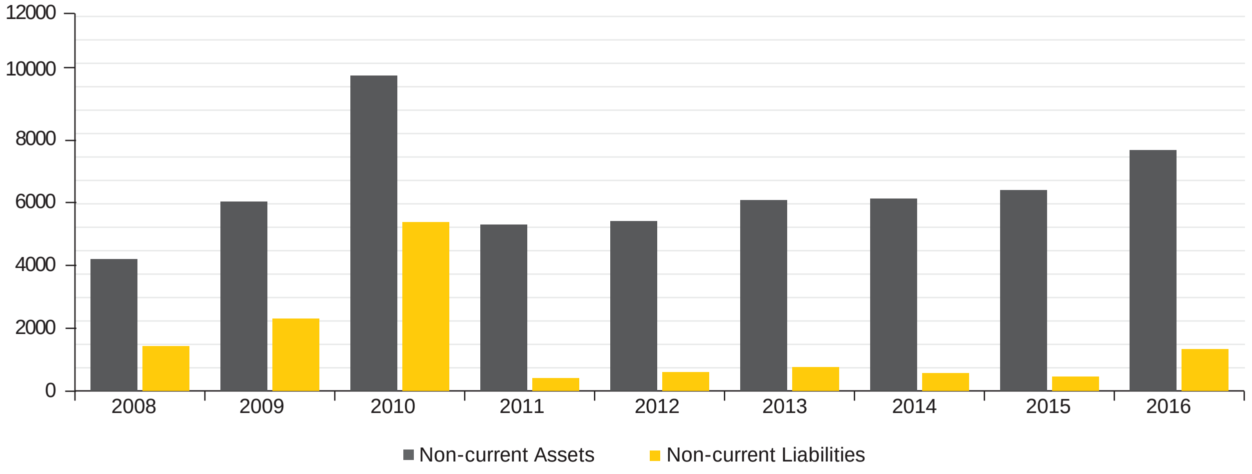
Market Value Ratio



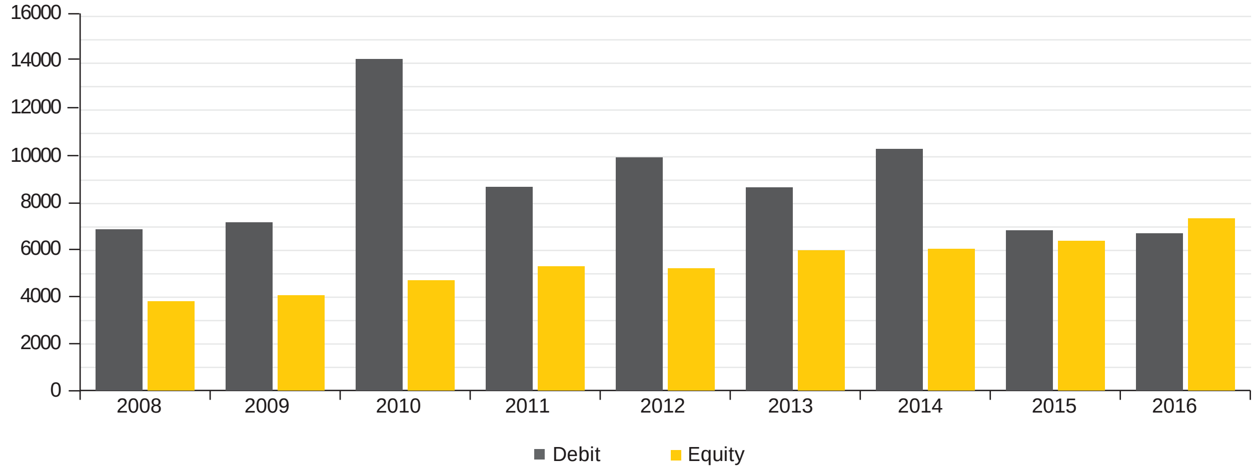
Asset Management Ratio



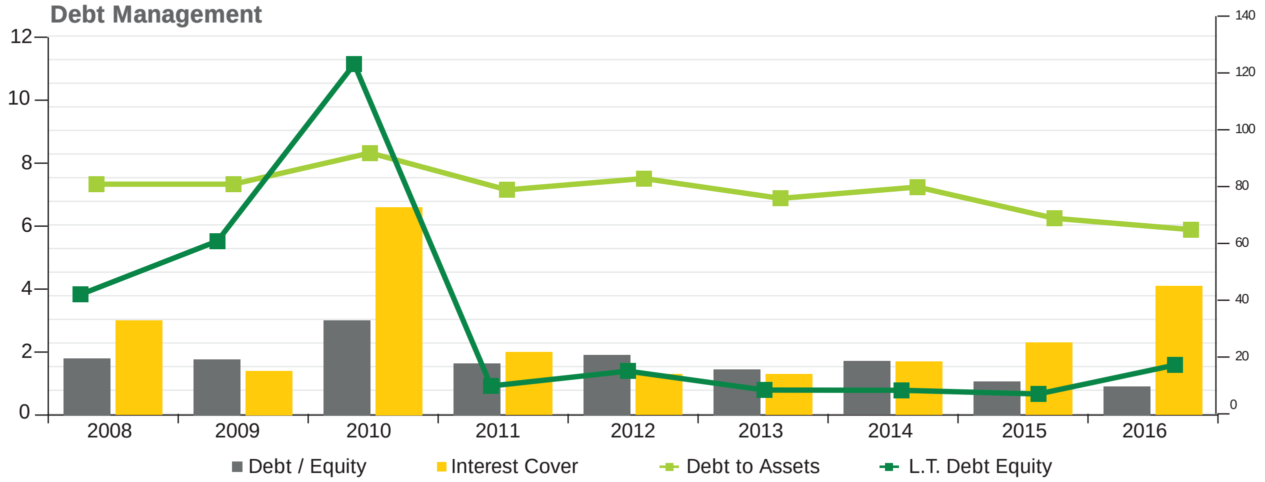
Non Current Assets and Non Current Liabilities



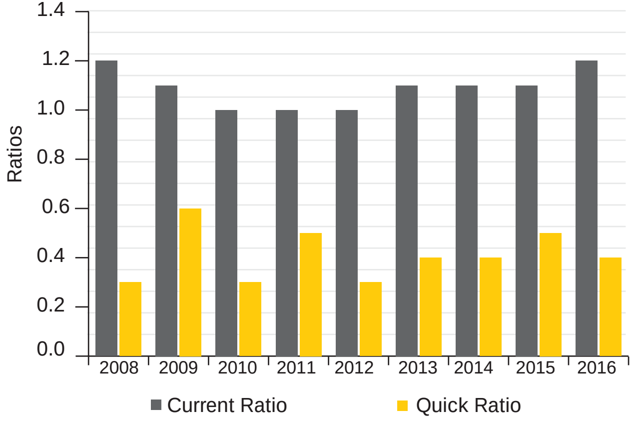
Debt and Equity Ratio



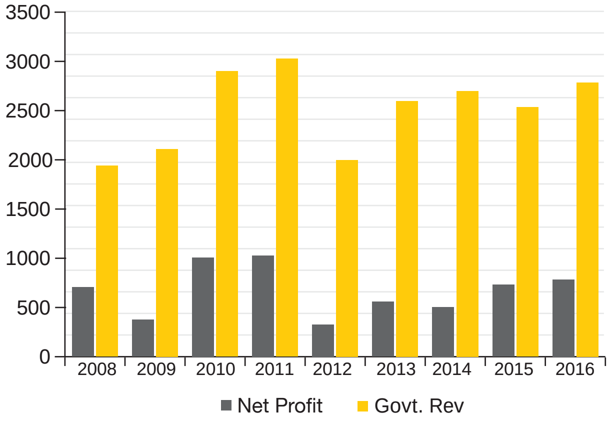
Debt Management

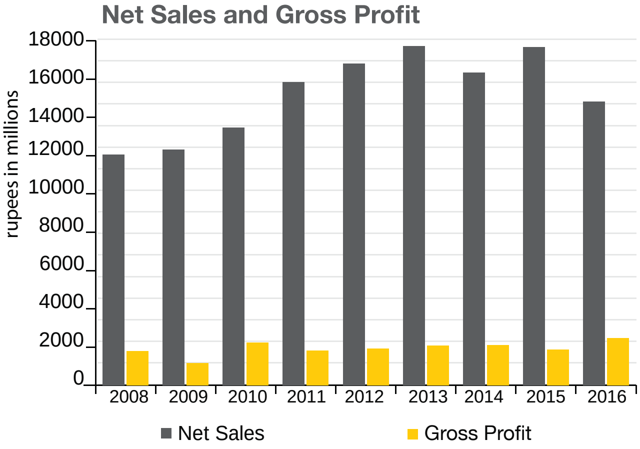


Liquidity

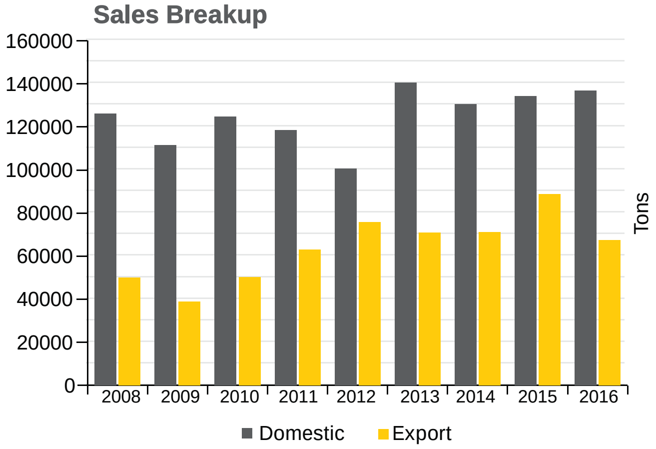


Net Profit and Government Revenue

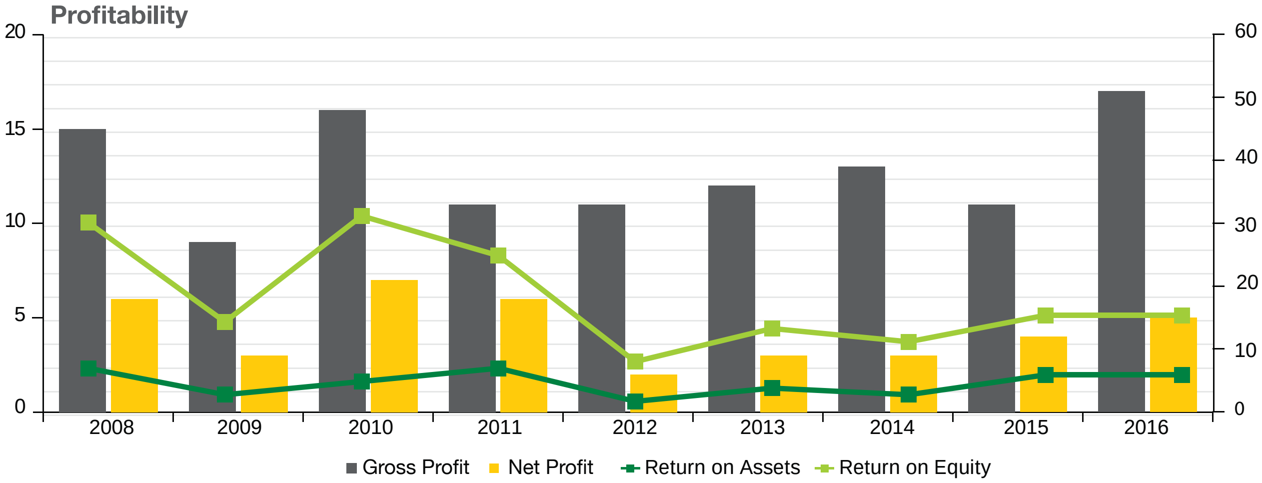




Net Sales and Gross Profit



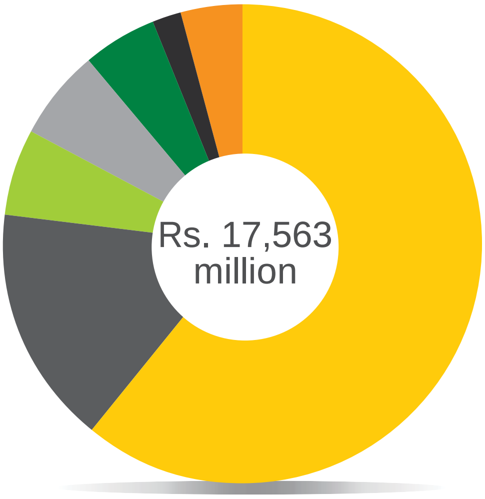
Sales Breakup

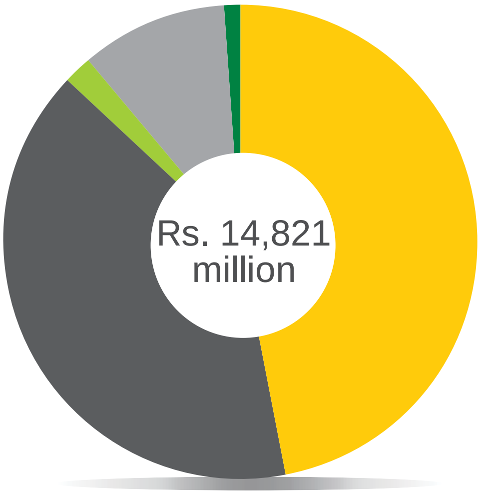


Profitability

Application of Gross Revenue

🟨 Material	61%
■ Duties and taxes	16%
🟩 Manpower	6%
▨ Factory and other cost	6%
🟩 Trade discounts and commission	5%
■ Financial charges	2%
🟧 Dividend and retention	4%
🟧 Society as donation	0.1%



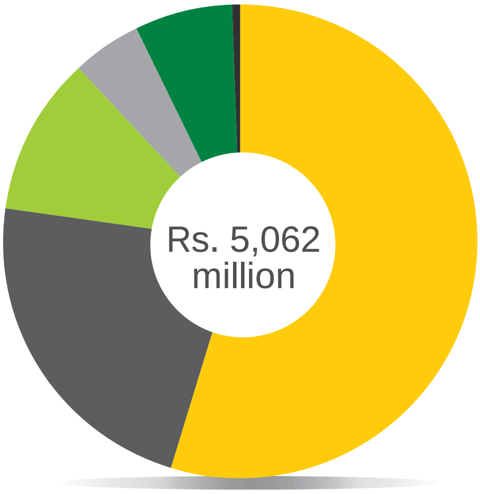


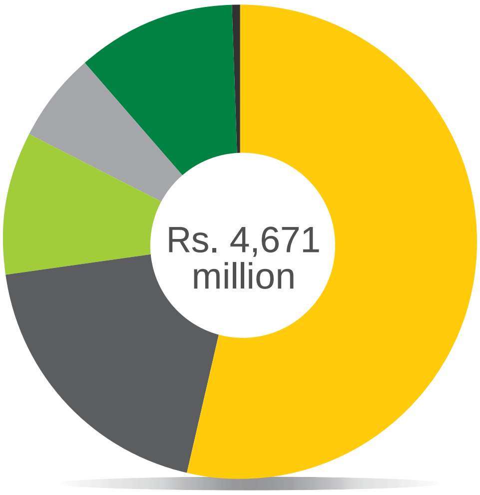
Product Wise Performance

Galvanised steel pipes	47%
Precision steel tubes	40%
API line pipes	2%
Polyethylene pipes	10%
Others	1%

Value Addition and Distribution during 2016

Government as taxes	55%
Employees as remuneration	22%
Shareholders as dividends	11%
Retained within the business	5%
Financial charges	7%
Society as donation	0.4%





Value Addition and Distribution during 2015

Government as taxes	54%
Employees as remuneration	19%
Shareholders as dividends	10%
Retained within the business	6%
Financial charges	11%
Society as donation	0.3%

Profile of the Board of Directors

Mr. Zaffar A. Khan - Chairman

Director since: January 22, 2009
Chairman since: August 12, 2011

Mr. Zaffar A. Khan graduated as a Mechanical Engineer in 1967 and soon thereafter joined Exxon Chemical which, following an employee-led buyout, became Engro Chemical in Pakistan. He retired from the company in 2004 after serving for 35 years, the last 6 of which were as President & CEO. During the early years of his career, he served Exxon Chemical for 10 years in Hong Kong, Singapore and USA in the petrochemicals business. He has completed an Advanced Management Program from the University of Hawaii and has attended short courses at INSEAD and the Harvard Business School. Mr. Zaffar A. Khan has been a Director on a number of diverse boards both in the private and public sector. He has served as Chairman Engro Vopak, Engro Polymers, Pakistan Telecommunications Co., the Karachi Stock Exchange and Pakistan International Airlines. He has also served as President of the Overseas Chamber of Commerce and Industry and on several committees of the Government of Pakistan in an advisory capacity. He has been conferred the Sitara-e-Imtiaz. Currently he is an adjunct professor at the Institute of Business Administration and is also serving on the Boards of Shell Pakistan, Askari Bank Ltd., Privatization Commission of Pakistan, Acumen Fund Pakistan and Pakistan Centre for Philanthropy.

Mr. Riyaz T. Chinoy

Chief Executive Officer
Since: August 30, 2007

Mr. Riyaz T. Chinoy took over as CEO on August 12, 2011 after serving in the Company since 1992 and growing through various positions. A qualified engineer by profession with a BSc in Industrial Engineering from Case Western Reserve University, USA. He is also a certified ISO 9001 Lead Auditor and a Certified Director from the Pakistan Institute of Corporate Governance. He has had extensive experience of production operations, procurement and all project and development activity at IIL. He was previously employed by Pakistan Cables Limited as Commercial Projects Manager and prior to that, as Project Engineer. He has served as Chairman of the Landhi Association of Trade and Industry and Amir Sultan Chinoy Foundation and is a member of the Pakistan-India CEO's Business Forum, Pak-Australia Business Forum, The Institute of Industrial Engineers Pakistan and the Pakistan Engineering Council. He is also the Chairman of IIL Australia Pty Limited and IIL Stainless Steel (Pvt.) Limited, the two fully owned subsidiaries of IIL. Lastly, he is also a director of the Citizens Trust against Crime (CTAC), Pakistan Institute of Corporate Governance (PICG) and LITE Development and Management Company.

Mr. Mustapha A. Chinoy

Since: February 23, 1998

Mr. Mustapha A. Chinoy is a B.Sc in Economics from Wharton School of Finance, University of Pennsylvania, USA with majors in Industrial Management and Marketing. Upon return from United States, he took up the position of Marketing Manager at International Industries Ltd. He is currently the Chairman of Pakistan Cables Ltd., and a director on the Board of International Steels Ltd., Travel Solutions (Pvt) Ltd., Global E-Commerce Services (Pvt.) Ltd., Crea8ive Bench (Pvt.) Ltd. and Global Reservation (Pvt.) Ltd. He is the Chief Executive of Intermark (Pvt.) Ltd.

He has previously served on the Board of Union Bank Ltd. until it was acquired by Standard Chartered Bank.

Mr. Kamal A. Chinoy

Since: February 6, 1984

Mr. Kamal A. Chinoy is Chief Executive of Pakistan Cables Ltd. He graduated from the Wharton School, University of Pennsylvania, USA.

He serves on the Board of Directors of ICI Pakistan Ltd, International Industries Ltd., International Steels Ltd, NBP Fullerton Asset Management Ltd (NAFA) and Atlas Power Ltd. & is Chairman of Jubilee Life Insurance Co. Ltd. He is also Honorary Consul General of the Republic of Cyprus.

Mr. Kamal A. Chinoy is a member of the Executive Committee of the International Chamber of Commerce (ICC) Pakistan and Past President of the Management Association of Pakistan (MAP). He has previously served as the Chairman of the Aga Khan Foundation (Pakistan). He has also served as a Director of Pakistan Centre of Philanthropy, Pakistan Security Printing Corporation, Atlas Insurance & First International Investment Bank (an Amex JV). He has also served on the Undergraduate Admissions Committee of the Aga Khan University and the University of Pennsylvania Alumni Committee for Pakistan. He has also served on the Board of Governors of Army Burn Hall Institutions.

He is advisor to Tharpak, a consortium of international companies interested in developing the Thar coal field.

He is a “Certified Director” having been certified by the Pakistan Institute of Corporate Governance.

Mr. Fuad Azim Hashimi

Since : June 22, 2005

Mr. Fuad Azim Hashimi is a Fellow Member of the Institute of Chartered Accountants in England & Wales. He has over 45 years of experience in public accounting and diversified business and commercial ventures in banking, sales and marketing, information technology and fund management. Mr. Hashimi is a member of the Private Sector Advisory Group of International Finance Corporation and currently heads the Pakistan Institute of Corporate Governance.

He was a partner at A.F. Ferguson & Co., a member firm of Price Waterhouse & Co. and Dubai, Bankers Equity Ltd., Gestetner Holdings PLC / Ricoh Company (Japan), Jaffer Group of Companies, Dawood Group and National Investment Trust Limited. From a Corporate Governance perspective, he has served as a non-executive director on the boards of Burj Bank Ltd., Crescent Commercial Bank Ltd., Clariant Pakistan Ltd., National Refinery Ltd., Pakistan Security Printing Corporation and Pakistan Cables Ltd.

Mr. Azam Faruque

Since: November 26, 2009

Mr. Azam Faruque is the CEO of Cherat Cement Co. Ltd, a Ghulam Faruque Group (GFG) company. He graduated in Electrical Engineering and Computer Science from Princeton University, USA, and also possesses an MBA (High Honors) from the University of Chicago Booth School of Business, USA. Apart from the 29 years he has spent in the cement industry and other GFG businesses, he has served as a member on the boards of State Bank of Pakistan, National Bank of Pakistan and Oil and Gas Development Corporation Ltd. He has also served as a member of the Board of Governors of GIK Institute and was a member of the National Commission of Science and Technology. He also served on the board of the Privatization Commission of the Government of Pakistan. Currently he is also a director of Atlas Asset Management Ltd, Faruque (Pvt.) Ltd, Madian Hydro Power Ltd., and Greaves Pakistan (Pvt.) Ltd.

Mr. Aly Noormahomed Rattansey

Since: October 4, 2013

Mr. Rattansey is a fellow member of the Institute of Chartered Accountants in England & Wales, and also a fellow member of the Institute of Chartered Accountants of Pakistan. He has over 40 years of experience in the fields of audit, accounting, taxation and corporate consultancy. He was associated with M/s A. F. Ferguson & Co. Chartered Accountants, (A member firm of PricewaterhouseCoopers in Pakistan) for 31 years, including 23 years as a Partner.

He has significant exposure of the corporate sector in Pakistan, including subsidiaries of leading multinational companies operating in Pakistan, along with considerable liaison with related regulatory agencies and the government.

Mr. Rattansey is on the Board of Jubilee General Insurance Company Limited, Jubilee Life Insurance Company Limited, Aga Khan Rural Support Programme and Rural Support Programme Network.

Mr. Tariq Ikram

Since: September 8, 2011

Mr. Tariq Ikram completed his Bachelor’s in Sciences and Masters in English Literature in 1967 from the then Government College Lahore. He studied International Relations, US History and British History and then qualified the CSS exam in 1969-70. However he decided not to join government service and opted for the private sector. In 1970 joined Reckitt & Colman, presently Reckitt Benckiser (Pvt.) Ltd, where he rose to the level of CEO in 1983. Later, he was entrusted with larger responsibility as Regional Head and progressed to becoming responsible for a wide territory from Pakistan to North Africa, covering 31 countries.

His vast experience includes directorship on the Boards of Reckitt Benckiser, Reckitt and Colman Nigeria (Pvt.) Ltd., Robinsons Foods (Pvt.) Ltd., Bangladesh, Atlantis (Pvt.) Ltd., Egypt, Karachi Port Trust, K-Electric (formerly known as KESC) and Pakistan Petroleum Ltd (PPL). He has also been the Chairman of Reckitt & Colman Egypt (Pvt.) Ltd and Chairman & CEO of Expo Lahore (Pvt.) Ltd. Currently, in addition to International Industries, he serves on the Boards of Habib Metropolitan Bank Ltd. and Tasha Enterprises (Pvt.) Ltd. He is also the Chairman of, the Audit Committee of HMB Bank and of the HR Committee of International Industries Limited.

Mr. Ikram has served in prestigious positions as the elected President of the Overseas Chamber of Commerce and Industry, Management Association of Pakistan and Marketing Association of Pakistan. He founded the Pakistan Advertisers Society and Pakistan Research Society and was the founder President of both. Mr. Ikram was invited by the President of Pakistan to join the government in year 2000 as a Federal Minister of State and Chairman of the then Export Promotion Bureau. Later he was appointed as the Chief Executive of Trade Development Authority of Pakistan, member of the Economic Co-ordination Committee of Pakistan and President of the Textile Institute of Pakistan, a prestigious institute offering five degree courses in textiles and apparel.

Mr. Ikram was awarded Sitara-e-Imtiaz by the President of Pakistan and received honorable mention in the book authored by General (R) Pervez Musharraf ’In the Line of fire’. He was awarded Gold medals for his services by the Federation of Chamber of Commerce and Industries and the Rice Exporters Association of Pakistan.

Presently, he is also a visiting faculty and speaker at Pakistan Institute of Corporate Governance, Institute of Business Administration Karachi, Lahore University of Management Sciences, Lahore National Management College, National Institute of Management and the National Defence University.

In pursuit of his philanthropic aims, Mr. Ikram has founded an orphanage in Jhelum, under the name of 'Saiya Homes', where he is now the Chairman of the Board.

Ms. Nargis Ghaloo

Since: December 3, 2015

Ms. Nargis Ghaloo did her Masters (M.A.) in English from University of Sindh in 1981 and cleared the competitive examination in 1982.

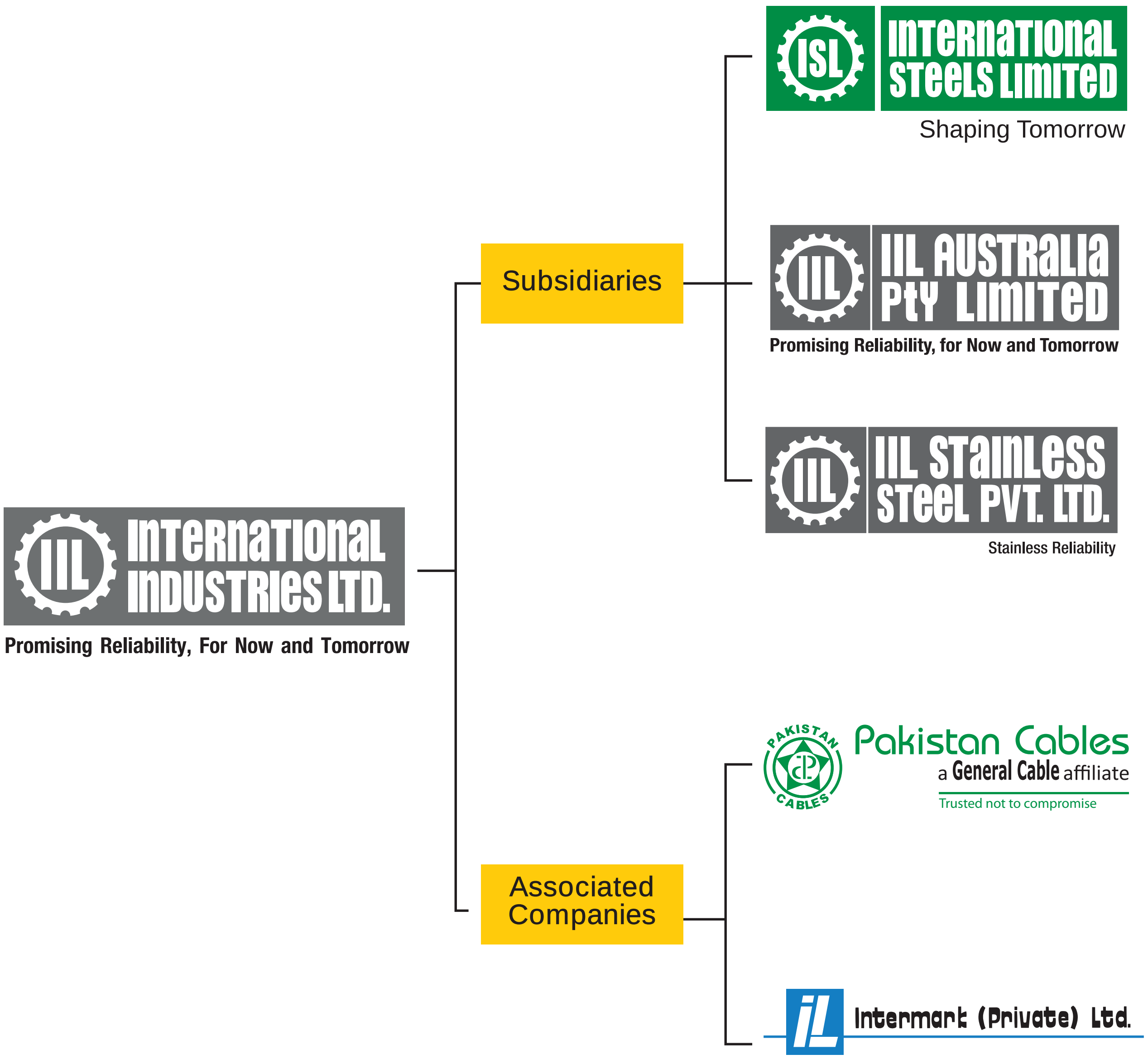
She has extensively attended local and international professional training courses, workshops, seminars and conferences.

Ms. Ghaloo joined Civil Services in 1982. She has vast professional experience on senior management positions with provincial as well as federal Government departments in diversified fields such as public sector management, administration, secretarial, financial, judicial, health, insurance and planning etc.

Presently, she is serving as Chairperson, M/s. State Life Insurance Corporation of Pakistan.

She also holds Directorship on the Board of several Public & Private Sector Companies. She is a Certified Director from Pakistan Institute of Corporate Governance (PICG) and has also attained Certificate in Company Direction from Institute of Directors, U.K.

Group Structure



From the Chairman's Desk

The business environment of the world steel industry showed signs of improvement during the second half of the fiscal year 2015-16. Global steel prices showed modest recovery which led to restocking by trade and a more positive business sentiment. On the flip side, the earlier prolonged depression led to trade disputes and tendency in some countries to protect their domestic steel industry.

Your Company recorded **overall sales of 204,000 tons** for the year ended June 30, 2016 which represents a reduction of 8.6% versus the same period last year. However, the Company achieved a **healthy Profit after Tax (PAT) of Rs. 786 million which is 8% higher than the previous year.** Strong domestic sales with improved margins more than offset the loss of sales volume in the export market. The loss of tonnage in exports occurred mainly because of an antidumping charge imposed by the US Department of Commerce (DoC). The Company with a team of specialized American lawyers is contesting the charge and is hopeful that the US International Trade Commission (ITC) will reverse the decision of DoC in the hearing scheduled for October 2016. In the meanwhile, the Company has stepped up efforts to grow its presence in other export markets.

Our performance in the **domestic market is impacted by Government policy.** Some of the issues / challenges are (i) Inability on part of the National Tariff Commission (NTC) to impose final anti-dumping duty on Cold Rolled (CRC) and Hot Dipped Galvanized Coils (HDGC). (ii) Unfavorable tariff structure with lower import duties on value added CRC and HDGC compared to its raw material, i.e. Hot Rolled Coil (HRC). (iii) An anomaly in tax structure which allows steel scrap importers to adjust input sales tax but disallows local producers of scrap from doing the same. (iv) Inability to process **timely refunds** which presently stand at **Rs. 2.2 billion** for the group. (v) Continued unwillingness of the FBR to recognize IIL as a Cold Roller thereby making our raw material import duty 17.5% otherwise importable at 5%.

It is hoped that the Government will address these issues to enable the Company to play a bigger and more effective role in the industrial development of Pakistan.

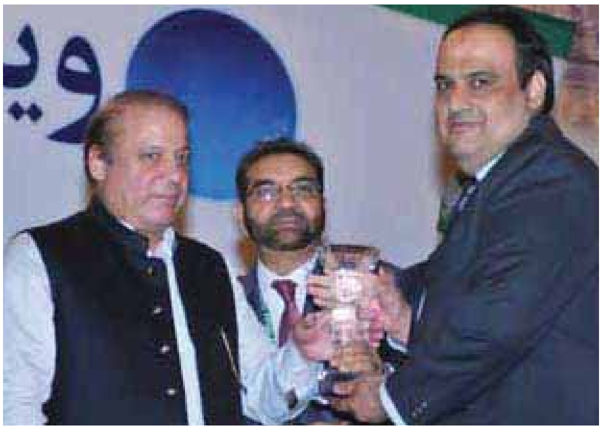
Looking ahead another major challenge that the country will face in the coming months is the negotiation of phase 2 of the China-Pak Free Trade Agreement (CPFTA), whereby the level of trade liberalization will be taken up to 90%, as already agreed. Given that the Chinese steel industry accounts for 50% of world steel production and after taking cognizance of the fact that most of China's trading partners have levied anti-dumping and /or countervailing duties on Chinese steel products, trade liberalization for steel products in Pakistan vis-à-vis China will assuredly bring difficulties for the domestic steel industry. It is therefore vital that the Ministry of Commerce take due notice and strive to cultivate a level playing field for the domestic steel industry.

The Board of Directors met 6 times during the year. Aside from dealing with normal routine functions the board continued to focus on the future strategy to diversify IIL's investments to grow earnings. During the course of the year the company's wholly owned subsidiary IIL Australia and IIL Stainless Steel Pvt. Ltd. turned in improved results as compared to the last year suggesting that the future for both these subsidiaries is promising. **IIL's large diameter HSS and API tube mill was commissioned in January 2016 at a cost of Rs. 700 million** and the board has high expectations from this investment in years ahead. Good progress has also been made in setting IIL's PPRC fitting manufacturing factory in Sheikhupura while Pakistan's largest 1600mm PE extruder has just been installed and is due to be commissioned in early September 2016. As forecasted in the last Chairman's review a sharper focus on the existing plastic pipes business has resulted in an appreciable turnaround of that business this year.

This was the fourth year that the Board carried out its Self-Evaluation, and identified areas for further improvement in line with global best practices. There was no change in the composition of the Board of Directors during the financial year.

The Board Audit Committee (BAC) and Board Human Resources Remuneration Committee (HRRC) met regularly to strengthen the overall function of the Board.

The Company has an independent Internal Audit department, which leads the Internal Audit function together with an External firm. IIL's subsidiary, International Steels Limited (ISL), in which IIL has a 56.33% shareholding interest, has now been reporting its business results separately for 5 years. ISL reported PAT of Rs. 1,179 million for the outgoing year which is a substantial improvement over the previous year. The management is confident that with the successful completion of the expansion, ISL is well placed to build on the success of the outgoing year.



The Company in keeping with tradition was the proud recipient of the FPCCI Best Export Performance Award 2016 for the 16th time. In addition, the Company received the Occupational Health Safety & Environment award for 2015. The Company was also awarded API certification by the American Petroleum Institute for its new large diameter tube mill. Furthermore, I am pleased to report that both IIL & ISL have this year met the **eligibility criteria for Pakistan Stock Exchange (PSX) Islamic Index.**

To enhance its marketing reach and brand, the Company continued to exhibit its range of products in Pakistan and Internationally. The Company participated in the World's largest Pipe and Tube fair at Dusseldorf, Germany and the World's largest Industrial fair at Hannover Messe, Germany. Notable local exhibitions included: IAPEX and Pakistan Auto Show 2016.

Composition of the IIL Board of Directors is a good mix of experience, skill sets and sponsor and independent directors thereby enabling healthy debates on business strategy and good corporate governance practices. All senior leadership positions in the management have been filled by experienced and capable individuals. The two committees of the Board, namely the Board Audit Committee met 5 times and the Human Resource Remuneration Committee met 6 times during the year and fully supported the functioning of the Board.

Looking ahead, the immediate first quarter is expected to show an improvement over the same period last year especially in the domestic market. Longer term the many new initiatives of the Company should translate into improved earnings and position IIL to play an even bigger role in Pakistan's industry.

In closing, on behalf of The Board, I wish to acknowledge the contribution of all our employees in the success of the Company. I also wish to thank our shareholders, customers, suppliers, bankers and other business partners for their confidence and support.

The Board looks forward with confidence to the year ahead.

Zaffar A. Khan
Chairman
August 18, 2016

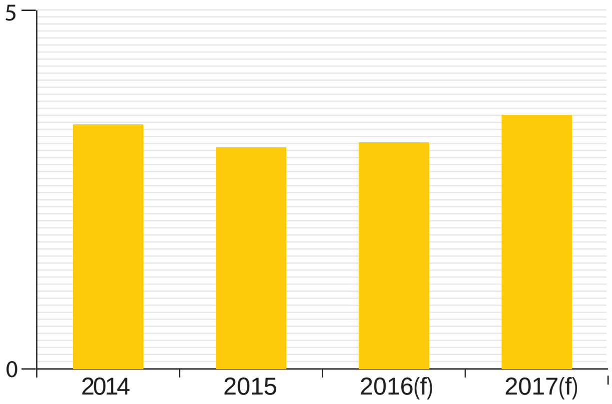
Directors' Report

We are pleased to present the **CEO's Performance Review** as part of our 68th Annual Report, along with the audited financial statements for the year ended June 30, 2016.

GLOBAL MACROECONOMIC OUTLOOK

The world economy grew by 3.1 percent during 2015, moderately below that achieved during 2014. Growth is projected to touch 3.2% in 2016 and further strengthen in 2017, driven primarily by emerging and developing markets and supported by modest economic activity in advanced economies.

World GDP Growth
2014 - 2017(f)



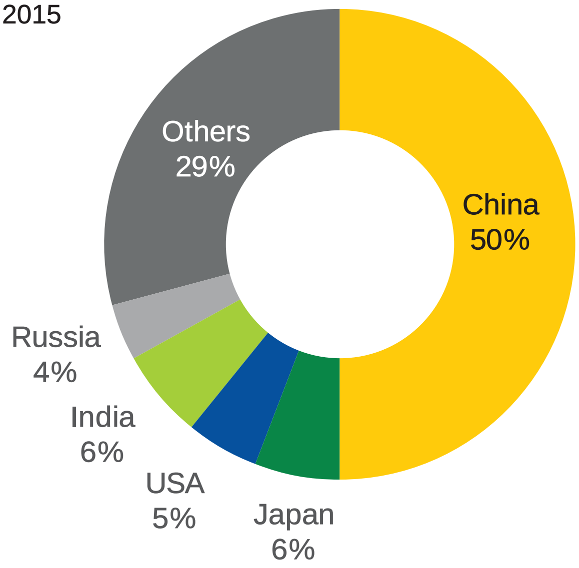
Source: IMF World Economic Outlook, April 2016

Although growth in China and India has largely been at par with expectations, there remain significant risk factors in other developing and emerging markets that continue to feed uncertainty and undermine growth prospects. Of particular significance are security related challenges; the geopolitical situation in the Middle East and emerging tensions in the South China Sea add a layer of uncertainty for economic activity. Depressed commodity prices have resulted in recessions in Brazil and Russia and have also increased protectionism worldwide, resulting in slowdown in trade activity. Advanced economies on the other hand are still to fully recover from the effects of the 2008 global financial crisis and are faced with unfavorable investment prospects and demographic trends.

GLOBAL STEEL SCENARIO

World crude steel production touched 1.62 billion metric tons (MT) in 2015, which is almost 3% lower than 2014. Out of this the **Chinese steel industry accounted for 804 million MT, which is roughly 50% of global crude steel output.** Other major players include Japan (105 million MT), India (89 million MT), United States (79 million MT) and Russia (71 million MT). It is pertinent to note that **India overtook The United States as the third largest crude steel producer during 2015.**

Share of Global Crude Steel Production
2015



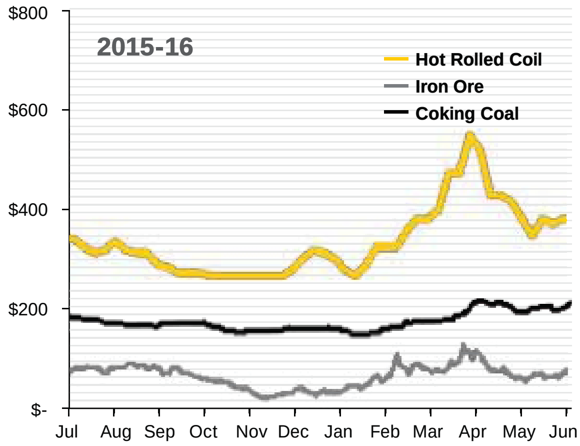
Source: World Steel Association

Overcapacity remains a serious issue for the steelmaking industry. There is growing international concern surrounding China's steel industry as Chinese overcapacity has eroded profitability for steelmakers worldwide. Trade disputes have also increased significantly during the last two years as steel imports from developing markets are priced at a significant discount compared to indigenous steel production in advanced economies. Another factor that has come into play during the past year is the aggressive trading of steel futures in China. This contributed to increased volatility in steel prices during the outgoing year, and as a result the price of Hot Rolled Coil (HRC) jumped by more than $200/MT for a brief period of 4-6 weeks before settling at roughly $370/MT in June 2016.

After a 15 month continuous decline, the price of steel bottomed out and then strengthened during the outgoing year. Steel prices are largely determined by the price of iron ore, coking coal and various ferrous metals. Prices of hot rolled steel coil varied between USD 515 and USD 270 per MT over the course of financial year 2015-16.

Iron Ore, Coking Coal and Hot Rolled Steel Coil Price 2015-16,

USD per Ton

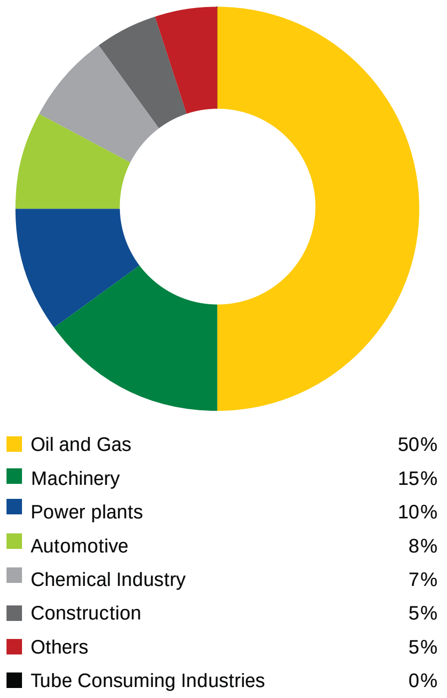


Source: Metal Bulletin

Steel Tube & Pipe Industry

The global steel tube and pipe industry manufactures a broad mix of welded and seamless pipes & tubes. Steel pipes are used primarily in oil & gas, water and sewage transmission and various fabrication related industries. Structural pipes and sections are used for high strength applications in the construction industry, whereas cold rolled steel tubing is used in automotive, home appliance manufacturing and various furniture & fabrication related applications.

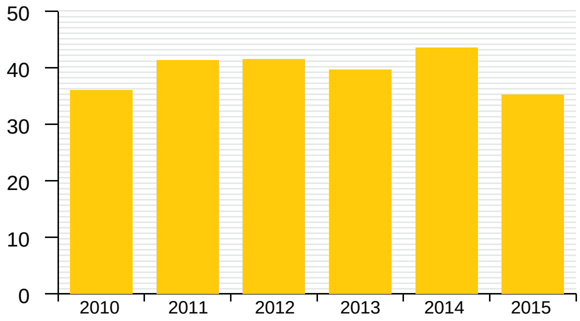
Pipe & Tube Applications



World production of tubes and pipes was roughly 137 million MT in 2015, which is approximately 8% of global crude steel production. Production of welded tubes and pipes was almost twice that of seamless tubes and pipes due to the limited end uses for seamless pipes, namely, drilling, exploration and other specialized uses.

Global exports of steel tube & pipes was 35 million MT, down from 44 million MT last year. The underlying reason for this has been falling steel prices and resulting trade disputes.

World Steel Tube & Pipe Exports
2010 – 2015, Metric Tons (MT) in millions



Source: World Steel Association

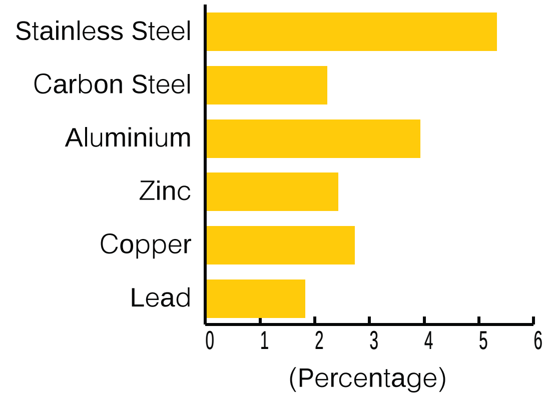
Stainless Steel

Global production of stainless steel was approximately 42 million MT in 2015. Being a highly specialized product the relative size of the industry is much smaller than that of carbon steel. Stainless steel prices on the other hand are 6-7 times higher than carbon steel as result of greater nickel and chrome content which are added for rust and corrosion resistance.

Stainless steel pipes are typically suited for end uses that require high corrosion and temperature resistance, and aesthetic appeal. Major end uses of stainless steel pipes and tubes include:

- Chemical and petrochemical processing
- Liquid natural gas piping
- Automotive exhaust systems
- Construction - offshore and humid environments
- Food and pharmaceutical processing
- Desalination and wastewater projects

Compound annual growth of major metals
1980 - 2015



Source: International Stainless Steel Forum

Pakistan's average stainless steel consumption per capita is approximately 0.5 kg/capita relative to the world average of 5.7 kg/capita, indicating massive potential for growth in this particular segment.

DOMESTIC ECONOMY

Pakistan achieved 4.71% real GDP growth in fiscal year 2015-16. Other key indicators such as inflation, fiscal deficit and current account balance also showed improvement.

The external sector has remained stable on account of lower oil import bill due to depressed global crude prices, steady inflow of remittances and firm to growing foreign exchange reserves which have helped the Pakistani Rupee maintain its parity against the US Dollar.

It is also encouraging to see the country's recent reclassification to MSCI Emerging Markets, which should further boost sentiment.

The industrial sector performed well, registering growth of 6.8%. Growth in Large Scale Manufacturing (LSM) was however lower at 4.7% but higher compared to last year.

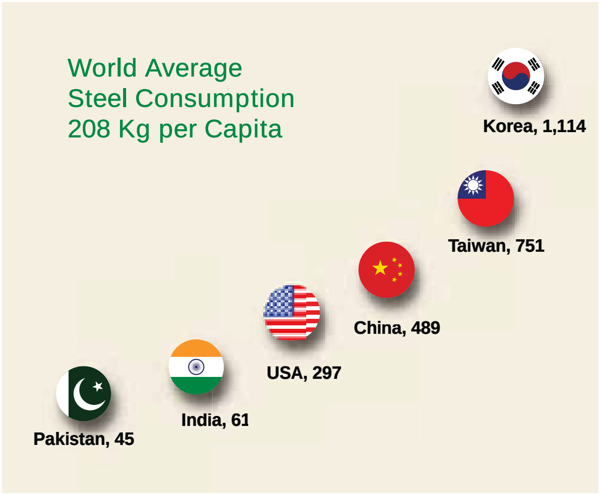
The outgoing year has seen remarkable growth in construction and infrastructure activity, which recorded growth of 13.1%. This trend is expected to continue with rapid investment in housing & infrastructure and ongoing CPEC related projects.

The country's export performance has been below par with exports declining 12.9% year on year. External factors such as falling commodity prices, lower global aggregate demand and trade disputes are partly to blame for this performance. The engineering sector's exports were 20.9% below last year.

The second phase of trade liberalization between Pakistan and China is currently under negotiation and it is hoped that the Government of Pakistan will give due consideration to the domestic industry's concerns. **Given that Pakistan is one of three countries in the world that has no protection against Chinese steel imports** and taking into account the massive size of the Chinese steel industry, it is imperative that the Government of Pakistan negotiate a balanced and fair agreement that does not result in injury to the domestic steel industry.

The World Steel Association's assessment of per capita finished steel consumption for 2015 indicates a world average of approximately 208 kg/capita. **Reported estimates of per capita steel consumption in Pakistan are in the range of 40-45 kg/capita, which is well below the world average and indicates the immense potential for growth in the domestic steel manufacturing and processing industry.**

Per Capita Steel Consumption
Kg per Capita



Source: World Steel Association

COMPANY OPERATIONS

Market Share

Your company is the leading tube and pipe manufacturer in the domestic market for GI Pipes, CR Tubes and black & scaffolding pipe and has the largest product range in its relevant segments. It enjoys continuing loyalty from its customers, dealers and business partners. The Company's Plastics segment caters to water & gas transmission and duct applications, and is continuously evolving to meet the demands of its customers.

Gross Sales

Your Company achieved gross sales volume of approximately 204,000 MT during the outgoing financial year, with gross turnover of Rs. 17.6 billion.

Domestic Sales

Overall domestic sales volume remained flat, however black pipe market saw strong demand over last year due to the construction and infrastructure sector boom. CR Tubes also showed a promising trend due to increase in auto sector demand.

Export Sales

Export sales volume contracted 24% over the previous year mainly because of the CVD and ADD imposed on our exports to North America. With prices falling consistently month on month for the first half of the outgoing year and then settling at a record low, the international environment remained difficult for selling as buyers remained wary and reduced stocks. Record low prices have also increased protectionism, which directly impacted your company during the year. Your Company is nonetheless committed to reclaim lost volumes and is making inroads into new markets. **We currently export to more than 55 destinations worldwide covering 5 continents.**

Polyethylene Sales

The Company's **Polyethylene segment registered sales growth of a healthy 57% over last year. Being one of a handful of API certified plastic mills in the world today,** sales of our MDPE brand of gas pipes increased significantly due to easing of gas supplies and ensuing funding. We continue to try and **persuade SSGC and SNGPL to implement the same supplier evaluation and safety protocols on Plastic pipe** as they do with API Steel Pipes by buying only API certified plastic pipe in line with their own best practices. Sales of our HDPE brand of water and duct pipe also remained encouraging.

Proliferation of inferior quality products in Pakistan makes it very hard to market premium quality products to customers with little or no product knowledge. The management is making concerted efforts to create awareness about quality standards and **the long-term health implications of using sub-standard plastic pipe system.** We continue to supply key institutional clients with premium quality water and duct pipes; however **the commercial market remains a challenge where cheap, substandard product is available in abundance.**

Stainless Steel Sales

IIL Stainless Steel (Pvt.) Ltd. completed its first full year of operations this year. Despite the problems we have faced in selling our product due to cheap competing commercial imports, the company generated a **gross sales turnover in excess of Rs. 155 million.** IIL Stainless Steel (Pvt.) Ltd. is set to position itself as the leading stainless steel tube manufacturer in the country.

PRODUCTION

Your **company successfully commissioned its most expensive pipe mill with state of the art rotary cold saw and capacity to produce pipes up to 12" in diameter.** The project was commissioned in January 2016 and is API certified. **This Rs. 700 million** investment will allow us to produce up to X70 API grade for oil, gas and water distribution. The commissioning was completed smoothly and commercial production is underway, well in time, for the company to gain from the distribution network emanating from TAPI and other gas pipeline projects.

FINANCIAL REVIEW

Company Results

The Company posted net sales of Rs. 14,820 million, which were 16.1% lower than last year, **earning Gross Profit of Rs. 2,460 million, Profit before Tax of Rs. 1,104 million and Profit after Tax** of Rs. 786 million. Earnings per Share for the year were Rs. 6.56.

Operating Profit for the year increased by 26% over last year primarily due to inventory gains due to efficient buying of raw material and higher domestic margins.

Cost of Goods Sold for the year at Rs. 12,360 million was 21.7% lower than last year, which was in line with the turnover.

Selling and Distribution Expenses of Rs. 824 million were 40% higher than last year mainly on account of higher freight charges and legal charges relating to our anti-dumping case in the USA.

Administrative Expenses of Rs. 249 million were 32% higher than last year.

Other Operating Charges of Rs. 116 million were 42% higher than last year primarily on account of higher allocation towards Workers Profit Participation Fund (WPPF) and Workers Welfare Fund (WWF). Other Income showed a decrease of Rs. 234 million mainly due to dividend income from International Steels Limited in prior year.

Financial Charges during the year decreased by Rs. 153 million which is 31% lower than last year primarily due to lower stock holding and reduced borrowing rates.

Segment Results

Revenue from the Steel segment stood at Rs. 13,317 million, yielding Gross Profit of Rs. 2,248 million. Gross profit margin from the Steel segment showed improvement as compared to last year's level.

Revenue from Plastic Segment was Rs. 1,503 million with a Gross Profit of Rs. 212 million.

Cash Flow Management & Borrowing Strategy

The Company's cash flow management system projects cash inflows and outflows on a regular basis and monitors the cash position on a daily basis.

During the year 2015-16, the weighted average cost of borrowing including exchange losses, was 15% less than last year.

Capital Structure

Debt to equity ratio on 30 June 2016 was 48:52 compared to 52:48 as on 30 June 2015. Interest cover and debt servicing ratios improved compared to last year.

APPROPRIATION

The Board of Directors of the company had approved a 10% interim cash dividend and keeping in view the financial results of the Company for the year ended June 30, 2016, the Board of Directors have recommended a **35% final cash dividend, bringing the total cash dividend to 45% for the financial year.**

AUDITORS

The present auditors M/S KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for re-appointment. They have confirmed achieving satisfactory rating from Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of International Federation of Accountants (IFAC) as adopted by ICAP.

The Board of Directors has recommended their re-appointment as auditors of the company for the year ending June 30, 2017, as a fee to be mutually agreed.

CORPORATE SUSTAINABILITY

Energy Conservation and Recycling

Steel is 100% recyclable, meaning it can be reprocessed into the same material multiple times. Recycling accounts for significant energy and raw materials savings. More than 1,400 kg of iron ore, 740 kg of coal and 120 kg of limestone are saved for every ton of steel scrap made into new steel.

Steel is one of the world's most recycled materials

CO^{2} emissions from steel production are half of what they were in the 1960's

Steel has a potentially infinite lifecycle

Steel is environmentally friendly

When selecting piping systems, we encourage our customers to evaluate the **'Whole Life Cost'** of alternative systems in order to arrive at the true cost to the user. The Whole Life Cost of a system includes cost of components, installation and ownership. Our HDPE water pipes, with low installation costs and leak-free life provide greater durability and true peace of mind to the system operator and end user.

Pursuing its commitment to the efficient use of resources, **the Company utilizes all waste heat to generate chilled water,** which in turn, fulfills the factory's water-cooling and air-conditioning requirements. Furthermore, it's Reverse Osmosis Plant helps meet additional water requirements at the factory premises.

IIL generates electricity though co-generation. Its own needs are met through this generation and excess electricity is transported to the K-Electric grid. Hence, there is full utilization of installed generation capacity and generation of additional revenues, whilst contributing to the alleviation of the chronic power shortage faced by the country.

HUMAN RESOURCE MANAGEMENT

Occupational Health, Safety & Environment

The Company's focus on being environmentally responsible was continued with optimization being achieved through initiatives such as heat recovery from cooling water, efficient waste management, paper recycling, use of effluent treatment plant, use of fume scrubbers and environmentally friendly disposal of sludge, reduction in waste, periodic third party testing of emissions and effluents and tree plantation inside & outside the factory premises.

As part of the efforts to reduce environmental impact, waste generation was closely monitored and substantial reductions were achieved in generation of steel scrap waste, zinc dross, skimmed oil and solid waste. Additionally, electricity, gas and water consumption were also reduced.

During the year **the Lost Time Incident Frequency Rate was 1.82 per million man hours worked as compared to 2.0 per million man hours worked** in the previous year.

A total of 525 safety trainings were conducted and each employee went through a series of 5 sessions during the year. Overall attendance for trainings was 5,631. The trainings included Safe Crane Operations, Hands Safety, Fire Fighting Operations, Permit to Work System, Industrial Hazards, First Aid & Rescue, Defensive Driving, Electrical Safety and Working at Heights.

Two audits – one a surveillance audit and the other a complete recertification audit – were conducted by M/S Lloyds (a UK-based certification body) to provide assurance that the QA&HSE Management System complies with ISO 9001, ISO-14001 & OHSAS 18001 global standards. No major non-conformities were observed.

IIL participated in a nationwide contest to determine best OHSE practices arranged and organized by the Employers Federation of Pakistan and was awarded the second position.

Industrial Relations

In September 2015, the last bilateral negotiated settlement with the CBA and the tenure of the last CBA ended. Due to procedural delays at the Labor Department, Government of Sindh, referendum for the new CBA could not be held till February 4, 2016. Fresh Charters of Demands were raised by both the freshly elected CBA and management and were served on each other on March 1, 2016. Negotiations began in March 2016 and concluded on 16th August 2016. These negotiations were conducted in a very productive and positive atmosphere.

Gratuity Scheme and Provident Funds

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

The values of the Provident Fund and the Gratuity Scheme at the year-end were Rs. 299 million and Rs. 346 million respectively.

Employment of Special Persons

Complying with the legal requirement to hire physically handicapped persons, IIL's workforce has 25 such special people.

Trainings

During the year, 1,006 employees went through repeated trainings as more than 6,189 employees were imparted a total of 568 internal trainings on various technical topics including manufacturing processes and OHSE. 60 employees attended external (local & foreign) programs arranged by various well-reputed institutes including PICG, LUMS, IBA, ICAP, MAP, PSTD, PIMS and EFP etc.

Contribution to the National Exchequer

Your Company is registered with the Large Taxpayers Unit (LTU) and **contributed over Rs. 2.7 billion towards the national exchequer** in the form of Income Tax, Sales Tax, other taxes, duties and levies during the financial year.

Corporate Social Responsibility (CSR) and Community Welfare Schemes

IIL contributes approximately **2.5% of its Profit after Tax towards CSR activities.** It continues to fund all operating expenses for the TCF primary school IIL Campus located in Landhi next to the IIL funded mosque opposite Factory 1.

Last year IIL also sponsored the Amir Sultan Chinoy (ASC) amphitheater at the Institute of Business Administration (IBA) main campus.

In addition to the above, IIL has taken the inititive this year to establish a health clinic in association with **SINA Health, Education and Welfare Foundation.**

The SINA-IIL Clinic is also across the road from IIL Factory 1 and will provide free medical facilities to the underprivileged. IIL has funded the purchase of land and construction of the facility and will contiribute towards the operations of the clinic due to be inagurated in September 2016.

INFORMATION SYSTEMS AND RE-ENGINEERING

We are committed to the process of continuously upgrading and enhancing our IT infrastructure and moving towards greater process automation and a paperless environment. Additionally, we remain focused on working closely with end users in studying their day-to-day activities and finding opportunities to automate and streamline various tasks. In this regard, considerable effort was expended in analyzing business processes and reporting gaps in the ERP system through a series of discussions with business users. This is the basis for our recently concluded initiative to upgrade and enhance our Oracle ERP Business Suite implementation.

FUTURE OUTLOOK

The company is entering an exciting and challenging new phase as several new projects have now been commissioned and have commenced commercial production.

IIL Stainless Steel (Pvt) Ltd. completed its first full year of operations this year. We have made significant new inroads into this new segment. Given the construction boom and growing preference for more durable and aesthetically pleasing pipes and tubes we are confident this business will be a major growth driver for us in the coming years.

Commissioning of our new HSS and API pipe mill was held on 27th January 2016. The investment was undertaken at an approximate cost of Rs. 700 million. The addition will allow the company to produce pipes up to 12" diameter and cover up to X70 API grade for oil, gas and water distribution. In addition the **plant is capable of producing hollow structural sections used in high strength construction and engineering applications which will modernize and reform the construction industry.** Manufactured according to international standards, IIL's Hollow Structural Sections (HSS) are available in square, rectangle and round shapes and can be used in virtually all types of structures, including, bridges, building and pedestrian walkways to name a few. This has also opened up a new segment of the market for us and is expected to be a major growth driver in the years ahead.

Initial construction work of our new factory near the outskirts of Lahore has been completed. The facility is currently being used as a warehouse to better serve its near home key domestic markets.

In order to **capitalize on our leading position in the water pipe segment, your company has decided to supplement its PPRC pipe manufacturing facility by undertaking an investment to manufacture PPRC fittings** in Sheikhupura in order to be able to provide customers with a complete solution. Construction work is almost complete and we are scheduled to commence commercial operation by January 2017.

We are currently pursuing the possibility of setting up a manufacturing facility in Sri-Lanka in order to protect our market there.

We are also evaluating a technical collaboration with a Chinese manufacturer to investigate the possibility of setting up a drip irrigation pipe plant.

The Company has planned extensively to enhance its reach and expand its range of products in the coming years so as to cater to a wider customer base and achieve its vision, "To be an international, innovative, entrepreneurial, million ton steel processor by the year 2020".

BUSINESS RISKS

Steel and Zinc are the two primary raw materials consumed in the Company's manufacturing processes. The absence of a reliable and adequate domestic supply compels the Company to procure raw material from the international market. Importing large quantities of these raw materials exposes us to volatility in the international price of Steel and Zinc as well as exchange rate fluctuation. The key to profitability in such an environment is efficient inventory management and sales forecasting, as well as effective procurement and consistently strong sales.

Cost containment, well-managed operations and continuous modernization & upgrading are key components of your Company's business strategy employed to deliver healthy returns to stakeholders.

INVESTMENTS

The Company has a sizeable investment in its subsidiary, International Steels Limited (ISL), which is in the business of processing flat steel products. **ISL ended the financial year with sales volume in excess of 364,000 MT, Gross Sales of Rs. 24 billion and PAT of Rs. 1,179 million.**

ISL successfully completed its capacity enhancements during the outgoing year where by, it converted it's compact cold rolling mill to a twin-stand reversing mill, added a second galvanizing line and commissioned a color coating steel line. The expansion was carried out at an approximate cost of Rs. 3 billion and has **enhanced ISL's capacity to well over 500,000 MT per annum.**

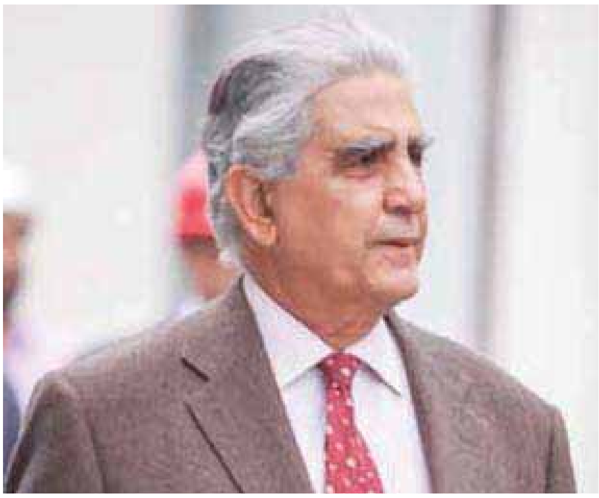
The outgoing year has seen IIL and ISL as a group post sales volume in excess of 571,000 MT, Gross Sales of over Rs. 39 billion and Profit Before Tax of Rs. 2.7 billion.

Your company owns 100% of IIL Australia Pty Ltd which ended the year with sales of Rs. 395 million, gross profit of Rs. 14 million and a nominal PAT.

Your Company also holds an 8.5% ownership interest in Pakistan Cables Limited (PCL) a company which it set up in 1953. PCL is a listed Company and is in the business of manufacturing copper rods, wires and cables, in addition to being the country's first manufacturer of copper cables and wiring.

TRIBUTE TO OUTGOING CHAIRMAN

After having served the Board for three consecutive terms as an independent director, Mr. Zaffar A. Khan, the Chairman of the IIL board, and one of the leading advocates of Corporate Governance in the country, in line with best Corporate Governance practices, has decided not to stand for re-election on the IIL Board.



The outgoing Chairman has served the IIL Board for a total of eight years thus completing three terms, of which five have been in the capacity of Chairman. Accordingly, the Directors would like to take this opportunity to extend their sincere gratitude to him on behalf of the IIL Team for his vision, guidance and support over the years which has also guided us to diversify our business to include our Australian subsidiary, our Stainless Steel business, and most recently our large diameter steel and plastic pipe expansions all of which were set up under his leadership.

Mr. Zaffar A. Khan's vast experience, enlightened perspective on business matters and ability to inspire confidence in his peers and across the management team have been pivotal to the Company's continued success in recent years. He has successfully been able to unite a diverse and independent Board, giving the management team a well-balanced and thought out direction. IIL's robust Corporate Governance policies and controls are a direct result of Mr. Zaffar A. Khan's guidance and support and we hope to continue to improve as a result of his contribution to the Company. In his final year on the Board, IIL has been successful in ending the year with record operating profit.

The Board and the management, would once again like to express their deepest appreciation and gratitude to Mr. Khan for his invaluable service and wish him luck in his future endeavors.

ACKNOWLEDGEMENT

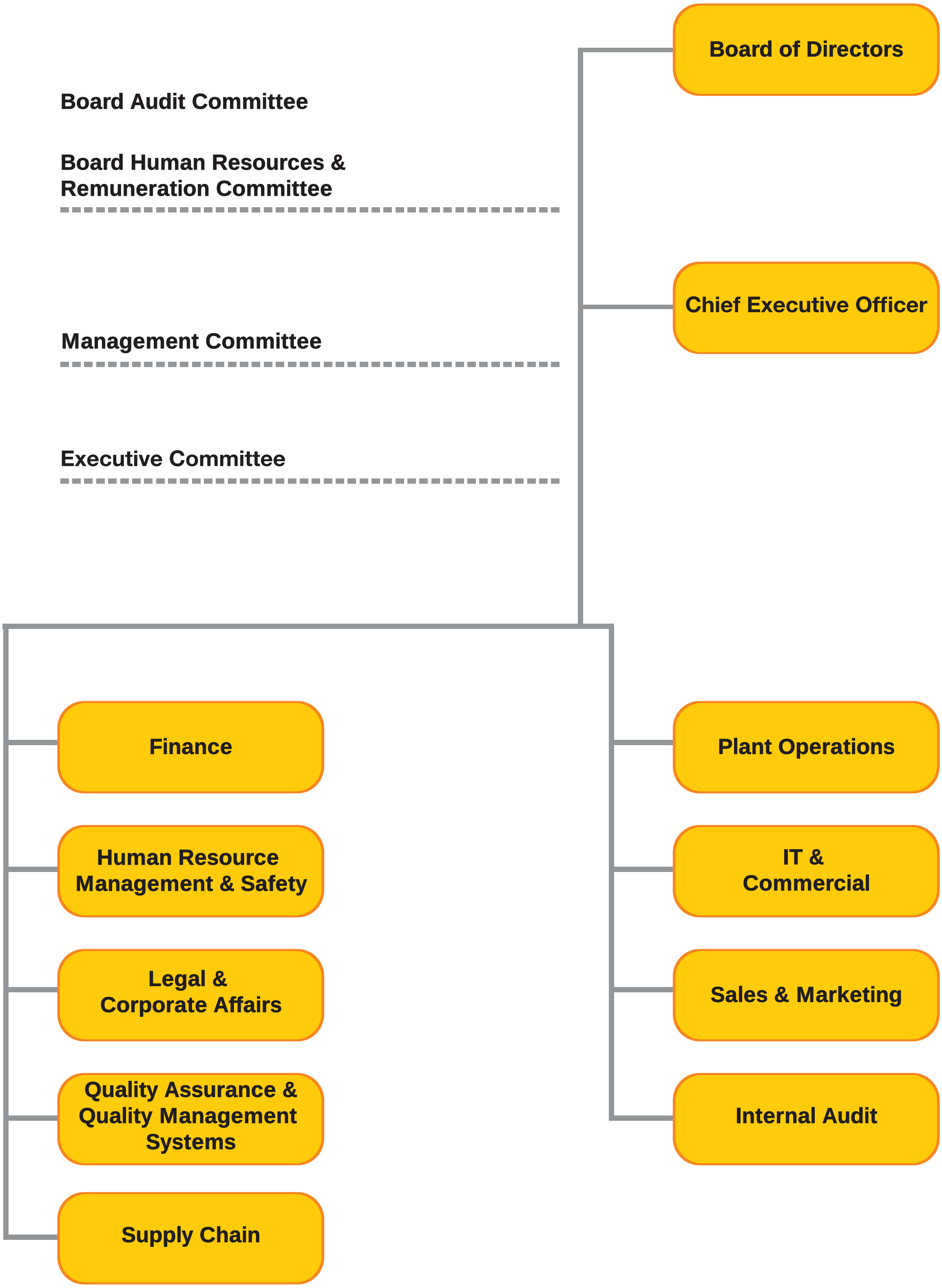
I would like to extend my sincere gratitude to the entire IIL team and especially my Management Committee. Substantial senior management time was spent in recruitment and development of Human Resources so they could be ready to deliver higher sales volume in the years to come. The team's hard work has helped the Company achieve good profit numbers despite not being able to achieve budgeted sales volumes which was mainly due to the significant external challenges we have faced in our International market. I also acknowledge our CBA, which has this year supported the management in making the organization more efficient and productive as we continue to enhance a pay for performance culture whereby we look forward to sharing more successes with our staff in the coming years.

For and on behalf of
the Board of Directors

Riyaz T. Chinoy
Chief Executive Officer

Karachi
August 18, 2016

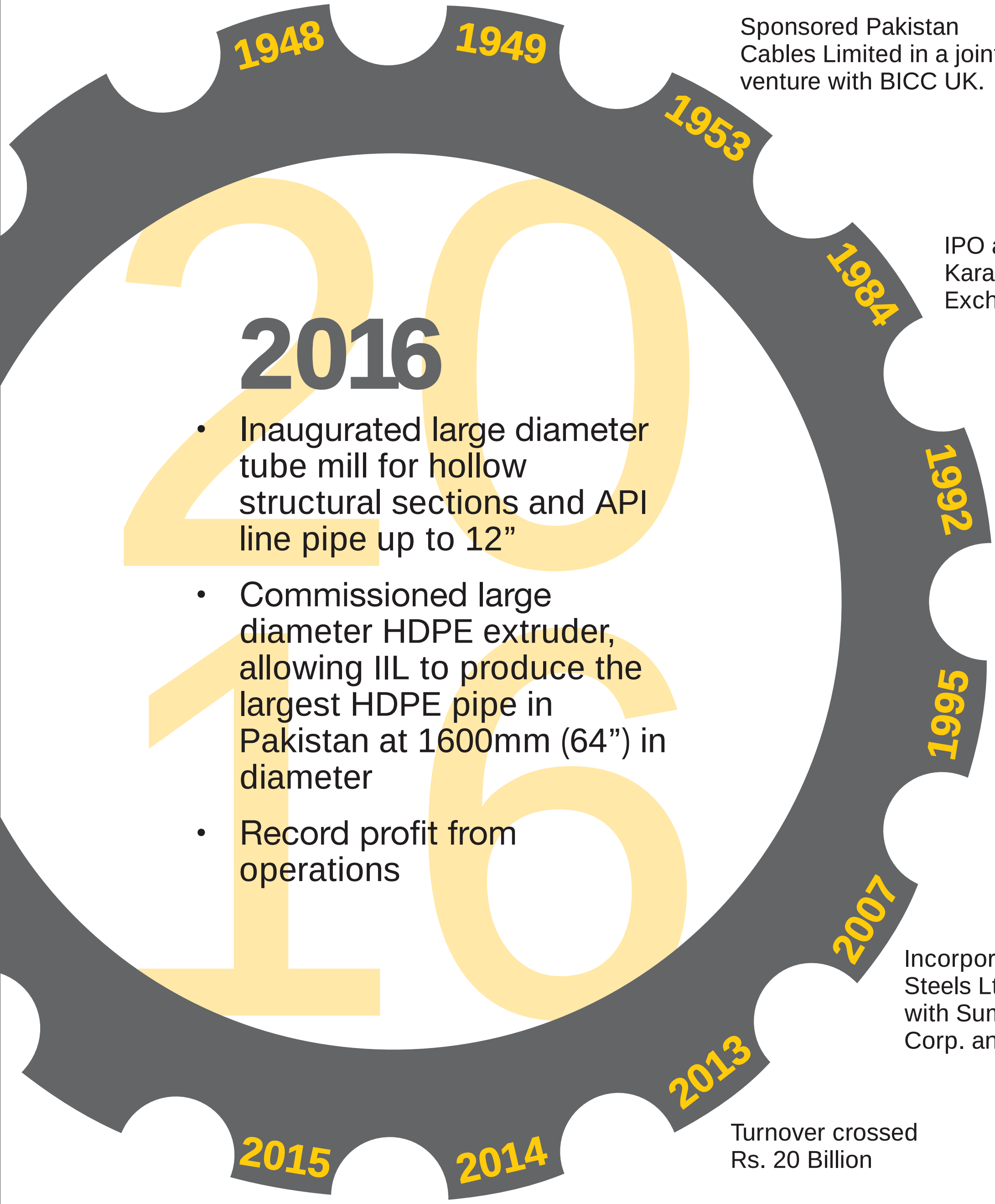
Organization Structure



Certifications

Standard	Description	Certified by	Certified since	License #
ISO 9001	Quality Management System	Lloyds Register Quality Assurance	1997	MEA 4105044
ISO 14001	Environment Management System		2000	MEA 4205044
OHSAS 18001	Occupational Health & Safety Management System		2007	MEA 4306044
API Specification Q1 ® & 5L	Manufacturing of Steel Line Pipe	American Petroleum Institute	2000	5L-0391 5L-1104
API Specification Q1 ® & 15LE	Manufacturing of Polyethylene Line Pipe		2006	15LE-0014
CE Mark	CE Mark for Hot Dip Galvanized ERW Carbon Steel Pipes	CNC Services (Germany)	2011	CNC/EEC/4112/11
	CE Mark for ERW Tubes from Cold Rolled Carbon Steel			CNC/EEC/4113/11
Pakistan Standards	License for the use of Pakistan Standard Mark for IIL PLUMBO, IIL MEGAFLO, IIL TERRAFLO and IIL FLEXFLO	Pakistan Quality Control Authority (PSQCA)	2015	PS:4533/1999 & 4534/1999
				PS:3580-2014 (R)
				PS: ISO :15875-1 & 2 of 2003

Our Milestones



1948

Established as
Sultan Chinoy
& Company.

1949

Incorporated as
International
Industries Ltd. (IIL)

Sponsored
Pak Chemicals Ltd.

1953

Sponsored Pakistan
Cables Limited in a joint
venture with BICC UK.

1984

IPO and listing on
Karachi Stock
Exchange.

1992

Turnover crossed
Rs. 1 Billion

1995

Entered the international
market with export of
Galvanized Pipe.

2007

Incorporated International
Steels Ltd. in cooperation
with Sumitomo
Corp. and IFC

2013

Turnover crossed
Rs. 20 Billion

2014

Incorporated IIL
Australia Pty Ltd.

2015

Incorporated IIL
Stainless Steel
Pvt. Ltd.

Completed 50
years of pipe
manufacturing

2016

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

Governance Framework

The main philosophy of business followed by the sponsors of International Industries Limited for the last 68 years has been to create value for all stakeholders through fair and sound business practices, which translates into policies approved by the Board, implemented throughout the company to enhance the economic and social values of all stakeholders of the company.

Compliance Statement

Living up to its standards the Board of Directors has, throughout the year 2015-16, complied with the Code of Corporate Governance, the listing requirements of the Pakistan Stock Exchange and the Financial Reporting framework of Securities & Exchange Commission of Pakistan (SECP).

The Directors confirm that the following has been complied with:

a) The financial statements have been prepared which fairly represent the state of affairs of the company, the result of its operations, cash flows and changes in equity.

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent business judgment.

d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained.

e) The system of internal control is sound in design and has been affectively implemented and monitored. The Company has engaged the services of Ernst & Young Ford Rhodes Sidat Hyder & Co. as internal auditors for the last eight years however since last year the Internal Audit function was based on a hybrid system led by the Chief Internal Auditor supported by in-house staff as well as E&Y.

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

g) There is no material departure from the best practices of corporate governance as per regulations.

The Board of Directors

The Board of Directors consists of qualified individuals possessing knowledge, experience and skills in various professions, with the leadership and vision to provide oversight to the company. The Board is headed by Mr. Zaffar A Khan, Non- Executive Chairman; out of 9 directors, 4 are independent directors, including the Chairman. The current Board composition reflects a good mix of experience, backgrounds, skills and qualifications.

To further its role of providing oversight and strategic guidelines to the company, the Board has formulated a Board Charter to define its role of strategic leadership and provide oversight to the management. The Board has constituted two sub committees, namely Audit Committee (BAC) and Human Resources & Remuneration Committee (HR&RC). The composition, role and responsibilities of the Committees are clearly defined in their Terms of References.

The Board meets at least once after every quarter to review the financial performance and to provide oversight to the management to achieve key performance indicators. Additionally one Board meeting is held to discuss the budget for the following year, while one is focused on future strategy. A Board Meeting Calendar is issued annually to reflect the dates planned for the Board, Audit Committee and Human Resource & Remuneration Committee Meetings. All the Board members are given appropriate documents in advance of each meeting.

Role and Responsibilities of the Chairman and Chief Executive

The Chairman and the Chief Executive have separate and distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over Board meetings. The Chief Executive performs his duties under the powers vested by the law and the Board and recommends and implements the business plans and is responsible for overall control and operation of the company.

Changes in the Board

No change occurred in the Board throughout the year 2015 -16.

Best Corporate Practices

The Board has formulated a Board Charter to define the scope of its activities in setting the tone at the top, formulating strategies and providing oversight to the management for sustainable growth of the business.

All periodic financial statements and other working papers for the consideration of the Board / Committees are circulated to the directors well before the meetings so as to give sufficient time to the directors to make decisions on an informed basis. This year the Board has held six (6) meetings, agendas of which were duly circulated at least a week before the meetings.

The quarterly un-audited financial statements and the half-yearly financial statements (reviewed by the

Auditors) were duly circulated within one month and two months respectively along with the Directors' Report. Annual financial statements, including consolidated financial statements, Board of Directors' Report, Auditors' Report and other statutory statements and information are being circulated for consideration and approval by the shareholders within 49 days from the close of the financial year. Additionally all important disclosures, including the financial statement, were also made on the company website to keep the stakeholders duly informed.

The Board members actively participate in the meetings to provide guidance concerning the company's business activities, operational plans, reviewing corporate operations and formulating and reviewing all significant policies. The Board firmly adheres to the best ethical practices and fully recognizes its responsibilities for protection and efficient utilization of company assets for legitimate business objectives and compliance with laws and regulations. The Chairman ensures that the discussions held during the board meetings and the consequent decisions arising are duly recorded and circulated to all the directors within 14 days. The CFO and the Company Secretary attended all the meetings of the Board as required by the Code of Corporate Governance.

Risk Management

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

Internal Control framework

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

The Board Audit Committee has been entrusted with the main responsibility of Internal Controls. The Audit Committee receives the Audit reports by the Internal and External auditors, and after detailed deliberations, and suggesting improvements, periodic reports are submitted to the ultimate authority, The Board of Directors . The company places a high value on transparency, both internally and externally, in its corporate management. It focuses consistently on the implementation of efficient management practices for the purpose of achieving clear and quantifiable commitments. The Company has a senior Chartered Accountant posted as Head of Internal Audit, who is being assisted by Ernst &Young Ford Rhodes Sidat Hyder and in house executives to carry out the Internal Control Functions.

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

Risk and Opportunity

Pakistan's per capita steel consumption is still way low as per world standards, hence there is a potential for growth in domestic market as well as regional markets. During the year the Board focused on future business strategy to assess the opportunities and evaluated all significant risks attached with the business proposals and decided to move towards its Vision statement of being a million tons steel processing group / company by 2020.

In continuation of multi-pronged expansion program, fully owned subsidiaries, IIL Australia Pty Ltd. and IIL Stainless Steel (Pvt.) Ltd. were established to take advantage of the market. Phenomenal growth is also expected from future expansion at Sheikhupura Road, Lahore mainly focused on large diameter pipes and expanded product range by adding PPRC pipes which already have a huge demand for cold / hot water transmission in domestic and commercial consumers.

The Company expects to see growth in domestic market, as all the provincial governments have earmarked significant amounts for public service development projects in 2015-16. The anti-dumping measures being imposed by USA on imports of steel pipes is considered to be a risk however, new vistas for exports in some of the non-traditional markets have emerged and the management is geared to augment its presence in all such markets.

However, besides the opportunity to grow in these non–traditional markets, the Management is keeping a cautious approach to avoid incidents of Antidumping Investigation against the Company.

The energy crises, law and order situation and un-predictable exchange rate are factors which are significant risks for any manufacturing industry based on imported raw material as well as significant exports. The management is however confronting all these external challenges by trying to buy raw material at the right time and prices, keeping other costs low and improving operating efficiencies.

Disclosure and Transparency:

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

Speak-Up Policy

We are committed to create an atmosphere that our people can freely communicate their concerns to their supervisors and Functional Heads. Speak up Policy has been in place since last four years as IIL's 'whistle-blowing' system to report any corrupt or unethical behavior – if employees feel that they are not able to use the normal management routes.

Investor Relation Policy

The Company has a policy which sets out the principles in providing the shareholders and prospective investors with necessary information to make well informed investment decisions and to ensure a level playing field.

Board Evaluation

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

1. The Board Evaluation Methodology to be adopted as self-evaluation of the Board as a whole through an agreed questionnaire.
2. The evaluation exercise to be carried out every year.
3. The evaluation system to address areas of critical importance and should include, but not be limited to, the following:

a) Appraising the basic organization of the Board of Directors;

b) The effectiveness and efficiency of the operation of the Board and its committees;

c) Assess the Board's overall scope of responsibilities;

d) Evaluate the flow of information; and

e) Validate the support and information provided by management.

4. The Board would review the results and suggest measures to improve the areas so identified for improvement.

This was the fourth year when the Board carried out its Self Evaluation for the fourth time, and identified areas for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the management etc.

Sustainability Measures

All aspects of sustainability including efficient operational procedures, effective internal controls, ethical behavior, and energy conservation are integral part of our business model.

We also believe that employees are most critical in the progress, growth and sustainability of any organization.

With improved processes the company has been able to reduce the solid waste by 8.89% and semi solid liquid waste increased by 2.57% as compared to previous years.

The flue gases are directed to waste heat recovery boilers, saving substantial input energy. We had commissioned 2.8 Tons/Hour capacity of boilers in 2005 and stopped the gas fired boilers. As a result there is an ongoing saving of natural gas by 220 M3/Hour.

The processes are continuously improved to minimize any wastage or reducing the process time and this year we could achieve 19.60% reduction in scrap produced.

Corporate Responsibility

The company contributes approximately 2.5% of its Profit after Tax towards CSR activities especially in the field of education and health for the less fortunate. IIL continues to support a TCF primary school in Landhi, Karachi. A mosque in the vicinity of the production facilities, is also being managed by the company.

Additionally, IIL has taken the first step towards establishing a health clinic in Landhi in association with SINA Health, Education & Welfare Foundation. The IIL-SINA Clinic is expected to be operational by October 2016 and will provide free medical facilities to the community living in the vicinity of the factory. IIL will fund the land purchase, construction of the building, and part maintenance of the clinic.

Dividend to Shareholders

During the year, the Company paid an interim dividend of 10% per share to all eligible shareholders, and the Board of Directors is recommending a final dividend of 35% per share, making a total of 45% in respect of the financial year ended June 30, 2016 which is subject to shareholders approval.

Pattern of Shareholding

A statement on the pattern of shareholding along with categories of shareholders, where disclosure is required under the reporting framework and the statement of shares held by the directors and executives as on June 30, 2016 is placed on Page 165.

Board Committees

The Board is assisted by two Committees, namely the Audit Committee and the Human Resource & Remuneration Committee to support its decision-making in their respective domains:

Audit Committee

Mr. Fuad A. Hashimi* Non -Executive Director	- Chairman
Mr. Mustapha Chinoy Non- Executive Director	- Member
Mr. Azam Faruque Independent Director	- Member
Mr. Haseeb Hafeezuddeen Chief Internal Auditor	- Secretary

Mr Fuad A. Hashimi* joined the Board as Non-Executive Independent Director on June 22, 2014 and he has been the Chairman -Board Audit Committee since July 28, 2010 as an Independent Non-Executive Director. Consequent to completion of his nine years as an Independent Non-Executive Director as on June 22, 2014, his status has been revised as the Non-Executive Director.

The Audit Committee comprises of three Non-executive directors, out of which one (01) is independent while the other two are Non-Executive directors. The Chairman of the Committee is a Fellow Member of the Institutes of Chartered Accountants of Pakistan (ICAP) and England & Wales (ICAEW) as well as the CEO of Pakistan Institute of Corporate Governance (PICG). The Chief Financial Officer and the Chief Internal Auditor attend the BAC meetings, while the Chief Executive Officer is invited to attend the meetings. The Audit Committee also separately meets the internal and external auditors at least once in a year without the presence of the management.

Meetings of the Audit Committee are held at least once every quarter, and also reviews annual financial statements after the Auditors review, the recommendations of the Audit Committee are then submitted for approval of financial results of the company by the Board. During the year 2015-16, the Audit Committee held Five (5) meetings. The Chief Internal Auditor is the Secretary of the Board Audit Committee. The minutes of the meetings of the Audit Committee are provided to all members, directors and the Chief Financial Officer. The Chief Internal Auditor meets the Audit Committee without the presence of the management, at least once a year, to point out various risks, their intensity and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and corrective actions are then implemented.

Terms of Reference of the Audit Committee

The Audit Committee is mainly responsible for reviewing the financial statements, ensuring proper internal controls to align operations in accordance with the mission, vision and business plans and monitoring compliance with all applicable laws and regulations and accounting and financial reporting standards. The salient features of terms of reference of the Audit Committee are as follows:

i) Recommending to the Board the appointment of internal and external auditors.

ii) Consideration of questions regarding resignation or removal of external auditors, audit fees and provision by the external auditors of any services to the company in addition to the audit of financial statements.

iii) Determination of appropriate measures to safeguard the company's assets.

iv) Review of preliminary announcements of results prior to publication.

v) Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board, focusing on major judgmental areas, significant adjustments resulting from the audit, any changes in accounting policies and practices, compliance with applicable accounting standards and compliance with listing regulations and other statutory and regulatory requirements.

vi) Facilitating the external audit and discussion with external auditors on major observations arising from audit and any matter that the auditors may wish to highlight (without the presence of the management, where necessary).

vii) Review of the Management Letter issued by external auditors and the management's response thereto.

viii) Ensuring coordination between the internal and external auditors of the company.

ix) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources.

x) Consideration of major findings of internal investigations and the management's response thereto.

xi) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.

xii) Review of company's statement on internal control systems prior to endorsement by the Board.

xiii) Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.

xiv) Determination of compliance with relevant statutory requirements.

xv) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.

xvi) Consideration of any other issue or matter as may be assigned by the Board.

Human Resources & Remuneration Committee

- Mr. Tariq Ikram - Chairman
  Independent Director
- Mr. Riyaz T. Chinoy - Member
  Executive Director
- Mr. Kamal A. Chinoy - Member
  Non- Executive Director
- Mr. Khalid Junejo - Secretary
  Head of Human Resources

The Human Resource & Remuneration Committee (HR&RC) comprises of three members. The Chairman is an independent director whereas the other two members are the Chief Executive Officer and a non-executive director. Meetings are conducted at least quarterly or at such other frequency as the Chairman may determine. Head of Human Resources is the Secretary of the HR&RC. The minutes of the meetings of the HR&RC meetings are provided to all members and directors. The Committee held Six (6) meetings during the year.

Terms of Reference of Human Resource & Remuneration Committee

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

The salient features of the Terms of Reference of HR&RC are as follows:

1. Major HR Policy / frameworks including compensation
2. Overall organizational structure
3. Organization model and periodically seek assessment of the same
4. Succession planning for key executives, including the CEO.
5. Recruitment, remuneration and evaluation of the CEO and his direct reports, including CFO, Chief Internal Auditor and the Company Secretary.
6. The CEO, being a member of the HR&RC shall not be a part of Committee meetings, if his / her compensation / performance is being discussed / evaluated.
7. Charter of demands and negotiated settlements with CBA.
8. Compensation of the non-executives directors.

Board & Sub-Committee Meetings

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

During the year six (6) Board meetings were held, while five (5) Audit Committee meetings and Six (6) meetings of Human Resource & Remuneration Committee were held during the year. Attendance by each director in the meetings of the Board and its Sub-committees is as follows:

Board / Committee	Board	Audit	Human Resource
Meetings held during FY 2015-16	6	5	6
Mr. Zaffar A. Khan	6	-	-
Mr. Riyaz T. Chinoy	6	-	6
Mr. Kamal A. Chinoy	6	-	3
Mr. Mustapha A. Chinoy	5	3	-
Mr. Fuad Azim Hashimi	5	5	-
Mr. Azam Faruque	6	5	-
Mr. Tariq Ikram	6	-	6
Mr. Aly Noormahomed Rattansey	6	-	-
Ms. Nargis Ghaloo*	6	-	-

* Ms. Nargis Ghaloo is representing interest of NIT.

Engagement of Directors

Directors	Business occupation and directorships
Mr. Zaffar A. Khan	**International Industries Ltd.**
	Shell Pakistan Ltd.
	Acumen Fund Pakistan
	Askari Bank Ltd.
	Privatisation Commission of Pakistan
	Pakistan Centre for Philanthropy
Mr. Riyaz T. Chinoy	**International Industries Ltd.**
	Citizens Trust Against Crime (CTAC)
	IIL Stainless Steel (Pvt) Ltd.
	IIL Australia Pty Ltd.
	Pakistan Institute of Corporate Governance
	LITE Development and Management Company
	Pak Australia Business Forum
Mr. Mustapha A. Chinoy	**International Industries Ltd.**
	Pakistan Cables Ltd.
	Intermark (Pvt) Ltd.
	International Steels Ltd.
	Travel Solutions(Pvt) Ltd.
	Global e-Commerce Services (Pvt) Ltd.
	Crea8ive Bench (Pvt) Ltd.
	Global Reservation (Pvt) Ltd.
Mr. Kamal A. Chinoy	**International Industries Ltd.**
	Pakistan Cables Ltd.
	International Steels Ltd.
	Atlas Power Ltd.
	Jubilee Life Insurance Company Ltd.
	ICI Pakistan Ltd.
	NBP Fullerton Assets Mgmt. Ltd.
Mr. Fuad Azim Hashimi	**International Industries Ltd.**
	Pakistan Institute of Corporate Governance
Mr. Azam Faruque	**International Industries Ltd.**
	Atlas Battery Ltd.
	Cherat Cement Company Ltd.
	Indus Motors Company Ltd.
	Greaves Pakistan (Pvt) Ltd.
	Faruque (Pvt) Ltd.
	Madian Hydro Power Ltd.
Mr. Tariq Ikram	**International Industries Ltd.**
	Habib Metropolitan Bank Ltd.
	Tasha Enterprises (Pvt) Ltd.
Mr. Aly Noormahomed Rattansey	**International Industries Ltd.**
	Jubilee General Insurance Company Ltd.
	Jubilee Life Insurance Company Ltd.
	Aga Khan Rural Support Programme
	Rural Support Programme Network
	Pakistan Foundation Fighting Blindness
Ms. Nargis Ghaloo	**International Industries Ltd.**
	State Life Insurance Corporation
	Fauji Fertilizer Company Ltd.
	Orix Leasing Company Ltd.
	Alpha Insurance Company Ltd.
	Pakistan Cables Ltd.
	Security Papers Ltd.
	JS Bank Ltd.
	Sui Southern Gas Company Ltd.
	Sui Northern Gas Pipeline Ltd.

Management Committee

The mission of the Management Committee (MC) is to support the Chief Executive Officer to determine and implement the business policies within the strategy approved by the Board of Directors. MC meetings are conducted on a monthly basis or more frequently as circumstances dictate. The Committee reviews all aspects of operational and financial performance, advises improvements to operational policies / procedures and monitors their implementation.

Management Committee Members		Attendance
Mr. Riyaz T. Chinoy Chairman	Chief Executive Officer	10/10
Mr. Nadir Akbarali Jamal Member	Chief Financial Officer	7/10
Mr. Mohsin Safdar Member	Head of Factory	10/10
Mr. Khawar Bari Member	Head of Marketing & Sales	10/10
Mr. Khalid Junejo Member	Head of Human Resources	9/10
Mr Perwaiz Ibrahim Member	Head of Quality Assurance & Supply Chain	6/10
Mr. Sohail R. Bhojani Member	CEO-IIL Australia Pty Ltd.	1/10
Mr. Haseeb Hafeezuddeen Member & Secretary		6/10

Role of the Committee

The Committee is responsible for the following:

a) Routine operational matters arising out of day-to-day business.

b) Review results of monthly operations, sales, production, expenses and comparison of same with the approved budgeted targets and analysis of observed variances.

c) Review of raw material prices with special reference to international markets.

d) Review of selling prices in view of changing market scenarios.

e) Review and finalization of budget for presentation to and approval by the Board.

f) Exploring new prospects for sustainable growth.

g) Review and set the objective for the organization in compliance with the approved strategy.

h) Accident prevention.

i) Set training needs.

j) Monitor Speak-up policy.

Executive Committee

The mission of the Executive Committee (EC) is to support the Management Committee [MC] in implementing the business policies within the strategy approved by the Board of Directors. EC meetings are conducted on a monthly basis or more frequently if needed.

Executive Committee Members		Attendance
Mr. Khawar Bari Chairman	Head of Marketing & Sales	5/5
Mr. Khalid Junejo Chairman	Head of Human Resources	2/2
Mr. Imran Siddiqui Member	Div. Manager Manufacturing	7/7
Mr. Riaz Moazzam Member	Div. Manager Operations	7/7
Mr. Samar Abbas Member	Div. Manager International Sales	5/7
Mr. Sheraz Khan Member	Div. Manager Sales (North)	5/7
Mr. Mujtaba Hussain Member	Financial Controller	5/7
Syed Ghazanfar Ali Shah Member	Senior Manager Supply Chain	7/7
Mr Samiuddin Khan Member	Senior Manager Industrial Relations	6/7
Mr. M. Ibrahim Memon Member	Group Head IT	1/1
Mr. Ayaz Ahmed Khan Member & Secretary	Senior Manager QMS	5/7

Role of the Executive Committee

The Committee is responsible for the following:

a) Review results of monthly operations, sales, production, expenses and comparison of same with the approved budgeted targets and provide variance reports to the MC.

b) Review of Annual budget and recommending the same to the MC.

c) Review the training needs / plans and implementation thereof.

d) Review of recruitment and organization resource requirements.

e) Review and monitoring of accidents.

f) Review and monitoring of raw material prices and trends and recommend the need for any price review.

g) Review of credit limits to customers.

h) Review and monitoring of product yield and identification of means for improving the same.

i) Review and monitoring of raw material, work-in-process and finished goods inventory and taking timely action on controlling the same.

Report of the Board Audit Committee

on Adherence to the Code of Corporate Governance

The Board Audit Committee has concluded its annual review of the conduct and operations of the company for the year ended 30 June 2016 and reports that:

- The company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Code of Corporate Governance, Company's Code of Conduct and Values and the international best practices of governance throughout the year.
- The company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the auditors of the company.
- Appropriate accounting policies have been consistently applied except those disclosed in Financial Statements. Applicable accounting standards were followed in preparation of the financial statements of the company on a going concern basis for the financial year ended 30 June 2016, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the company for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the company and the Chairman and Board of Directors Report. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the company.
- Accounting estimates are based on reasonable and prudent judgment. Proper, accurate and adequate accounting records have been maintained by the company in accordance with the Companies Ordinance, 1984.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984, and applicable International Accounting Standards and International Financial Reporting Standards notified by the SECP.
- All direct and indirect trading in and holdings of the company's shares by Directors and executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction. All such holding have been disclosed.

INTERNAL AUDIT FUNCTION

- The internal control framework was effectively implemented through outsourcing the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants, for the last 8 years. Presently the Company's internal Audit function is being looked after by the Chief Internal Auditor in compliance of the Code of Corporate Governance, who is assisted by the internal auditors M/s Ernst Young Ford Rhodes Sidat Hyder & Co. The Chief Internal Auditor reports directly to the Chairman of the Board Audit Committee.
- The company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
- The Board Audit Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the company and the shareholders wealth through effective financial, operational and compliance controls and risk management at all levels within the company.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

EXTERNAL AUDITORS

- The statutory auditors of the company, KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit assignment of the company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended 30 June 2016 and shall retire on the conclusion of the 68th Annual General Meeting.
- The Board Audit Committee has reviewed and discussed audit observations and the draft Management Letter with the external auditors. The final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Board Audit Committee meeting.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.
- Being eligible for reappointment under the listing regulations, the Board Audit Committee recommends their reappointment for the financial year ending 30 June 2017 on terms of remuneration negotiated by the Chief Executive Officer.

Karachi
August 18, 2016

Fuad Azim Hashimi
Chairman
Board Audit Committee

Statement of Compliance

with the Code of Corporate Governance

INTERNATIONAL INDUSTRIES LIMITED

June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of the Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board constitutes of:

Category	Names
Independent Directors	Mr. Zaffar A. Khan
	Mr. Azam Faruque
	Mr. Tariq Ikram
	Mr. Aly Noormahomed Rattansey
Executive Directors	Mr. Riyaz T. Chinoy
Non-Executive Directors	Mr. Kamal A. Chinoy
	Mr. Mustapha A. Chinoy
	Mr. Fuad Azim Hashimi
	Ms. Nargis Ghaloo

The Independent Directors meet the criteria of independence under clause (i-b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. There was no change in the Board of Directors during the year.
5. 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.
6. 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 or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions regarding material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the Board / shareholders.
8. All the meetings of the Board were presided over by the Chairman who is an Independent Non-Executive director. The Board met six (6) times this year. The Board normally meets at least once in every quarter to consider operational results, once a year to consider the budget for the following year while one meeting is focused on strategy. Written notices of board meetings, along with agenda and working papers, were circulated normally at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors have been provided with copies of Listing Regulations, Memorandum and Articles of Association of the Company and Code of Corporate Governance. During the year, there was no specific training arranged for the directors. However they were briefed about the domestic and international business enviroment and regulatory changes in each board meetings. Six (6) Directors are already certificed under the Directors Training Program, while other three are exempted from the requirment to have such certification under the Corporate Code of Governance.
10. The Company has complied with all the corporate and financial reporting requirements of the CCG and the Directors' report for this year, fully describes the salient matters required to be disclosed by the CCG except for:

    Due to security reasons the Company has not disclosed the information as required under clause (xvi) and sub-clauses (j-iii) directors and their spouse(s) and minor children (name wise details), (j-iv) executives (name-wise), and clause (xvi) (l) all trade in the shares of the listed company, carried out by its directors, executives and their spouses and minor children as mentioned in the Code of Corporate Governance. The Company has applied for relaxation before Securities and Exchange Commission of Pakistan for the above on June 28, 2016. However, reply is yet to be received.

11. The Board has approved the appointment of the CEO, CFO, Company Secretary and the Chief Internal Auditor earlier, including their remuneration and terms and conditions of employment.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Board has formed an Audit Committee. It comprises 3 non-executive directors out of which 1 member is independent while other 2 are non-executive director.
15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
16. The Board has formed a Human Resource & Remuneration Committee. It comprises of 3 members, of whom one is a non-executive director, one is an executive director while the Chairman of the Committee is an independent director.
17. The Company has appointed a Chief Internal Auditor, who is assisted by Ernst & Young Ford Rhodes Sidat Hyder & Co in the internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
18. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) Guidelines on Code of Ethics as adopted by ICAP.
19. The statutory Auditors or persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The closed period, prior to the announcement of interim / final results, and business decisions which may materially affect the market price of company's securities, was determined and intimated to Directors, employees and stock exchanges.
21. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
22. We confirm that all other material principles enshrined in the CCG have been complied with.
23. The Company has documented the following policies and statements in compliance with the Code of Corporate Governance.

- Policy for Code of Conduct
- Mission Statement / Quality, Environmental, Health & Safety Policy
- Vision Statement
- Human Resources Policies
- Policy for Acquisition / Disposal of Fixed Assets
- Policy for Donations, Charities and Contributions
- Policy for Stores & Spares
- Policy for Write off Bad Debts, Advances & Receivables
- Investment Policy
- Budgetary Control Policy
- Policy for Delegation of Financial Powers
- Borrowing Policy for Determination of Level of Long Term Borrowings
- Related party Transactions & Transfer Pricing Policy
- Policy for Pricing, Credit & Discount
- Policy for Procurement of Goods & Services
- Risk Management Policy
- Policy for Profit Appropriation
- Roles & Responsibilities of The Chairman & Chief Executive
- Policy for Level of Materiality
- Speak-Up Policy
- Policy on Chief Executive Officer Evaluation
- Policy for Board Evaluation
- Policy for Review and Guidance on Litigation
- Directors' Remuneration Policy
- Investors Relations Policy

Fuad Azim Hashimi
Chairman – Board Audit Committee

Riyaz T. Chinoy
Chief Executive Officer

Review Report to the Members

on Statement of Compliance with the 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 International Industries Limited (“the Company”) for the year ended 30 June 2016 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange 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 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 of 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 under taken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in paragraph 10 in the Statement of Compliance with respect to non-disclosure of pattern of shareholding and non-disclosure of trades in the shares of the Company by certain persons respectively as required by clause (xvi) of the Code of Corporate Governance. The Company has applied to the Securities and Exchange Commission of Pakistan (SECP) for relaxation from such compliance and currently awaits their response in this regard.

KPMG Taseer

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Karachi
August 18, 2016

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Auditors' Report to the Members

We have audited the annexed balance sheet of International Industries Limited ("the Company") as at 30 June 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.1 with which we concur;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion 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.

KPMG Taseer

Karachi
August 18, 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Balance Sheet

As at 30 June 2016

	Note	2016	2015
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,852,292	3,622,157
Intangible assets	6	13,141	13,211
Investments	7	2,742,705	2,742,705
Long term deposits		46,166	6,867
Long term prepayments		-	833
		7,654,304	6,385,773
Current assets			
Stores and spares	8	132,502	138,375
Stock-in-trade	9	4,058,092	3,653,153
Trade debts	10	1,624,603	2,314,178
Advances	11	157,738	153,076
Trade deposits and short term prepayments	12	8,906	11,951
Other receivables	13	37,051	38,811
Taxation-net	14	287,663	417,813
Cash and bank balances	15	15,822	24,673
		6,322,377	6,752,030
Total assets		13,976,681	13,137,803
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (2015: 200,000,000) ordinary shares of Rs.10 each		2,000,000	2,000,000
Issued, subscribed and paid-up capital	16	1,198,926	1,198,926
General reserve		2,700,036	2,700,036
Unappropriated profit		1,303,533	883,206
Total equity		5,202,495	4,782,168
Surplus on revaluation of property, plant and equipment	17	2,104,009	1,561,085
LIABILITIES			
Non-current liabilities			
Long term financing- secured	18	1,038,054	242,992
Staff retirement benefits	33.2	44,835	70,577
Deferred taxation-net	19	249,261	144,382
		1,332,150	457,951
Current liabilities			
Trade and other payables	20	1,858,904	1,375,318
Short term borrowings- secured	21	3,243,249	4,664,407
Current portion of long term financing- secured	18	158,205	150,000
Sales tax payable		37,213	87,689
Accrued mark-up		40,456	59,185
		5,338,027	6,336,599
Total liabilities		6,670,177	6,794,550
Total equity and liabilities		13,976,681	13,137,803
Contingencies and commitments	22		

The annexed notes 1 to 43 form an integral part of these financial statements.

Fuad Azim Hashimi	**Nadir Akbarali Jamal**	**Riyaz T. Chinoy**
Director & Chairman Board Audit Committee	Chief Financial Officer	Chief Executive Officer

Profit and Loss Account

For the year ended 30 June 2016

	Note	2016	2015
		(Rupees in ‘000)	
Net sales	23	14,820,526	17,673,799
Cost of sales	24	(12,360,461)	(15,795,133)
Gross profit		2,460,065	1,878,666
Selling and distribution expenses	25	(823,973)	(589,651)
Administrative expenses	26	(248,902)	(188,783)
		(1,072,875)	(778,434)
Financial and other charges	27	(334,483)	(487,514)
Other operating charges	28	(115,971)	(81,639)
		(450,454)	(569,153)
Other income	29	167,280	401,761
Profit before taxation		1,104,016	932,840
Taxation	30	(318,000)	(202,300)
Profit for the year		786,016	730,540
		(Rupees)	
Earnings per share - basic and diluted	31	6.56	6.09

The annexed notes 1 to 43 form an integral part of these financial statements.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

Statement of Comprehensive Income

For the year ended 30 June 2016

	2016	2015
	(Rupees in ‘000)	
Profit for the year	786,016	730,540
Other Comprehensive Income		
Items that will never be reclassified to profit and loss account		
Remeasurements of defined benefit liability	25,742	16,734
Tax thereon	(5,825)	(3,263)
Other comprehensive income - net of tax	19,917	13,471
Total comprehensive income for the year	805,933	744,011

The annexed notes 1 to 43 form an integral part of these financial statements.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

Cash Flow Statement

For the year ended 30 June 2016

	Note	2016	2015
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,104,016	932,840
Adjustments for:			
Depreciation and amortisation	5.2 & 6.1	269,587	245,890
Provision for doubtful debts - net		68,039	(3,247)
Provision for staff gratuity		33,024	34,647
Interest on bank deposits	29	(967)	(2,674)
Gain on disposal of property, plant and equipment	29	(34,051)	(30,894)
Dividend income		(7,278)	(255,972)
Financial charges	27	334,483	487,514
		1,766,853	1,408,104
Changes in:			
Working capital	32	653,076	1,462,660
Long term prepayments		833	4,002
Long term deposits		(39,299)	(2,379)
Net cash generated from operations		2,381,463	2,872,387
Financial charges paid		(353,212)	(515,089)
Payment for staff gratuity		(33,024)	(26,404)
Taxes paid		(151,994)	(75,680)
Net cash generated from operating activities		1,843,233	2,255,214
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(868,188)	(366,233)
Investment in subsidiary	7	-	(150,000)
Proceeds from sale of property, plant and equipment		42,728	43,061
Dividend income received		7,278	255,972
Interest received		967	2,674
Net cash used in investing activities		(817,215)	(214,526)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		953,267	92,992
Repayment of long term financing		(150,000)	(150,000)
Dividends paid		(416,978)	(418,441)
Net cash generated from / (used in) financing activities		386,289	(475,449)
Net increase in cash and cash equivalents		1,412,307	1,565,239
Cash and cash equivalents at beginning of the year		(4,639,734)	(6,204,973)
Cash and cash equivalents at end of the year		(3,227,427)	(4,639,734)
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances	15	15,822	24,673
Short term borrowings- secured	21	(3,243,249)	(4,664,407)
		(3,227,427)	(4,639,734)

The annexed notes 1 to 43 form an integral part of these financial statements.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

Statement of Changes in Equity

For the year ended 30 June 2016

	Issued, subscribed & paid up capital	Revenue reserves		Total reserves	Total
		General reserve	Un-appropriated profit		
	(Rupees in '000)				
Balance as at 1 July 2014	1,198,926	2,700,036	523,550	3,223,586	4,422,512
Profit for the year	-	-	730,540	730,540	730,540
Other comprehensive income for the year	-	-	13,471	13,471	13,471
Total comprehensive income for the year ended 30 June 2015	-	-	744,011	744,011	744,011
Transactions with owners recorded directly in equity - distributions					
- Final dividend at 20% (i.e. Rs.2.00 per share) for the year ended 30 June 2014	-	-	(239,785)	(239,785)	(239,785)
- Interim dividend at 15.00% (i.e. Rs. 1.50 per share) for the year ended 30 June 2015	-	-	(179,839)	(179,839)	(179,839)
Total transactions with owners - distributions	-	-	(419,624)	(419,624)	(419,624)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	35,269	35,269	35,269
Balance as at 30 June 2015	1,198,926	2,700,036	883,206	3,583,242	4,782,168
Profit for the year	-	-	786,016	786,016	786,016
Other comprehensive income for the year	-	-	19,917	19,917	19,917
Total comprehensive income for the year ended 30 June 2016	-	-	805,933	805,933	805,933
Transactions with owners recorded directly in equity - distributions					
- Final dividend at 25% (i.e. Rs. 2.50 per share) for the year ended 30 June 2015	-	-	(299,732)	(299,732)	(299,732)
- Interim dividend at 10.00% (i.e. Rs. 1.00 per share) for the year ended 30 June 2016	-	-	(119,893)	(119,893)	(119,893)
Total transactions with owners - distributions	-	-	(419,625)	(419,625)	(419,625)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	34,019	34,019	34,019
Balance as at 30 June 2016	1,198,926	2,700,036	1,303,533	4,003,569	5,202,495

The annexed notes 1 to 43 form an integral part of these financial statements.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

Notes to the Financial Statements

For the year ended 30 June 2016

1. STATUS AND NATURE OF BUSINESS

International Industries Limited ("the Company") was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. The Company is in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes and polyethylene pipes. The registered office of the Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.

Details of the Company's investment in subsidiaries and associated company are stated in note 7 to these financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that land and buildings are stated at fair values determined by an independent valuer and the Company's liability under defined benefit plan (gratuity) is determined on the present value of defined benefit obligations as determined by an independent actuary.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgments in the next financial year are set forth below:

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain matters in the past.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

Trade debts and other receivables

The Company's management reviews its trade debtors on a continuous basis to identify receivables where collection of an amount is no longer probable. These estimates are based on historical experience and are subject to changes in conditions at the time of actual recovery.

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. The Company carries Land and Buildings at revalued amounts. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Stock-in-trade and stores and spares

The Company reviews the net realisable value of stock-in-trade and stores, spares parts and loose tools to assess any diminution in their respective carrying values and also review the inventories for obsolescence.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS

3.1 Standards, amendments or interpretations which became effective during the year:

During the year, certain new standards and amendments to existing standards became effective. However, they did not have material affect on these financial statements, except for adoption of IFRS - 13 'Fair Value Measurement'.

IFRS - 13 'Fair Value Measurement' became effective during the year which establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. As a result, the Company has included additional disclosures in this regard in note 37 to these financial statements. Notwithstanding the above, the aforementioned change does not have material impact on fair value measurement of assets and liabilities.

3.2 Standards, amendments or interpretations not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2016 and the Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) (effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants (Amendment to IAS 16 and IAS 41) (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - ‘Share-based Payment’ clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company’s financial statements.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 ‘Non-current Assets Held for Sale and Discontinued Operations’. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 ‘Financial Instruments - Disclosures’. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by ‘Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)’ are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 ‘Employee Benefits’. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 ‘Interim Financial Reporting’. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set out below are consistently applied for all periods presented in these financial statements except for adoption of IFRS 13 as disclosed in note 3.1 to these financial statements.

4.1 Property, plant and equipment

Property, plant and equipment (except freehold and leasehold land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold and leasehold land and buildings are stated at revalued amounts less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The value assigned to leasehold lands is not amortized as the respective leases are expected to be renewed for further periods on payment of relevant rentals.

Subsequent cost

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is derecognised. Normal repairs and maintenance are charged to the Profit and Loss Account during the period in which they are incurred.

Depreciation

Depreciation is charged to income on a straight line basis at rates specified in note 5.1 to these financial statements except for freehold and leasehold land. Depreciation on addition is charged from the month an asset is available for use upto the month prior to its disposal.

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

Revaluation surplus

Surplus on revaluation of land and buildings is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to retained earnings (Unappropriated Profit).

Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised in other income/other expenses in the Profit and Loss Account. When revalued assets are sold, any related amount included in the Revaluation Reserve is transferred to retained earnings (Unappropriated Profit).

Capital work in process (CWIP)

Capital work in progress is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in the course of an asset's construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.

4.2 Intangible assets

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

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use. An intangible asset is measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization

Amortization is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets (i.e. three years) unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized upto the month prior to their disposal.

4.3 Investments

Investments in subsidiaries

Investments in subsidiaries are initially recognised and carried at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment losses are recognised in Profit and Loss Account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the Profit and Loss Account.

Investments in associates

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

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

4.4 Derivative financial instruments - other than hedging

Derivatives that do not qualify for hedge accounting are recognised in the Balance Sheet at estimated fair value with corresponding effect to Profit and Loss Account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.5 Derivative financial instruments - cash flow hedges

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

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

4.6 Borrowings costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark-up, interest and other related charges are charged to the Profit and Loss Account currently.

4.7 Stores and spares

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

Provision for obsolete and slow moving stores, spares and loose tools is determined based on the management's estimate regarding their future usability.

Net realisable value signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

4.8 Stock-in-trade

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the weighted average basis. Cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value signifies the estimated selling price in the ordinary course of the business less the net estimated cost of completion and selling expenses.

Scrap stocks are valued at estimated net realisable value.

4.9 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.10 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and current and deposit accounts held with banks. Short term borrowings availed by the Company, which are payable on demand and form an integral part of the Company's cash management, are included as part of cash and cash equivalents for the purpose of the Cash Flow Statement.

4.11 Taxation

Income Tax expense comprises current and deferred tax. Income Tax expense is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised directly in other comprehensive income or below equity, in which case it is recognised in other comprehensive income or below equity respectively.

Current tax

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

Deferred tax

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

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

Further, the Company also recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

4.12 Employee benefits

Defined benefit plan

The Company operates an approved funded Gratuity Scheme (the Plan) for eligible employees of the Company. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in profit and loss account. The latest Actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

Defined contribution plan

The Company operates a recognised provident fund for all its employees except unionized staff. Equal monthly contributions are made by the Company and its employees to the fund at the rate of 8.33% of basic salary and cost of living allowance and the same is charged to the Profit and Loss Account.

Compensated absences

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

4.13 Trade and other payables

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

4.14 Foreign currency translation

Transactions in foreign currencies are translated into Pakistan Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing on the balance sheet date.

Exchange differences are included in the Profit and Loss Account currently.

4.15 Revenue recognition

- Domestic sales are recognised as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides with delivery.

- Export sales are recognised as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides either with date of shipping bill or upon delivery to customer or its representative, based on terms of arrangement.

- Interest income (including late payment surcharge) is recognised on a time-apportioned basis using the effective rate of return.

- Dividend income is recognised when the right to receive payment is established.

- Revenue from power generation plant on account of sale of surplus electricity is recognised on transmission of electricity to K-Electric Limited.

- Gains / losses arising on sale of investments are included in the Profit and Loss Account in the period in which they arise.

- Service income is recognised when related services are rendered.

- Rental income is recognised on straight line basis over the term of the respective lease agreement.

- Miscellaneous income is recognised on receipt basis.

4.16 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instrument.

4.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.18 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax asset, are reviewed at each balance sheet date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the Profit and Loss Account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.19 Mark-up bearing borrowings

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

4.20 Provisions

A provision is recognised 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. The management monitors the operating results of its products (i.e. Steel and Plastic Pipes) separately for the purpose of making decisions regarding resource allocation and performance assessment.

4.22 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriation to / from reserves are recognised in the period in which these are approved by the Members and Board of Directors respectively.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees in '000)	
Operating assets	5.1	4,784,966	3,415,834
Capital work-in-progress (CWIP)	5.5	65,029	198,224
Store & spare held for capital expenditures - at cost		2,297	8,099
		4,852,292	3,622,157

5.1 Operating assets

	Land - revalued		Buildings - revalued		Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
	(Rupees in ‘000)							
Balance as at 1 July 2015								
Cost / revalued amount	446,670	1,144,566	165,994	756,676	2,751,905	89,653	125,095	5,480,559
Accumulated depreciation	-	-	(17,196)	(100,734)	(1,824,165)	(74,839)	(47,791)	(2,064,725)
Net book value (NBV)	446,670	1,144,566	148,798	655,942	927,740	14,814	77,304	3,415,834
Additions / adjustments / transfers from CWIP	-	22,939	74,679	52,012	793,323	5,450	18,576	966,979
Surplus on revaluation	82,121	319,188	28,102	246,821	-	-	-	676,232
Disposals								
- Cost	-	-	-	-	(33,453)	(673)	(17,507)	(51,633)
- Accumulated depreciation	-	-	-	-	30,864	621	11,471	42,956
	-	-	-	-	(2,589)	(52)	(6,036)	(8,677)
Depreciation charge	-	-	(10,595)	(56,942)	(164,930)	(7,182)	(25,753)	(265,402)
Balance as at 30 June 2016 (NBV)	528,791	1,486,693	240,984	897,833	1,553,544	13,030	64,091	4,784,966
Gross carrying value as at 30 June 2016								
Cost / revalued amount	528,791	1,486,693	240,984	897,833	3,511,775	94,430	126,164	6,886,670
Accumulated depreciation*	-	-	-	-	(1,958,231)	(81,400)	(62,073)	(2,101,704)
Net book value	528,791	1,486,693	240,984	897,833	1,553,544	13,030	64,091	4,784,966
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	
Balance as at 1 July 2014								
Cost / revalued amount	446,670	1,137,648	164,562	727,594	2,686,154	83,212	96,246	5,342,086
Accumulated depreciation	-	-	(7,308)	(44,957)	(1,725,594)	(64,262)	(41,903)	(1,884,024)
Net book value (NBV)	446,670	1,137,648	157,254	682,637	960,560	18,950	54,343	3,458,062
Additions / transfer from CWIP	-	6,918	1,432	29,082	119,766	7,529	46,903	211,630
Disposals								
- Cost	-	-	-	-	(54,015)	(1,088)	(18,054)	(73,157)
- Accumulated depreciation	-	-	-	-	44,671	996	15,323	60,990
	-	-	-	-	(9,344)	(92)	(2,731)	(12,167)
Depreciation charge	-	-	(9,888)	(55,777)	(143,242)	(11,573)	(21,211)	(241,691)
Balance as at 30 June 2015 (NBV)	446,670	1,144,566	148,798	655,942	927,740	14,814	77,304	3,415,834
Gross carrying value as at 30 June 2015								
Cost / revalued amount	446,670	1,144,566	165,994	756,676	2,751,905	89,653	125,095	5,480,559
Accumulated depreciation	-	-	(17,196)	(100,734)	(1,824,165)	(74,839)	(47,791)	(2,064,725)
Net book value	446,670	1,144,566	148,798	655,942	927,740	14,814	77,304	3,415,834
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	

* This represents adjustment to accumulated depreciation by eliminating it against gross carrying amount of the assets using elimination approach to incorporate revaluation impact.

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

	Note	2016	2015
		(Rupees in ‘000)	
Cost of sales	24	238,602	221,200
Selling and distribution expenses	25	11,383	7,073
Administrative expenses	26	15,417	13,418
		265,402	241,691

5.3 The revaluation of the freehold land, leasehold land and buildings thereon was carried out as of 30 June 2016 by MYK Associates (Private) Limited (an independent valuer who is located in Karachi) on the basis of their professional assessment of present market values based on enquiries made about the cost of land of similar nature, size and location including consideration of current cost of acquisition or construction, net of diminution owing to depreciation, keeping in view the current condition. The revaluation resulted in a surplus on revaluation amounting to Rs. 676 million which was incorporated in the books of the Company as at 30 June 2016.

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

The carrying amount of the aforementioned assets as at 30 June 2016, if the said assets had been carried at historical cost, would have been as follows:

	Cost	Accumulated depreciation	Net book value
	(Rupees in ‘000)		
Freehold land	141,962	-	141,962
Leasehold land	366,796	-	366,796
Buildings	684,105	(317,270)	366,835
As at 30 June 2016	1,192,863	(317,270)	875,593
As at 30 June 2015	1,017,091	(293,701)	723,390

5.4 Details of property, plant and equipment disposed off / scrapped during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
	(Rupees in ‘000)					
Chiller	2,392	2,342	50	1,088	Negotiation	M/s.Modilina Enterprises
Threadening machine	1,089	1,039	50	250	Negotiation	M/s.Muhammad Anwar
Transformer	1,656	1,079	577	450	Negotiation	M/s.Modilina Enterprises
RO membrance	1,000	449	551	157	Negotiation	M/s.Modilina Enterprises
Air intercooler core	1,500	899	601	398	Negotiation	M/s.Modilina Enterprises
Heat exchanger for DC motor	423	356	67	308	Negotiation	M/s.Modilina Enterprises
Oil Cooler	2,096	1,850	246	958	Negotiation	M/s.Modilina Enterprises
Arbar Shaft	2,279	2,179	100	122	Negotiation	M/s.Modilina Enterprises
Uncoiler	601	371	230	152	Negotiation	M/s.Modilina Enterprises
Plant K-76 (partly)	1,779	1,664	115	469	Negotiation	M/s.Qaiser Khan & Bros
Laptop MacAir	104	52	52	60	Insurance claim	Jubilee General Insurance Co. Limited
Suzuki Mehran	683	125	558	-	Company’s Policy	Mrs.Sara Younus Kamal (widow)
Honda City	1,648	1,016	632	1,187	Auction	Karachi Auction Mart
Suzuki Cultus	916	824	92	580	Auction	Karachi Auction Mart
Suzuki Mehran	630	263	367	499	Auction	Karachi Auction Mart
Honda Civic	2,146	1,001	1,145	-	Company’s Policy	Mr.Tariq Hafiz
Honda City	1,703	738	965	1,305	Negotiation	Mr.Faiz Iqbal Mian
Honda City	1,300	1,018	282	919	Company’s Policy	Mr.Samar Abbas
Honda City	1,532	792	740	-	Company’s Policy	Mr.Najam Siddiqui
Toyota Corolla	1,752	497	1,255	1,444	Auction	Karachi Auction Mart
Various Items of book value upto Rs.50,000 each	24,404	24,402	2	32,382	Negotiation	Various
	51,633	42,956	8,677	42,728		

5.5 Capital work-in-progress (CWIP)

	Note	2016			
		Cost			
		As at 1 July 2015	Additions/ Adjustments	Transfers/ Adjustments	As at 30 June 2016
		(Rupees in '000)			
Leasehold land		-	26,524	(22,939)	3,585
Buildings on freehold land		-	82,638	(74,679)	7,959
Buildings on leasehold land		52,417	10,854	(52,012)	11,259
Plant and machinery	5.5.1	145,654	688,164	(793,323)	40,495
Furniture, fixtures and office equipment		153	7,028	(5,450)	1,731
Vehicles		-	18,576	(18,576)	-
		198,224	833,784	(966,979)	65,029

	2015			
	Cost			
	As at 1 July 2014	Additions	Transfers	As at 30 June 2015
	(Rupees in '000)			
Leasehold land	-	6,918	(6,918)	-
Buildings	15,249	67,682	(30,514)	52,417
Plant and machinery	28,741	237,952	(121,039)	145,654
Furniture, fixtures and office equipment	-	7,682	(7,529)	153
Vehicles	-	46,903	(46,903)	-
	43,990	367,137	(212,903)	198,224

5.5.1 Additions include borrowing cost capitalized amounting to Rs. 10.8 million.(2015: 5.7 million). The effective rate for capitalization of borrowing cost ranges from 3.7% to 7.1% per annum.

6. INTANGIBLE ASSETS

	Note	2016	2015
		(Rupees in '000)	
Operating intangible assets	6.1	3,329	2,630
Capital work-in-progress (CWIP)	6.2	9,812	10,581
		13,141	13,211

6.1 Operating intangible assets

	Note	2016	2015
Net book value as at 1 July		2,630	6,829
Additions / Adjustments		4,884	-
Amortisation	6.1.2	(4,185)	(4,199)
Net book value as at 30 June		3,329	2,630
Gross carrying value as at 30 June			
Cost		59,089	54,205
Accumulated amortisation		(55,760)	(51,575)
Net book value		3,329	2,630
		(Percent)	
Amortisation rate (per annum)		33.33	33.33

6.1.1 Intangible assets comprise of computer software and licenses.

6.1.2 The amortisation expense for the year has been allocated as follows:

	Note	2016	2015
		(Rupees in '000)	
Cost of sales	24	2,100	2,014
Selling and distribution expenses	25	970	1,170
Administrative expenses	26	1,115	1,015
		4,185	4,199

6.2 This represents advance provided to ERP consultant on account of upgradation of ERP system.

7. INVESTMENTS

2016	2015				
Number of shares Quoted Companies					
245,055,543	245,055,543	International Steels Limited (ISL) - subsidiary company, at cost	7.1	2,450,555	2,450,555
2,425,913	2,425,913	Pakistan Cables Limited (PCL) - associated company, at cost	7.2	132,982	132,982
Un-quoted Companies					
100,000	100,000	IIL Australia Pty Limited (IIL Australia) - subsidiary company, at cost	7.3	9,168	9,168
15,000,000	15,000,000	IIL Stainless Steel (Private) Limited (IIL SS) - subsidiary company, at cost	7.4	150,000	150,000
				2,742,705	2,742,705

7.1 The Company holds 56.33% ownership interest in ISL. The Chief Executive Officer of ISL is Mr. Yousuf H. Mirza.

7.2 The Company holds 8.52% ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Kamal A. Chinoy.

7.3 The Company holds 100% ownership interest in IIL Australia Pty Limited. The Chief Executive Officer of IIL Australia Pty Limited is Mr. Sohail Raza Bhojani. The Company is incorporated in Victoria, Australia.

7.4 The Company holds 100% ownership interest in IIL Stainless Steel (Private) Limited. The Subsidiary Company was incorporated on 28 November 2014. The Chief Executive Officer of IIL SS is Mr. Khawar Bari.

7.5 The market value of the aforementioned quoted investments is as follows:

International Steels Limited	8,728,878	6,886,061
Pakistan Cables Limited	413,667	403,915

7.6 The book value of IIL Australia based on the audited financial statements as at 30 June 2016 is Australian Dollars 103,572 (Rs. 8.05 million) [(2015: AUD 103,069 (Rs. 8.03 million)].

7.7 The book value of IIL SS based on the audited financial statements as at 30 June 2016 is Rs. 121 million (2015: Rs. 144 million).

8. STORES AND SPARES

	Note	2016	2015
		(Rupees in ‘000)	
Stores		59,706	40,541
Spares		70,424	95,994
Loose tools		2,372	1,840
		132,502	138,375

9. STOCK-IN-TRADE

		Note	2016	2015
Raw material	- in hand	9.1	1,612,610	1,098,760
	- in transit		569,459	474,753
			2,182,069	1,573,513
Work-in-process			577,901	590,344
Finished goods			1,244,339	1,426,328
By-products			28,108	62,406
Scrap material			25,675	562
			4,058,092	3,653,153

9.1 Raw material amounting to Rs. 2.7 million (2015: Rs. 6.4 million) as at 30 June 2016 was held at a vendor’s premises for the production of pipe caps.

10. TRADE DEBTS

		Note	2016	2015
Considered good	- secured	10.1	472,576	894,847
	- unsecured		1,152,027	1,419,331
			1,624,603	2,314,178
Considered doubtful			105,569	37,530
			1,730,172	2,351,708
Provision for doubtful debts		10.3	(105,569)	(37,530)
			1,624,603	2,314,178

10.1 This represents trade debts arising on account of export sales of Rs. 464.7 million (2015: Rs. 843.6 million) which are secured by way of Export Letters of Credit and Rs. 7.9 million (2015: Rs. 51.2 million) on account of domestic sales which are secured by way of Inland Letter of Credit.

10.2 Related parties from whom trade debts are due as at 30 June 2016 are as under:

	Note	2016	2015
IIL Australia Pty Limited		241,482	84,947
Pakistan Cables Limited		272	830
IIL Stainless Steel (Private) Limited		45,717	-
	10.2.1	287,471	85,777

10.2.1 The ageing of the trade debts receivable from related parties as at the balance sheet date is as under:

	2016	2015
Not past due	214,871	68,535
Past due 1-60 days	59,201	16,501
Past due 61 days - 365 days	13,399	741
Total	287,471	85,777

10.3 Provision for doubtful debts

	Note	2016	2015
Balance as at 1 July		37,530	40,777
Charge for the year		82,826	8,781
Recoveries during the year		(14,787)	(12,028)
	25	68,039	(3,247)
Balance as at 30 June		105,569	37,530

11. ADVANCES

	Note	2016	2015
		(Rupees in '000)	
Considered good- unsecured			
- Suppliers		156,453	126,320
- Employees for business related expenses		1,285	2,845
- Workers		-	23,911
		157,738	153,076

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2016	2015
Trade deposits		5,540	6,928
Short term prepayments		3,366	5,023
		8,906	11,951

13. OTHER RECEIVABLES

	Note	2016	2015
Considered good			
Receivable on transmission of electricity to K-Electric Limited		8,498	8,372
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods		25,940	25,940
Receivable from IIL Stainless steel (Private) Limited - a related concern		2,613	3,729
Others		-	770
		37,051	38,811

14. TAXATION - NET

	Note	2016	2015
Tax receivable as at 1 July		417,813	577,539
Tax payments / adjustments made during the year		253,378	141,769
Refund received during the year		(101,384)	(66,090)
		569,807	653,218
Less: Provision for tax	30	(282,144)	(235,405)
		287,663	417,813

15. CASH AND BANK BALANCES

	Note	2016	2015
- Cash in hand		400	-
- Current accounts		15,422	24,673
		15,822	24,673

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		2016	2015
(Number of shares)			(Rupees in '000)	
6,769,725	6,769,725	Fully paid ordinary shares of Rs. 10 each issued for cash	67,697	67,697
113,122,894	113,122,894	Fully paid ordinary shares of Rs. 10 each issued as bonus shares	1,131,229	1,131,229
119,892,619	119,892,619		1,198,926	1,198,926

16.1 Associated companies, due to common directors, held 576,000 (2015 : 576,000) ordinary shares of Rs. 10 each at the year end.

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees in '000)	
Freehold land			
Balance as at 1 July		304,708	304,708
Surplus on revaluation of freehold land	5.1	82,121	-
Balance as at 30 June		386,829	304,708
Leasehold land			
Balance as at 1 July		800,709	800,709
Surplus on revaluation of Leasehold land	5.1	319,188	-
Balance as at 30 June		1,119,897	800,709

	Note	2016	2015
		(Rupees in '000)	
Buildings			
Balance as at 1 July		567,169	613,575
Adjustment		(26,142)	-
Surplus on revaluation of Buildings	5.1	274,923	-
Transferred to retained earnings (Unappropriated Profit) in respect of incremental depreciation charged during the year		(43,968)	(46,406)
		771,982	567,169
Related deferred tax liability	17.1	(174,699)	(111,501)
Balance as at 30 June - net of deferred tax		597,283	455,668
		2,104,009	1,561,085

17.1 Movement in related deferred tax liability

	Note	2016	2015
Balance as at 1 July		111,501	137,356
Surplus on revaluation of Buildings		62,215	-
Effect of change in tax rates		10,932	(14,718)
Tax effect on incremental depreciation transferred to retained earnings		(9,949)	(11,137)
Deferred tax liability as at 30 June	19	174,699	111,501

18. LONG TERM FINANCING - secured

Details of Long Term Financing are as follows:

	Sale price	Purchase price	Number of instalments and commencement date	Date of maturity	Rate of mark-up per annum	2016	2015
	(Rupees in '000)					(Rupees in '000)	
CONVENTIONAL							
MCB Bank Limited Financing under Long term Finance Facility for plant and machinery (Refer note 18.1)	550,000	906,963	34 quarterly 29 Oct. 2016	28 Mar. 2024 to 20 Nov. 2025	SBP +0.70% (fixed rate)	546,259	92,992
ISLAMIC							
Meezan Bank Limited Diminishing Musharakah of Rs.450 million for plant and machinery (Refer note 18.2)	450,000	570,874	6 half yearly 24 Dec. 2014	24 June 2017	0.2 % over 6 months KIBOR	150,000	300,000
Meezan Bank Limited Diminishing Musharakah of Rs.500 million for plant and machinery (Refer note 18.2)	500,000	950,361	10 half yearly 30 June 2018	30 June 2023	0.1 % over 6 months KIBOR	500,000	-
Less: Current portion of long term finances shown under current liabilities - Conventional						(8,205)	-
- Islamic						(150,000)	(150,000)
						1,038,054	242,992

18.1 The Company has an approved financing facility under Long Term Finance Facility of an amount aggregating Rs. 550 million. As at June 30, 2016 the company has withdrawn Rs. 546.3 million (2015: Rs. 92.3 million) from a commercial bank. The facility is secured by way of a mortgage on all present and future land and buildings, located at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate Karachi and Survey No.402, 405-406, Dehsharabi Landhi Town Karachi.

18.2 The above long term financing utilized under diminishing musharakah arrangement is secured by way of a mortgage on all present and future land and buildings, located at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi, and Survey No. 402, 405-406, Dehsharabi, Landhi Town, Karachi.

19. DEFERRED TAXATION - NET

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	Note	2016	2015
		(Rupees in '000)	
Taxable temporary difference			
Accelerated tax depreciation		180,053	100,727
Surplus on revaluation of buildings	17	174,699	111,501
Deductible temporary differences			
Provision for infrastructure cess		(60,644)	(43,037)
Provision for doubtful debts		(32,664)	(9,876)
Provision for compensated absences		(2,037)	(1,170)
Staff retirement benefits		(10,146)	(13,763)
		249,261	144,382

20. TRADE AND OTHER PAYABLES

	Note	2016	2015
Trade creditors		117,586	55,160
Bills payable		480,618	474,753
Accrued expenses		789,314	462,741
Provision for Infrastructure Cess	20.1 & 22.1.5	267,980	220,702
Short term compensated absences		9,000	6,000
Advances from customers		72,098	108,073
Workers' Profit Participation Fund	20.2	9,300	13,900
Workers' Welfare Fund		38,250	14,550
Unclaimed dividend		17,033	14,386
Others		57,725	5,053
		1,858,904	1,375,318

20.1 Provision for Infrastructure Cess

	Note	2016	2015
Balance as at 1 July		220,702	172,781
Charge for the year		47,278	47,921
Balance as at 30 June		267,980	220,702

20.2 Workers' Profit Participation Fund

	Note	2016	2015
Balance as at 1 July		13,900	10,300
Interest on funds utilized in the Company's business at 30% (2015: 15%)	27	560	317
		14,460	10,617
Allocation for the year		59,300	36,400
		73,760	47,017
Payments made during the year		(64,460)	(33,117)
Balance as at 30 June		9,300	13,900

21. SHORT TERM BORROWINGS- secured

	Note	2016	2015
CONVENTIONAL			
Running finance under mark-up arrangement from banks	21.1	156,079	186,346
Short term borrowing under Money Market Scheme	21.2	243,223	-
Short term borrowing under Export Refinance Scheme	21.3	2,000,000	2,884,800
Running finance under FE-25 Export and Import Scheme	21.4	166,248	1,590,292
Book overdraft		30,611	-
ISLAMIC			
Short term borrowing under running Musharakah	21.5	647,088	2,969
		3,243,249	4,664,407

21.1 The facilities for running finance available from various commercial banks amounted to Rs. 1,193 million (2015: Rs.735 million). The rates of mark-up on these finances range from 6.75% to 7.89% per annum (2015: 7.33% to 9.45% per annum). Unavailed facility as at the year end amounted to Rs. 1,036 million (2015: Rs. 549 million).

21.2 The facilities for short term borrowing under Money Market Scheme available from various commercial banks under mark-up arrangement amounted to Rs. 4,414 million (2015: Rs. 2,197 million).Unavailed facility as at the year end amounted to Rs. 4,171 million (2015: Nil). The rates of mark-up on these finances range from 6.16% to 6.55% (2015: 6.75% to 10.62%).

21.3 The Company has borrowed short term running finance under the Export Refinance Scheme of the State Bank of Pakistan (SBP). The facility availed is for an amount of Rs. 2,000 million (2015: Rs. 2,885 million). The rate of mark-up on this facility was 3.80% to 4.00% per annum (2015: 5.5% per annum).

21.4 The Company has also borrowed short term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 of the SBP for the purpose of meeting import requirements. The facility availed is for amounts aggregating of USD 1.6 million equivalent to Rs. 166 million (2015: USD 15.6 million equivalent to Rs. 1,590 million). The rates of mark-up on these finances range from 2.0% to 2.5% (2015: 2.0% to 2.5%).

21.5 The facilities for running finance available from various commercial banks amounted to Rs. 1,000 million (2015: Rs. 1,600 million). The rates of mark-up on these finances is 6.16% per annum (2015: 8.2% per annum). Unavailed facility as at the year end amounted to Rs. 353 million (2015: Rs. 1,597 million).

21.6 All running finance and short term borrowing facilities are secured by way of hypothecation of all present and future fixed assets (excluding land and building) and present and future current and moveable assets.

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 Bank guarantees have been issued under certain supply contracts aggregating Rs. 186.9 million (2015: Rs. 125.6 million).

22.1.2 Customs duties amounting to Rs. 52 million as at 30 June 2016 (2015: Rs. 156 million) on import of raw material shall be payable by the Company in case of non-fulfilment of certain conditions imposed by the customs authorities under SRO 565(1) / 2006. The Company has provided post-dated cheques in favour of the Collector of Customs which are, in the normal course of business, to be returned to the Company after fulfilment of stipulated conditions. The Company has fulfilled the conditions for the aforementioned duties and is making efforts to retrieve the associated post-dated cheques from the customs authorities.

22.1.3 An amount of Rs. 375 million was claimed by the customs authorities as duty rate differential on imports made during 2005-10 due to an anomaly in SRO 565(1) / 2006 Serial 88. Since then, the anomaly has been rectified. The Company filed a petition with the Sindh High Court in 2010 for an injunction and is awaiting the final judgement.

22.1.4 The customs authorities have charged a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Company has filed an appeal before the Sindh High Court, which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the High Court. The management anticipates that the chances of admission of such appeal are remote.

22.1.5 The Company has reversed the provision for the levy of Infrastructure Cess amounting to Rs. 107 million in 2009 on the basis of a decision of the Sindh High Court which declared the levy of Infrastructure Cess before 28 December 2006 as void and invalid. However, the Excise and Taxation Department (the Department) has filed an appeal before the Supreme Court of Pakistan against such order. In May 2011, the Supreme Court disposed off the appeal with a joint statement of the parties that, during the pendency of the appeal, another law i.e. the Fifth Version, came into existence which was not the subject matter of the appeal. Hence the case was referred back to the High Court with the right to appeal to the Supreme Court. On 31 May 2011, the High Court has granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignments released upto 27 December 2006 and any bank guarantee / security furnished for consignments released after 27 December 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability of the Fifth Version of the law and its retrospective application, the authorities are entitled to claim the amounts due under the said law with the right to appeal available to the petitioner. Bank guarantees amounting to Rs. 383 million (30 June 2015: Rs. 338 million) which includes Rs. 107 million mentioned above have been provided to the Department in this regard. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Company on prudent basis (note 20.1).

22.1.6 During the year 2015, Government passed a new law “Gas Infrastructure Development Cess Act 2015” by virtue of which all prior enactments have been declared infructuous. The said Act levies GIDC at Rs 200/MMBTU on captive power consumption effective 1 July 2011 and at Rs.100/MMBTU on industrial connection from the date of passing of that Act. The Company has obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh. The Company is confident of favourable outcome and therefore has not recorded to the extent of self consumption a provision of Rs. 95.1 million (from July 01, 2011 till May 22, 2015) in these financial statements. However, the Company has recognised the cess after the passage of the Act.

Further management has not recognized GIDC amounting to Rs. 24.69 million pertaining to period from 01 July 2011 to 30 June 2016 with respect to its captive power plant from which power generation is supplied to K-Electric Limited. Management considers that, in the event such levy is imposed, it shall recover GIDC from K-Electric Limited through fuel adjustments after getting requisite approval from National Electric Power Regulatory Authority (NEPRA).

22.1.7 Relying upon the judgment by Peshawar High Court, Model Collectorate of Customs (MCC), Peshawar stopped exports of the Company goods to Afghanistan under the pretext that SRO 190(I) / 2002 dated 2 April 2002 attracts a levy of sales tax at the rate of 17%. Subsequently the goods already in transit were held at Torkham Boarder by MCC Peshawar on the account of non-payment of 17% Sales Tax. A Constitutional Petition in the Sindh High Court (SHC) on 1 October 2015 arguing that there is no sales tax on exports to Afghanistan as the same is exempted under the manufacturing bond rules SRO 450(I) / 2015. Secondly, SRO 190 was issued in 2002 and was never implemented, therefore under Section 65 of the Sales Tax Act 1990 no such liability could be raised at this stage. The SHC granted stay order whereby the Company was allowed to export its goods to Afghanistan subject to depositing bank guarantees worth Rs. 6.2 million (i.e. value of disputed sales tax amount) before the Nazir of the SHC. On 30 October 2015 FBR issued a clarification as to the applicability of SRO 190(I) / 2002 and stated that exports made to Afghanistan does not attract the levy of sales tax. The said clarification has already been filed before the SHC and disposal of the case along with return of the said bank guarantees is awaited.

22.1.8 The Company has issued a corporate guarantee to a commercial bank for securing funded and unfunded facilities of Rs. 125 million each for its wholly owned Subsidiary Company IIL Stainless Steels (Private) Limited. The facilities are secured by way of hypothecation of all present and future fixed assets (excluding land and building) and present and future current and moveable assets.

22.2 Commitments

22.2.1 Capital expenditure commitments outstanding as at 30 June 2016 amounted to Rs. 122.7 million (2015: Rs. 437.5 million).

22.2.2 Commitments under letters of credit for raw materials and stores and spares as at 30 June 2016 amounted to Rs. 97.9 million (2015: Rs. 1,656.5 million).

22.2.3 Commitments under purchase contracts as at 30 June 2016 amounted to Rs. 558.2 million (2015: Rs. 116.5 million)

22.2.4 Unavailed facilities for opening letters of credit and guarantees from banks as at the year end amounted to Rs. 7,757 million (2015: Rs. 7,734 million) and Rs. 346 million (2015: Rs. 107.9 million) respectively.

23. NET SALES

	Note	2016	2015
		(Rupees in '000)	
Local		13,134,080	13,271,393
Export		4,429,128	6,942,908
		17,563,208	20,214,301
Sales tax		(1,925,463)	(2,064,856)
Domestic trade discounts		(634,145)	(360,435)
Export commission		(183,074)	(115,211)
		(2,742,682)	(2,540,502)
		14,820,526	17,673,799

24. COST OF SALES

	Note	2016	2015
Opening stock of raw material and work-in-process		1,689,104	4,621,796
Purchases		11,363,139	11,998,568
Salaries, wages and benefits	24.1	826,292	671,221
Rent, rates and taxes		2,065	1,666
Electricity, gas and water		354,665	283,415
Insurance		11,354	7,417
Security and janitorial		27,264	23,657
Depreciation and amortisation	5.2 & 6.1.2	240,702	223,214
Operational supplies and consumables		66,145	66,178
Repairs and maintenance		106,986	102,110
Postage, telephone and stationery		12,549	9,393
Vehicle, travel and conveyance		15,363	14,778
Internal material handling		27,321	19,969
Toll manufacturing expenses		11,896	114,109
Environment controlling expense		228	466
Sundries		13,195	2,000
Stores and spares written off		14,623	1,539
Sale of scrap generated during production		(448,206)	(629,594)
		14,334,685	17,531,902
Closing stock of raw material and work-in-process	9	(2,190,511)	(1,689,104)
Cost of goods manufactured		12,144,174	15,842,798
Finished goods and by-product:			
Opening stock		1,488,734	1,441,069
Closing stock	9	(1,272,447)	(1,488,734)
		216,287	(47,665)
		12,360,461	15,795,133

24.1 Salaries, wages and benefits include Rs. 35.6 million for the year ended 30 June 2016 (2015: Rs. 38.4 million) in respect of staff retirement benefits.

25. SELLING AND DISTRIBUTION EXPENSES

	Note	2016	2015
		(Rupees in '000)	
Freight and forwarding		474,642	420,561
Salaries, wages and benefits	25.1	132,779	107,615
Rent, rates and taxes		263	251
Electricity, gas and water		5,191	4,682
Insurance		1,201	1,996
Depreciation and amortisation	5.2 & 6.1.2	12,353	8,243
Repairs and maintenance		629	1,462
Advertising and sales promotion		46,659	21,354
Postage, telephone and stationery		7,075	5,916
Office supplies		75	64
Vehicle, travel and conveyance		18,263	14,601
Provision for doubtful debts - net	10.3	68,039	(3,247)
Certification and registration charges		9,881	3,635
Others		46,923	2,518
		823,973	589,651

25.1 Salaries, wages and benefits include Rs. 8.1 million for the year ended 30 June 2016 (2015: Rs. 7.2 million) in respect of staff retirement benefits.

26. ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries, wages and benefits	26.1	178,766	125,115
Rent, rates and taxes		123	186
Electricity, gas and water		2,485	1,987
Insurance		1,725	279
Depreciation and amortisation	5.2 & 6.1.2	16,532	14,433
Repairs and maintenance		1,129	1,162
Postage, telephone and stationery		9,695	8,099
Office supplies		78	131
Vehicle, travel and conveyance		5,391	7,906
Legal and professional charges		16,238	14,075
Certification and registration charges		4,740	3,077
Others		12,000	12,333
		248,902	188,783

26.1 Salaries, wages and benefits include Rs. 13.9 million for the year ended 30 June 2016 (2015: Rs. 8.9 million) in respect of staff retirement benefits.

27. FINANCIAL AND OTHER CHARGES

	Note	2016	2015
Mark-up on:			
- long term financing		9,598	569
- short term borrowings		196,207	290,939
- running musharakah		31,323	8,321
- diminishing musharakah		18,210	42,811
Exchange loss and others		66,399	130,315
Interest on Workers' Profit Participation Fund	20.3	560	317
Bank charges		12,186	14,242
		334,483	487,514

28. OTHER OPERATING CHARGES

	Note	2016	2015
		(Rupees in '000)	
Auditors' remuneration	28.1	2,296	2,175
Donations	28.2	19,720	14,350
Workers' Profit Participation Fund		59,300	36,400
Workers' Welfare Fund		23,700	14,550
Business development expense		10,955	14,164
		115,971	81,639

28.1 Auditors' remuneration

	2016	2015
Audit fee	1,255	1,255
Half yearly review	360	360
Other services	556	435
Out of pocket expenses	125	125
	2,296	2,175

28.2 None of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

29. OTHER INCOME

	Note	2016	2015
Income / return on financial assets			
Interest on bank deposits - conventional		967	2,674
Exchange gain		21,984	35,853
Income from non-financial assets			
Income from power generation	29.1	76,472	57,204
Rental income from subsidiary company		13,377	10,287
Dividend income from associated company	29.2	7,278	10,916
Dividend income from subsidiary company	29.2	-	245,056
Gain on disposal of property, plant and equipment	5.4	34,051	30,894
Others		13,151	8,877
		167,280	401,761

29.1 This represents gross billing on account of sale of excess power generation of the 4MW plant to K-Electric Limited.

29.2 Associated company is Pakistan Cables Limited and Subsidiary company is International Steels Limited.

30. TAXATION

	2016	2015
Current		
- for the year	282,144	235,405
- Deferred	35,856	(33,105)
	318,000	202,300

30.1 Relationship between income tax expense and accounting profit

	2016	2015	2016	2015
	(Effective tax rate %)		(Rupees in ‘000)	
Profit before taxation			1,104,016	932,840
Tax at the enacted tax rate	32.00	33.00	353,285	307,837
Tax effect of exempt income	0.00	(9.53)	-	(88,865)
Tax effect of income subject to lower tax	(0.13)	(0.27)	(1,419)	(2,509)
Tax effect of rebate / credits	(7.19)	(1.76)	(79,332)	(16,447)
Tax effect on exports under Final Tax Regime	(1.12)	(0.10)	(12,386)	(931)
Effect of change in tax rate on opening deferred tax	0.64	-	7,049	-
Super tax	3.38	-	37,264	-
Deferred tax charge not booked on FTR	1.24	-	13,702	-
Others	(0.01)	0.34	(163)	3,215
	28.81	21.68	318,000	202,300

30.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors in their meeting held on 18 August 2016 have recommended sufficient cash dividend for the year ended 30 June 2016 (refer note 42) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financial statements for the year ended 30 June 2016.

31. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2016	2015
		(Rupees in ‘000)	
Profit after taxation		786,016	730,540
Weighted average number of ordinary shares in issue during the year	16	119,892,619	119,892,619
		(Rupees)	
Earnings per share		6.56	6.09

31.1 There is no dilutive impact on Earnings per share.

32. CHANGES IN WORKING CAPITAL

(Increase) / decrease in current assets:			
Stores and spares	8	5,873	(3,238)
Stock-in-trade	9	(404,939)	3,018,107
Trade debts		621,536	(42,593)
Advances	11	(4,662)	(119,616)
Trade deposits and short term prepayments	12	3,045	(4,491)
Other receivables		1,760	329,195
		222,613	3,177,364
Increase / (decrease) in current liabilities:			
Trade and other payables		430,463	(1,714,704)
		653,076	1,462,660

33. STAFF RETIREMENT BENEFITS

33.1 Defined contribution plan

Staff Provident Fund

Salaries, wages and benefits include Rs. 19.1 million (2015: Rs. 16.3 million) in respect of provident fund contribution.

The following information is based on the latest financial statements of the Fund:

	2016	2015
	(Unaudited)	(Audited)
	(Rupees in '000)	
Size of the Fund - total assets	299,104	254,415
Cost of investments made	258,418	251,819
Percentage of investments made	94%	93%
Fair value of investments	282,209	236,704

The break-up of the fair value of investments is:

	2016	2015	2016	2015
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Rupees in '000)		% of total investment	
Government securities	209,041	186,699	70%	73%
Debt securities	-	4,014	0%	2%
Equity	73,168	45,991	24%	18%
Other assets	16,895	17,711	6%	7%
	299,104	254,415	100%	100%

Investments out of the provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

33.2 Defined benefit schemes

Staff Gratuity Fund

The actuarial valuation of gratuity was carried out at 30 June 2016. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

	2016	2015
	(% per annum)	
Financial assumptions		
Rate of discount	7.25%	9.75%
Expected rate of salary increase	6.25%	8.75%
Demographic assumptions		
Mortality rate	SLIC 2001-05-1	SLIC 2001-05-1
Rates of employee turnover	Heavy	Heavy
Post retirement mortality rates	N/A	N/A

The amounts recognised in balance sheet are as follows:

	2016	2015
	(Rupees in '000)	
Present value of defined benefit obligation	391,283	366,025
Fair value of plan assets	(346,448)	(295,448)
Liability as at 30 June	44,835	70,577

Movements in the present value of defined benefit obligation

	2016	2015
Present value of defined benefit obligation - beginning of the year	366,025	340,671
Current service cost	26,429	27,615
Interest cost	34,931	42,321
Re-measurements : Actuarial gains on obligation	(12,935)	(6,309)
Benefits paid	(23,167)	(38,273)
Present value of defined benefit obligation - closing date	391,283	366,025

Movements in the fair value of plan assets

	2016	2015
Fair value of plan assets - beginning of the year	295,448	261,603
Interest income on plan assets	28,336	35,289
Re-measurement : Net return on plan assets over interest income	12,807	10,425
Benefits paid	(17,040)	(31,518)
Benefits due but not paid	(6,127)	(6,755)
Contribution to fund	33,024	26,404
Fair value of plan assets - closing date	346,448	295,448

Movement in the net defined benefit liability / (asset)

	2016	2015
Opening balance	70,577	79,068
Re-measurements recognised in other comprehensive income during the year	(25,742)	(16,734)
Expense chargeable to profit and loss account	33,024	34,647
Contribution paid during the year	(33,024)	(26,404)
Closing balance	44,835	70,577

Amounts recognised in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

Component of defined benefit costs recognised in profit and loss account

	2016	2015
Current service cost	26,429	27,615
Net interest cost		
- Interest cost on defined benefit obligation	34,931	42,321
- Interest income on plan assets	(28,336)	(35,289)
	33,024	34,647

Component of defined benefit costs (re-measurement) recognised in other comprehensive income

	2016	2015
	(Rupees in '000)	
Re-measurements: Actuarial (gain) / loss on obligation		
- Gains due to change in experience adjustments	(12,935)	(6,308)
Remeasurement net return on plan assets over interest income	(12,807)	(10,426)
Net re-measurement recognised in other comprehensive income	(25,742)	(16,734)
Total defined benefit cost recognised in profit and loss account and other comprehensive income	7,282	17,913
Actual return on plan assets	41,143	45,714
Expected contributions to funds in the following year	28,887	33,025
Expected benefit payments to retirees in the following year	36,199	42,317
Re-measurements: Accumulated actuarial gains recognised in equity	(25,742)	(16,734)

	Number of Years	
Weighted average duration of the defined benefit obligation	7.12	6.75

Maturity profile of the defined benefit obligation

Years	(Rupees in '000)	
1	36,198	42,317
2	46,576	37,791
3	45,068	48,817
4	43,346	43,187
5	41,412	48,086
6 and onwards	346,540	386,825
Vested / Non-Vested		
- Vested benefits	390,980	364,175
- Non - vested benefits	303	1,850
	391,283	366,025

Disaggregation of fair value of plan assets

The fair value of the plan assets at balance sheet date for each category are as follows:

Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	6,115	11,421
Equity instruments	106,744	83,735
Government securities	233,590	200,292
	346,449	295,448

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2016	2015
	(Rupees in '000)	
Discount rate + 100 basis point	365,927	342,711
Discount rate - 100 basis point	419,938	392,325
Salary increase + 100 basis point	421,690	394,124
Salary decrease - 100 basis point	363,946	340,726

The sensitivity analysis prepared presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2016	2015	2016	2015
	(Rupees in '000)			
Remuneration	34,244	29,521	215,449	194,207
Variable performance pay	7,848	5,074	50,042	33,653
Retirement benefits	2,139	1,844	20,811	10,778
Rent, utilities, medical, leave encashment etc.	13,172	11,387	87,522	77,937
	57,403	47,826	373,824	316,575
Number of persons	1	1	100	96

34.1 In addition to the above, the Chief Executive and certain executives are provided with free use of Company maintained vehicles in accordance with the Company's policy.

34.2 Fees paid to non-executive directors was Rs. 4.62 million (2015: Rs. 4.75 million) on account of meetings attended by them.

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors ("the Board") of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks it faces, to set appropriate risk limits and controls and to monitor risks including adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the 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.

The Board Audit Committee ("the Committee") oversees how the management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Committee is assisted in its oversight role by the Internal Audit function. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

35.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation, without considering the fair value of the collateral available thereagainst.

Exposure to credit risk

The carrying amount of respective financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date is as follows:

	Note	2016	2015
		(Rupees in '000)	
- Long term deposits		46,166	6,867
- Trade debts - net of provision	10	1,624,603	2,314,178
- Trade deposits		5,540	6,928
- Other receivable		11,111	12,871
- Bank balances	15	15,422	24,673
		1,702,842	2,365,517

The Company does not take into consideration the value of collateral while testing financial assets for impairment. The Company considers the creditworthiness of counterparties as part of its risk management.

Long term deposits

These represent long term deposits with various parties for the purpose of securing supplies of raw materials and services. The Company does not foresee any credit exposure thereagainst as the amounts are paid to counterparties as per agreements and are refundable on termination of the agreements with respective counterparties.

Trade deposits

These represent deposits placed with various suppliers as per the terms of securing availability of services. The management does not expect to incur credit loss thereagainst.

Trade debts

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company has no major concentration of credit risk with any single customer. The majority of the customers have been transacting with the Company for several years. The Company establishes an allowance for impairment that represents its estimate of incurred losses for balances above one year except for amounts due from government entities / public sector entities.

Other Receivables

This includes receivable from K - Electric Limited (Rs. 8.49 million) on account of electricity provided to it from the 4 MW plant located at the factory site under an agreement. This also includes receivaable from IIL Stainles Steel (Private) Limited (Rs. 2.61 million). The Company does not expect to incur credit loss against these receivables.

Analysis of amounts receivable from local and foreign trade debtors and other receivables as above are as follows:

	Note	2016	2015
		(Rupees in '000)	
Domestic		1,035,152	1,435,252
Export		706,131	928,557
	10 & 13	1,741,283	2,363,809

The majority of export debtors of the Company are situated in America, Australia, Sri Lanka, Afghanistan, Europe and the Middle East.

Impairment losses

The ageing of trade debtors and other receivables at the balance sheet date are as follows:

	2016		2015	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	1,125,954	-	1,632,045	-
Past due 1-60 days	425,768	-	543,589	-
Past due 61 days -1 year	83,992	-	150,645	-
More than one year	105,569	105,569	37,530	37,530
Total	1,741,283	105,569	2,363,809	37,530

Based on an assessment conducted of individual customers, the management believes that receivables falling within the age bracket of upto one year do not require any impairment provision other than to the extent determined above. Further, the provision recognised against balances appearing over one year is without prejudice to other recourse the management has for recovery against outstanding balances. Movement in the provision has been stated elsewhere in these financial statements.

Other receivables

These comprise of other miscellaneous receivables and management does not expect to incur material losses against those balances.

Balances with bank

The Company places its surplus funds with banks carrying good credit standing assessed by reputable credit agencies. As at 30 June 2016 the Company has placed funds with banks having credit ratings as follows:

	Short term	Long term
Local banks	A1+ to A1	AAA to AA-
Foreign banks	F1+ / P1 to F1 / P1	AA- / A1 to A / A2

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions.

Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. At the reporting date, the Company has no major concentration of credit risk. However, the majority of debtors of the Company are domestic entities.

35.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or experience difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient liquidity including credit lines to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments:

	2016						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees in '000)						
Non-derivative financial liabilities							
Long term financing	1,196,259	-	(1,462,785)	(107,958)	(108,284)	(738,558)	(507,985)
Trade and other payables	1,462,276	(74,758)	(1,387,518)	(1,387,518)	-	-	-
Accrued mark-up	40,456	-	(40,456)	(40,456)	-	-	-
Short-term borrowings	3,243,249	(3,243,249)	-	-	-	-	-
	5,942,240	(3,318,007)	(2,890,759)	(1,535,932)	(108,284)	(738,558)	(507,985)

	2015						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees in '000)						
Non-derivative financial liabilities							
Long term financing	392,992	-	(535,183)	(95,250)	(95,250)	(253,988)	(90,695)
Trade and payables	1,012,093	(19,439)	(992,654)	(992,654)	-	-	-
Accrued mark-up	59,185	-	(59,185)	(59,185)	-	-	-
Short-term borrowings	4,664,407	(4,664,407)	-	-	-	-	-
	6,128,677	(4,683,846)	(1,587,022)	(1,147,089)	(95,250)	(253,988)	(90,695)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in notes 18 and 21 to these financial statements.

35.3 Market risk

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

Currency risk

Exposure to currency risk

The Company is exposed to currency risk on trade debts, borrowings, trade and other payables, bank balances and accrued mark-up that are denominated in a currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2016			2015		
	Rupees	US Dollars	AUD	Rupees	US Dollars	AUD
	(Amount in '000)					
Financial assets						
Trade debts and bank balances	706,131	4,439	3,107	992,373	9,400	1,089
Financial liabilities						
Running finance under FE-25 Export and Import Scheme	(166,248)	(1,586)	-	(1,590,292)	(15,174)	-
Trade and other payable	(480,618)	(4,584)	-	(474,753)	(4,316)	-
	(646,866)	(6,170)	-	(2,065,045)	(19,490)	-
Net exposure	59,265	(1,731)	3,107	(1,072,672)	(10,090)	1,089

The following significant exchange rates were applicable during the year:

	2016	2015	2016	2015
	Average Rates		Balance sheet date rate	
	Rupees			
US Dollars to Pakistan Rupee	104.7	102	104.67 / 104.85	101.69 / 101.88
AUD to Pakistan Rupee	77.73	77.99	77.73 / 77.87	77.99 / 78.14

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pak Rupee against the US Dollar and Australian Dollar at 30 June would have (decreased) / increased the profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2015.

Effect on profit and loss (net of tax)	Effect on profit and loss (net of tax)	
	2016	2015
	(Rupees in '000)	
As at 30 June		
Effect in US Dollars	(12,209)	(77,560)
Effect in AUD	16,179	5,691

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks.

At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instrument is:

	Note	Carrying amount	
		2016	2015
		(Rupees in '000)	
Fixed rate instruments			
Financial liabilities	21	(2,546,259)	(2,977,792)
Variable rate instruments			
Financial liabilities	21	(1,893,249)	(2,079,607)

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 the Profit and Loss Account. Therefore a change in interest rates at the reporting date would not affect the Profit and Loss Account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and the profit by Rs. 18.9 million (2015: Rs. 20.7 million) with the corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2015.

Other price risks

At present the Company is not exposed to any other price risks.

35.4 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the Balance Sheet approximate their fair values.

35.5 Financial instruments by categories

	Note	2016	2015
		(Rupees in '000)	
Financial assets			
Loans and receivables			
- Long term deposits		46,166	6,867
- Trade debts - net of provision	10	1,624,603	2,314,178
- Trade deposits		5,540	6,928
- Other receivables		11,111	12,871
- Bank balances	15	15,422	24,673
		1,702,842	2,365,517
Other financial assets			
- Investments	7	2,742,705	2,742,705
- Cash in hand	15	400	-
		2,743,105	2,742,705
Financial liabilities			
Financial liabilities at amortized cost			
- Long term financing	18	1,196,259	392,992
- Trade and other payables		1,461,914	1,012,093
- Accrued mark-up		40,456	59,185
- Short term borrowings	21	3,243,249	4,664,407
		5,941,878	6,128,677
Financial liabilities at fair value through profit and loss			
- Derivative financial liabilities		362	-

35.6 Offsetting of financial assets and financial liabilities

None of the financial assets and financial liabilities are offset in the Balance Sheet except where legal right exist which are legally enforceable.

36. CAPITAL MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to operate as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

37. MEASUREMENT OF FAIR VALUES

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities.

Management engaged an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) and obtain rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an assets or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

	30 June 2016							
	Carrying amount				Fair Value			
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees in '000)							
Financial assets measured at fair value								
Investments - quoted Companies	-	2,583,537	-	-	2,583,537	9,142,545	-	-
Financial assets not measured at fair value								
Investments - unquoted Companies	-	159,168	-	-	159,168			
Long term deposits	46,166	-	-	-	46,166			
Trade debts - net of provision	1,624,603	-	-	-	1,624,603			
Trade deposits	5,540	-	-	-	5,540			
Other receivables	11,111	-	-	-	11,111			
Cash and bank balances	15,422	400	-	-	15,822			
Financial liabilities measured at fair value								
- Derivative financial liabilities	-	-	362	-	362	-	362	-
Financial liabilities not measured at fair value								
- Long term financing	-	-	-	1,196,259	1,196,259			
- Trade and other payables	-	-	-	1,461,914	1,461,914			
- Accrued mark-up	-	-	-	40,456	40,456			
- Short term borrowings	-	-	-	3,243,249	3,243,249			

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment			
- Land and Building	30 June 2016	The valuation model is based on price per square metre. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair value are subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs.
Liabilities measured at fair value			
Derivative financial liabilities			
- Forward exchange contract		The fair value of forward exchange contracts is determined based on the forward exchange rates as at reporting date. The fair value of forward exchange contract are included in level 2 in the fair value hiearchy.	

Management assessed that the fair values of cash & cash equivalent and short-term deposits, other receivable, trade receivables, trade payables, short term borrowin and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit assets and long term liabilities management consider that their carrying values approximates fair value.

	30 June 2015							
	Carrying amount				Fair Value			
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees in '000)							
Financial assets measured at fair value								
Investments - quoted Companies	-	2,583,537	-	-	2,583,537	7,289,976	-	-
Financial assets not measured at fair value								
Investments - unquoted Companies	-	159,168	-	-	159,168			
Long term deposits	-	6,867	-	-	6,867			
Trade debts - net of provision	-	2,314,178	-	-	2,314,178			
Trade deposits	-	6,928	-	-	6,928			
Other receivables	-	12,871	-	-	12,871			
Cash and bank balances	-	24,673	-	-	24,673			
Financial liabilities not measured at fair value								
- Long term financing	-	-	-	392,992	392,992			
- Trade and other payables	-	-	-	1,012,093	1,012,093			
- Accrued mark-up	-	-	-	59,185	59,185			
- Short term borrowings	-	-	-	4,664,407	4,664,407			

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment			
- Land and Building	30 June 2013	The valuation model is based on price per square metre. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair value are subject to change owing to changes in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs.

Management assessed that the fair values of cash & cash equivalent and short-term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit asset and long term liabilities management consider that their carrying values approximates fair value.

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, Directors of the Company and its Subsidiary Companies, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Contribution to its defined contribution plan (Provident Fund) are made as per the terms of employment and contribution to its defined benefit plan (Gratuity Fund) are in accordance with actuarial advice. Remuneration of key management personnel is in accordance with their terms of employment and the Company's policy.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

	2016	2015
	(Rupees in '000)	
Subsidiaries		
Sales	424,870	156,087
Supply of Tolling Services	12,599	-
Purchases	2,553,649	1,209,080
Purchase of store items	363	-
Investment in IIL Stainless Steel (Pvt) Limited	-	150,000
Toll manufacturing (inclusive of sales tax)	7,540	133,507
Cost of shared resources	37,079	23,444
Rental income	13,316	10,287
Dividend received	-	245,056
Sale of store items	9,549	1,619
Reimbursement of cost of shared resources/ managemnet expenses by subsidiaries	29,493	6,718
Reimbursement of expenses/payments made on behalf of subsidiaries	8,208	88,352
Payment of expenses incurred by a subsidiary on behalf of Company	-	4,207
Associated companies		
Sales	1,302	392
Purchases	7,507	2,475
Dividend paid	2,016	2,016
Dividend received	7,278	10,916

Key management personnel

	2016	2015
	(Rupees in '000)	
Remuneration	190,422	200,953
Staff retirement benefits	8,268	7,084
Non-executive directors		
Directors' fee	4,620	4,750
Staff retirement funds		
Contributions paid	61,936	43,421

39. PRODUCTION CAPACITY

	2016	2015
	(Metric Tonnes)	
Name-plate production capacity at the year end was as follows:		
Pipe	500,000	340,000
Galvanizing	150,000	150,000
Cold rolled steel strip	70,000	70,000
Polyethylene pipe	25,000	15,000
The actual production for the year was:		
Pipe	185,460	205,777
Galvanizing	87,641	107,511
Cold rolled steel strip	6,027	18,042
Polyethylene pipe	7,525	4,869

Actual production during the year was sufficient to meet the market demand.

The name-plate capacities of the plants are determined based on a certain product mix. The actual production mix was different.

40. SEGMENT REPORTING

The Company has identified Steel and Plastic Pipes as two reportable segments. Performance is measured based on respective segment results. Information regarding the Company's reportable segments is presented below.

40.1 Segment revenue and results

	Steel segment	Plastic segment	Total
	(Rupees in '000)		
For the year ended 30 June 2016			
Sales	13,317,304	1,503,222	14,820,526
Cost of sales (excluding depreciation)	(10,855,942)	(1,263,817)	(12,119,759)
Depreciation	(213,361)	(27,341)	(240,702)
Gross profit	2,248,001	212,064	2,460,065
For the year ended 30 June 2015			
Sales	16,717,811	955,988	17,673,799
Cost of sales (excluding depreciation)	(14,742,634)	(829,285)	(15,571,919)
Depreciation	(196,241)	(26,973)	(223,214)
Gross profit	1,778,936	99,730	1,878,666

Reconciliation of segment results with profit after tax is as follows:

	Note	2016	2015
		(Rupees in '000)	
Total results for reportable segments		2,460,065	1,878,666
Selling, distribution and administrative expenses	25 & 26	(1,072,875)	(778,434)
Financial charges	27	(334,483)	(487,514)
Other operating charges	28	(115,971)	(81,639)
Other income	29	167,280	401,761
Taxation	30	(318,000)	(202,300)
Profit for the year		786,016	730,540

40.2 Segment assets and liabilities

	Steel segment	Plastic segment	Total
	(Rupees in '000)		
As at 30 June 2016			
Segment assets	9,778,071	756,916	10,534,987
Segment liabilities	4,874,698	397,876	5,272,574
As at 30 June 2015			
Segment assets	8,746,599	842,889	9,589,488
Segment liabilities	5,402,757	399,702	5,802,459

Reconciliation of segment assets and liabilities with total assets and liabilities in the Balance Sheet is as follows:

	2016	2015
	(Rupees in '000)	
Total for reportable segments assets	10,534,987	9,589,488
Unallocated assets	3,441,694	3,548,315
Total assets as per balance sheet	13,976,681	13,137,803
Total for reportable segments liabilities	5,272,574	5,802,459
Unallocated liabilities	1,397,603	992,091
Total liabilities as per balance sheet	6,670,177	6,794,550

40.3 Segment revenues reported above are revenues generated from external customers. There were no inter-segment sales during the year.

40.4 Segment assets reported above comprise of property, plant and equipment, stock-in-trade and trade debts.

40.5 Information about major customers

Revenue from major customers of the Plastic segment was Rs. 673 million (2015: Rs. 276 million), where as in the Steel segment was Rs. nil (2015: Rs. 2,334 million), whose revenue accounts for more than 10% of the Segment's revenue.

40.6 Geographical information

The Company's gross revenue from external customers by geographical location is detailed below:

	Note	2016	2015
		(Rupees in '000)	
Domestic sales		13,134,080	13,271,393
Export sales		4,429,128	6,942,908
	23	17,563,208	20,214,301

The Company exports its products to Americas, Australia, Srilanka, Afghanistan, Europe and Middle East.

40.7 As at 30 June 2016, all non-current assets of the Company are located in Pakistan with an exception of its investments in IIL-Australia Pty Limited which is domiciled in Victoria, Australia.

41. NUMBER OF EMPLOYEES

	2016	2015
	(Number)	
Average employees during the year	999	1,011
Employees as at 30 June	1,007	1,001

42. Non-adjusting events after balance sheet date

The Board of Directors of the Company in their meeting held on 18 August 2016 has proposed a final cash dividend of Rs. 3.5 per share amounting to Rs. 419.6 million.(2015: Rs.2.50 per share amounting to Rs. 299.7 million) for the year ended 30 June 2016. The approval of the Members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on 30 September 2016. The financial statements for the year ended 30 June 2016 do not include the effect of the proposed final cash dividend which will be accounted for in the year ending 30 June 2017.

43. GENERAL

43.1 These financial statements were authorized for issue on 18 August 2016 by the Board of Directors of the Company.

43.2 Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity.

Fuad Azim Hashimi	**Nadir Akbarali Jamal**	**Riyaz T. Chinoy**
Director & Chairman Board Audit Committee	Chief Financial Officer	Chief Executive Officer

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Consolidated Key Operating Highlights

Rs. Million

FINANCIAL POSITION	2016	2015	2014	2013	2012	2011	2010	2009	2008
Balance sheet									
Property, plant and equipment	17,565	16,050	13,272	13,415	11,701	11,467	9,905	5,997	4,172
Investment in equity accounted investee	270	260	183	177	169	164	126	-	-
Other non current assets	60	22	22	26	27	41	18	24	15
Current assets	14,677	13,546	17,178	13,238	16,526	14,056	8,709	5,158	6,439
Total assets	32,571	29,877	30,655	26,856	28,423	25,728	18,758	11,179	10,626
Share capital	1,199	1,199	1,199	1,199	1,199	1,199	999	999	833
Reserves	4,635	3,558	3,329	2,851	2,483	2,627	2,324	1,661	1,565
Non-controlling interest	2,692	2,170	2,271	1,968	1,814	1,859	-	-	-
Total equity	8,526	6,927	6,799	6,018	5,496	5,685	3,324	2,660	2,398
Surplus on revaluation of fixed assets	3,503	2,537	2,502	2,533	1,358	1,362	1,367	1,379	1,391
Non current liabilities	6,221	6,598	3,952	4,358	4,504	4,838	5,359	2,302	1,416
Current liabilities	14,321	13,815	17,402	13,948	17,065	13,843	8,709	4,838	5,421
Total liabilities	20,543	20,414	21,354	18,305	21,569	18,680	14,068	7,140	6,837
Total equity & liabilities	32,571	29,877	30,655	26,856	28,423	25,728	18,758	11,179	10,626
Net current assets	355	(270)	(224)	(710)	(539)	214	1	320	1,018
OPERATING AND FINANCIAL TRENDS									
Profit and Loss									
Net turnover	33,201	34,459	35,855	33,512	28,801	15,992	13,472	12,319	12,068
Gross profit	5,424	3,389	4,364	3,687	3,158	2,162	2,222	1,167	1,787
EBITDA	4,806	3,232	4,105	3,484	3,135	1,897	1,850	1,234	1,580
Operating profit	3,978	2,277	3,331	2,753	2,435	1,441	1,703	723	1,362
Profit before taxation	2,750	925	1,525	1,148	274	580	1,359	469	904
Profit after taxation	1,955	686	1,191	924	226	316	1,026	375	705
Profit atributable to owners of the Holding Company	1,438	599	893	766	271	282	1,026	375	705
Profit atributable to Non-controlling intrest	517	87	299	158	(46)	34	-	-	-
Cash dividend	540	480	390	390	240	599	400	225	201
Bonus share	-	-	-	-	-	-	200	-	242
Capital expenditure (addition during the year)	1,365	3,587	559	961	806	1,935	4,147	2,055	757
Cash Flows									
Operting activities	4,779	3,649	1,532	4,628	(1,312)	(4,033)	(3,490)	2,945	(597)
Investing activities	(1,300)	(3,504)	(487)	(924)	(785)	37	(4,222)	(2,039)	727
Financial activities	(1,460)	2,175	(821)	(977)	(268)	(532)	2,916	737	141
Cash & cash equivalents at the end of the year	(6,697)	(8,715)	(11,035)	(11,259)	(13,987)	(11,622)	(7,094)	(2,298)	(3,941)

KEY INDICATORS		2016	2015	2014	2013	2012	2011	2010	2009	2008
Profitability Ratios										
Gross profit ratio	%	16.3	9.8	12.2	11.0	11.0	13.5	16.5	9.5	14.8
Net profit to Sales	%	5.9	2.0	3.3	2.8	0.8	2.0	7.6	3.0	5.8
EBITDA Margin to Sales	%	14.5	9.4	11.4	10.4	10.9	11.9	13.7	10.0	13.1
Operating Leverage	%	(13.3)	5.5	2.6	0.8	0.6	0.1	5.3	(10.5)	0.8
Return on Shareholders' Equity with Surplus on revaluation of fixed assets	%	20.9	9.4	16.9	14.0	4.5	6.1	21.9	9.3	18.6
Return on Shareholders' Equity without Surplus on revaluation of fixed assets	%	33.5	14.4	26.3	22.8	6.1	8.3	30.9	14.1	29.4
Return on Capital Employed	%	10.7	4.3	9.0	7.2	2.0	2.7	10.2	5.9	13.6
Return on Total Assets	%	6.0	2.3	3.9	3.4	0.8	1.2	5.5	3.4	6.6

Rs. Million

		2016	2015	2014	2013	2012	2011	2010	2009	2008
Liquidity Ratios										
Current ratio	(x)	1.02	0.98	0.99	0.95	0.97	1.02	1.00	1.07	1.19
Quick / Acid test ratio	(x)	0.36	0.39	0.39	0.37	0.23	0.40	0.30	0.61	0.34
Cash to Current Liabilities	(x)	(0.47)	(0.63)	(0.63)	(0.81)	(0.82)	(0.84)	(0.81)	(0.47)	(0.73)
Cash flow from Operations to Sales	(x)	14.4	10.6	4.3	13.8	(4.55)	4.31	(25.91)	23.91	(4.95)
Activity / Turnover Ratios										
Inventory turnover ratio	times	2.9	3.8	3.0	3.7	2.0	1.6	1.8	5.0	2.2
Inventory turnover in days	days	125	96	120	98	179	226	198	73	163
Debtor turnover ratio	times	19.2	15.0	12.1	14.7	16.9	10.0	9.9	13.1	9.8
Debtor turnover in days	days	19	24	30	25	22	36	37	28	37
Creditor turnover ratio	times	3.8	6.7	6.0	13.8	12.3	11.8	13.8	10.0	9.8
Creditor turnover in days	days	96	55	61	26	30	31	26	37	37
Total assets turnover ratio	times	1.0	1.2	1.2	1.2	1.0	0.6	0.7	1.1	1.1
Fixed assets turnover ratio	times	1.9	2.1	2.7	2.5	2.5	1.4	1.4	2.0	2.9
Operating cycle in days	days	48	66	89	97	171	232	209	64	163
Capital employed turnover ratio	times	1.8	2.1	2.7	2.6	2.5	1.3	1.3	1.9	2.3
Investment / Market Ratios										
Earnings per share - basic and diluted	Rs.	11.99	4.99	7.45	6.38	2.3	2.4	8.4	3.8	7.1
Price earning ratio	times	5.88	13.43	6.64	7.07	12.4	21.1	6.7	12.3	17.1
Dividend Yield ratio	%	6.38	5.97	6.57	7.20	7.1	10.1	10.7	4.9	4.6
Dividend Payout ratio	%	37.53	80.16	43.62	50.94	88.5	212.8	47.6	60.0	35.4
Dividend per share - Cash	Rs.	4.5	4.00	3.25	3.25	2.00	5.00	4.00	2.25	2.50
Bonus shares	Rs.	-	-	-	-	-	-	2.00	0.00	3.00
Dividend Cover	times	2.66	1.25	2.29	1.96	1.13	0.47	2.10	1.67	2.82
Market value per share at the end of the year	Rs.	71	67	49	45	28	50	56	46	121
Market value per share high during the year	Rs.	94	87	61	49	52	71	72	57	173
Market value per share low during the year	Rs.	60	45	40	28	26	44	46	44	107
Break-up value per share with revaluation of fixed assets	Rs.	78	61	59	55	42	43	47	40	46
Break-up value per share without revaluation of fixed assets	Rs.	49	40	38	34	31	32	33	27	29
Capital Structure Ratios										
Financial leverage ratio	(x)	2.4	2.9	3.1	3.0	3.9	3.3	4.2	2.7	2.9
Weight avg: cost of debts	(x)	6.4	7.7	10.5	9.2	10.4	7.6	2.6	9.1	8.0
Total Debt : Equity ratio	(x)	63:37	68:32	70:30	68:32	76:24	73:27	75:25	64:36	64:36
Interest cover	times	3.7	1.5	1.8	1.6	1.1	1.5	6.6	1.4	3.0
Value Addition										
Employees as remuneration	Rs. in million	1,622	1,345	1,111	973	891	737	472	374	350
Government as taxes	Rs. in million	7,518	6,394	6,606	6,067	5,091	4,459	2,900	2,110	1,940
Shareholders as dividends	Rs. in million	540	480	390	390	240	599	600	225	443
Retained within the business	Rs. in million	1,415	205	801	534	31	-	427	163	275
Financial charges to providers of finance	Rs. in million	1,069	1,517	1,832	1,692	2,310	949	257	535	450

Consolidated Vertical Analysis

Rs. Million

	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
OPERATING RESULTS														
Sales - Net	33,201	100.0	34,459	100.0	35,855	100.0	33,512	100.0	28,801	100.0	15,992	100.0	13,472	100.0
Cost of sales	27,777	83.7	31,070	90.2	31,492	87.8	29,825	89.0	25,643	89.0	13,830	86.5	11,250	83.5
Gross profit	5,424	16.3	3,389	9.8	4,364	12.2	3,687	11.0	3,158	11.0	2,162	13.5	2,222	16.5
Administrative, Selling and Distribution expenses	1,446	4.4	1,112	3.2	1,033	2.9	933	2.8	723	2.5	722	4.5	519	3.9
Other operating expenses	381	1.1	101	0.3	312	0.9	115	0.3	44	0.2	125	0.8	227	1.7
"Share of profit in equity - accounted investee"	18	0.1	20	0.1	16	0.0	16	0.0	10	0.0	2	0.0	5	0.0
Other operating income	204	0.6	246	0.7	196	0.5	186	0.6	184	0.6	212	1.3	135	1.0
Profit before finance costs	3,818	11.5	2,442	7.1	3,230	9.0	2,840	8.5	2,585	9.0	1,529	9.6	1,616	12.0
Finance costs	1,069	3.2	1,517	4.4	1,705	4.8	1,692	5.0	2,310	8.0	949	5.9	257	1.9
Profit before taxation	2,750	8.3	925	2.7	1,525	4.3	1,148	3.4	274	0.9	580	3.6	1,359	10.1
Taxation	795	2.4	239	0.7	333	0.9	224	0.7	49	0.2	265	1.7	333	2.5
Profit for the year	1,955	5.9	686	2.0	1,191	3.3	924	2.8	226	0.8	316	2.0	1,026	7.6
BALANCE SHEET														
Property, plant and equipment	17,565	53.9	16,050	53.7	13,272	43.3	13,415	50.0	11,701	41.2	11,467	44.6	9,905	52.8
Investments	270	0.8	260	0.9	183	0.6	177	0.7	169	0.6	164	0.6	126	0.7
Other non current assets	60	0.2	22	0.1	22	0.1	26	0.1	27	0.1	41	0.2	18	0.1
Current assets	14,677	45.1	13,546	45.3	17,178	56.0	13,238	49.3	16,526	58.1	14,056	54.6	8,709	46.4
Total assets	32,571	100.0	29,877	100.0	30,655	100.0	26,856	100.0	28,423	100.0	25,728	100.0	18,758	100.0
Shareholders' equity	8,526	26.2	6,927	23.2	6,799	22.2	6,018	22.4	5,496	19.3	5,685	22.1	3,323	17.7
Surplus on revaluation of fixed assets	3,503	10.8	2,537	8.5	2,502	8.2	2,533	9.4	1,358	4.8	1,362	5.3	1,367	7.3
Non current liabilities	6,221	19.1	6,598	22.1	3,952	12.9	4,358	16.2	4,504	15.8	4,838	18.8	5,359	28.6
Current portion of long term financing	857	2.6	1,000	3.3	900	2.9	783	2.9	960	3.4	501	1.9	600	3.2
Short term borrowings	6,767	20.8	8,780	29.4	11,154	36.4	11,280	42.0	14,012	49.3	11,897	46.2	7,116	37.9
Other current liabilities	6,697	20.6	4,035	13.5	5,349	17.4	1,885	7.0	2,094	7.4	1,445	5.6	992	5.3
Total equity and liabilities	32,571	100.0	29,877	100.0	30,655	100.0	26,856	100.0	28,423	100.0	25,728	100.0	18,758	100.0
CASH FLOWS														
Net cash generated from/ (used in) operating activities	4,779	236.7	3,649	157.3	1,532	684.5	4,628	169.7	(1,312)	55.5	(4,033)	89.1	(3,490)	72.8
Net cash inflows/(outflows) from investing activities	(1,300)	(64.4)	(3,504)	(151.0)	(487)	(217.7)	(924)	(33.9)	(785)	33.2	37	(0.8)	(4,222)	88.0
Net cash (outflows)/inflows from financing activities	(1,460)	(72.3)	2,175	93.7	(821)	(366.9)	(977)	(35.8)	(268)	11.3	(532)	11.7	2,916	(60.8)
Net increase/(decrease) in cash and cash equivalents	2,019	100.0	2,320	100.0	224	100.0	2,728	100.0	(2,365)	100.0	(4,528)	100.0	(4,797)	100.0

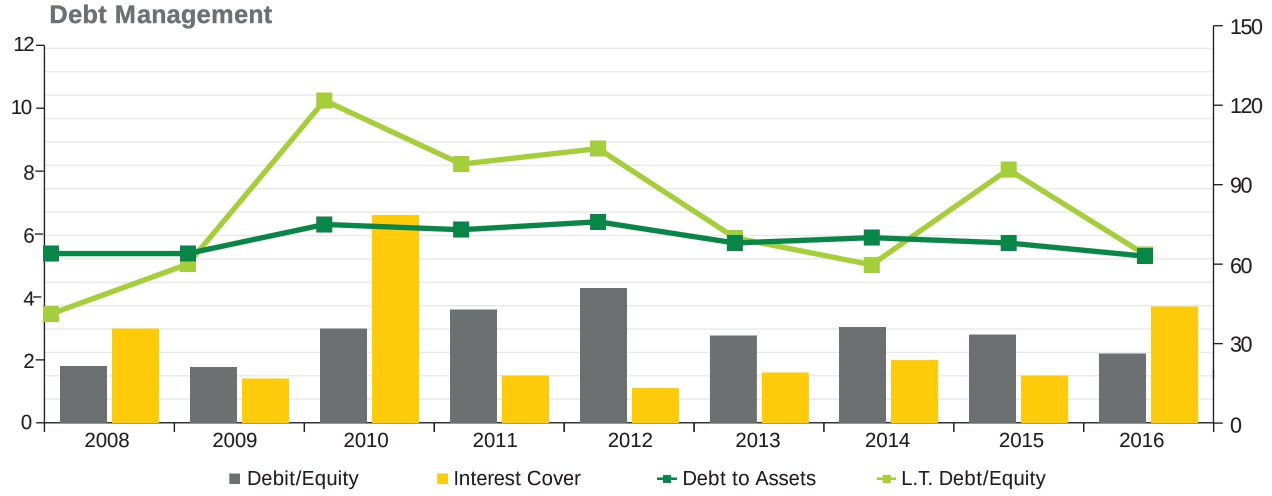
Consolidated Horizontal Analysis

Rs. Million

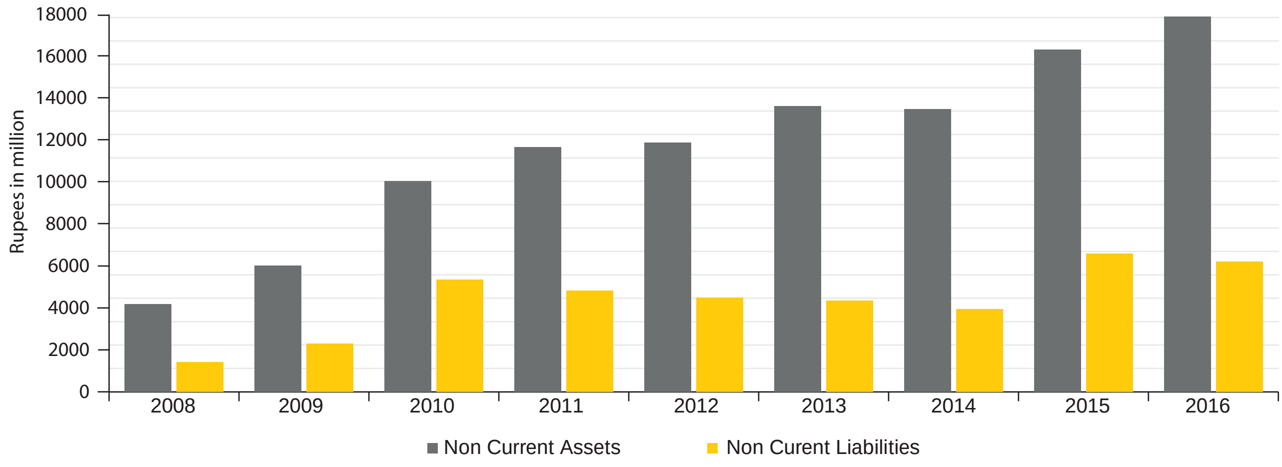
	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
OPERATING RESULTS														
Sales - Net	33,201	(3.6)	34,459	(3.9)	35,855	7.0	33,512	16.4	28,801	80.1	15,992	18.7	13,472	9.4
Cost of sales	27,777	(10.6)	31,070	(1.3)	31,492	5.6	29,825	16.3	25,643	85.4	13,830	22.9	11,250	0.9
Gross profit	5,424	60.0	3,389	(22.3)	4,364	18.4	3,687	16.7	3,158	46.1	2,162	(2.7)	2,222	90.4
Administrative, Selling and Distribution expenses	1,446	30.1	1,112	7.7	1,033	10.7	933	29.1	723	0.1	722	39.1	519	21.5
Other operating expenses	381	278.1	101	(67.7)	312	171.5	115	161.3	44	(64.8)	125	(45)	227	3683.3
"Share of profit in equity - accounted investee"	18	(10.5)	20	26.7	16	(0.7)	16	58.1	10	400	2	(60)	5	
Other operating income	204	(17.0)	246	25.5	196	5.5	186	0.8	184	(13.2)	212	57.0	135	(49.4)
Operating profit/(loss) before finance costs	3,818	56.4	2,442	(24.4)	3,230	13.8	2,840	9.8	2,585	69.1	1,529	(5.4)	1,616	61.4
Finance costs	1,069	(29.5)	1,517	(11.1)	1,705	0.8	1,692	(26.7)	2,310	143.4	949	269.3	257	(52.0)
Profit/(loss) before taxation	2,750	197.2	925	(39.3)	1,525	32.8	1,148	319.7	274	(52.8)	580	(57.3)	1,359	191.5
Taxation	795	232.4	239	(28.3)	333	48.8	224	357.2	49	(81.5)	265	(20.6)	333	254.3
Profit for the year	1,955	184.9	686	(42.4)	1,191	29.0	924	309.6	226	(28.5)	316	(69.3)	1,026	175.7
BALANCE SHEET														
Property, plant and equipment	17,565	9.4	16,050	20.9	13,272	(1.1)	13,415	14.7	11,701	2.0	11,467	15.8	9,905	65.4
Investments	270	3.9	260	42.2	183	3.4	177	4.7	169	3.0	164	30.2	126	100.0
Other non current assets	60	176.9	22	(3.2)	22	(13.6)	26	(4.5)	27	(34.1)	41	127.8	18	(25.0)
Current assets	14,677	8.4	13,546	(21.1)	17,178	29.8	13,238	(19.9)	16,526	17.6	14,056	61.4	8,709	68.5
Total assets	32,571	9.0	29,877	(2.5)	30,655	14.1	26,856	(5.5)	28,423	10.5	25,728	37.2	18,758	67.8
Shareholders' equity	8,526	23.1	6,927	1.9	6,799	13.0	6,018	9.5	5,496	(3.3)	5,685	71.1	3,323	24.9
Surplus on revaluation of fixed assets	3,503	38.1	2,537	1.4	2,502	(1.2)	2,533	86.5	1,358	(0.3)	1,362	(0.4)	1,367	(0.9)
Non current liabilities	6,221	(5.7)	6,598	67.0	3,952	(9.3)	4,358	(3.3)	4,504	(6.9)	4,838	(9.7)	5,359	132.8
Current portion of long term financing	857	100.0	1,000	100.0	900	100.0	783	(18.4)	960	91.6	501	(16.5)	600	47.1
Short term borrowings	6,767	(22.9)	8,780	(21.3)	11,154	(1.1)	11,280	(19.5)	14,012	17.8	11,897	67.2	7,116	101.4
Other current liabilities	6,697	66.0	4,035	(24.6)	5,349	183.8	1,885	(10.0)	2,094	44.9	1,445	45.6	992	10.7
Total equity and liabilities	32,571	9.0	29,877	(2.5)	30,655	14.1	26,856	(5.5)	28,423	10.5	25,728	37.2	18,758	67.8
CASH FLOWS														
Net cash generated from/ (used in) operating activities	4,779	31.0	3,649	138.1	1,532	(66.9)	4,628	(452.8)	(1,312)	(67.5)	(4,033)	15.6	(3,490)	(218.5)
Net cash inflows/(outflows) from investing activities	(1,300)	(62.9)	(3,504)	619.1	(487)	(47.3)	(924)	17.7	(785)	(2221.6)	37	(100.9)	(4,222)	107.1
Net cash (outflows)/inflows from financing activities	(1,460)	(167.2)	2,175	(364.8)	(821)	(15.9)	(977)	264.5	(268)	(49.6)	(532)	(118.2)	2,916	295.7
Net increase/(decrease) in cash and cash equivalents	2,019	(13.0)	2,320	936.3	224	(91.8)	2,728	(215.3)	(2,365)	(47.8)	(4,528)	(5.6)	(4,797)	(392.0)

Consolidated Key Operating Highlights

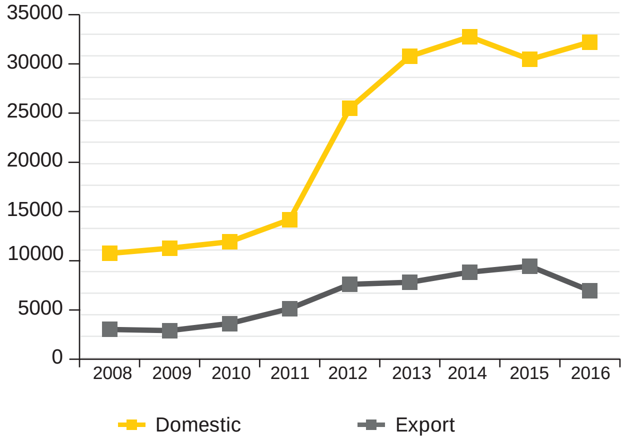
Debt Management



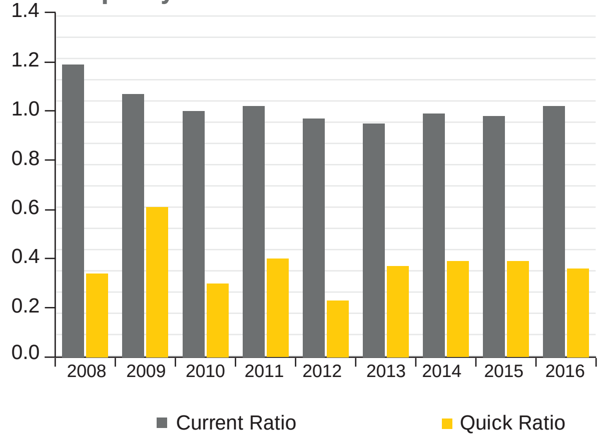
Non Current Assets and Non Current Liabilities



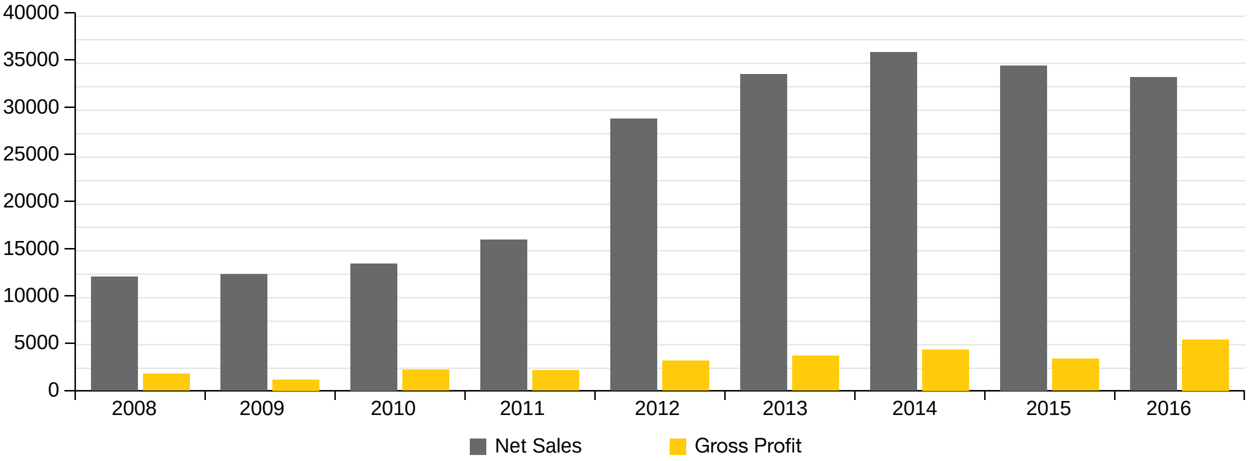
Sales Break Up (Rupees in million)



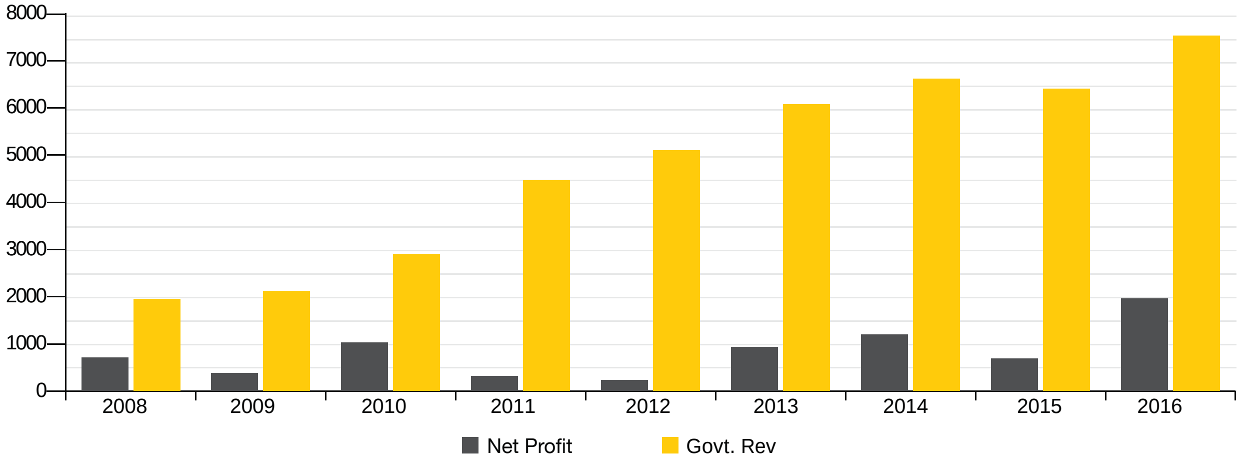
Liquidity Ratio

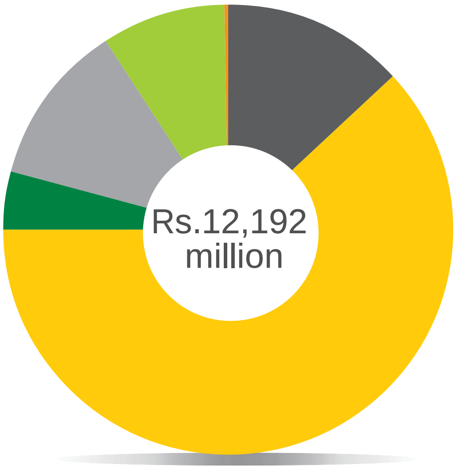


Net Sales to Gross Profit Ratio



Net Profit and Government Revenue





Value Addition and Distribution during 2016

🟨 Governmet as taxes	62%
■ Employees as remuneration	13%
🟩 Shareholders as dividends	4%
▨ Retained within the business	12%
🟩 Financial charges	9%
🟧 Society as donation	0.2%

KPMG

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of International Industries Limited ("the Holding Company") and its subsidiary companies as at 30 June 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of International Industries Limited and its subsidiary companies except for IIL Australia Pty Limited which was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditor. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of International Industries Limited and its subsidiary companies as at 30 June 2016 and the results of their operations for the year then ended.

KPMG Taseer

Karachi
August 18, 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Consolidated Balance Sheet

As at 30 June 2016

	Note	2016	2015
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	17,564,795	16,049,995
Intangible assets	6	13,429	13,762
Investment in equity accounted investee	7	270,097	260,069
Long term deposits		46,266	6,967
Long term prepayments		-	833
		17,894,587	16,331,626
Current assets			
Stores and spares	8	575,099	487,952
Stock-in-trade	9	9,489,551	8,187,329
Trade debts	10	2,036,714	2,662,620
Advances	11	192,807	200,994
Trade deposits and short term prepayments	12	19,163	27,701
Other receivables	13	77,047	91,977
Sales tax refundable		423,422	59,031
Taxation-net	14	1,792,532	1,763,196
Cash and bank balances	15	70,405	64,853
		14,676,740	13,545,653
Total assets		32,571,327	29,877,279
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (2015: 200,000,000) ordinary shares of Rs.10 each		2,000,000	2,000,000
Issued, subscribed and paid-up capital	16	1,198,926	1,198,926
General reserve		2,991,258	2,991,258
Unappropriated profit		1,644,740	567,749
Exchange Translation reserve		(1,251)	(1,216)
Total equity		5,833,673	4,756,717
Non - controlling interest		2,692,184	2,170,330
		8,525,857	6,927,047
Surplus on revaluation of property, plant and equipment	17	3,502,736	2,536,561
LIABILITIES			
Non-current liabilities			
Long term financing- secured	18	5,083,027	5,983,759
Staff retirement benefits		69,331	91,263
Deferred taxation-net	19	1,068,925	523,224
		6,221,283	6,598,246
Current liabilities			
Trade and other payables	20	6,571,242	3,675,367
Short term borrowings- secured	21	6,767,004	8,780,348
Current portion of long term financing- secured	18	857,221	999,878
Sales tax payable		41,814	87,878
Accrued mark-up		84,170	271,954
		14,321,451	13,815,425
Total liabilities		20,542,734	20,413,671
Total equity and liabilities		32,571,327	29,877,279
Contingencies and commitments	22		

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

Consolidated Profit and Loss Account

For the year ended 30 June 2016

	Note	2016	2015
		(Rupees in '000)	
Net sales	23	33,201,188	34,458,808
Cost of sales	24	(27,777,312)	(31,069,717)
Gross profit		5,423,876	3,389,091
Selling and distribution expenses	25	(1,030,808)	(755,360)
Administrative expenses	26	(415,464)	(356,659)
		(1,446,272)	(1,112,019)
Financial charges	27	(1,068,799)	(1,516,705)
Other operating charges	28	(380,927)	(100,740)
		(1,449,726)	(1,617,445)
Other income	29	203,833	245,705
Share of profit in equity accounted investee - net of tax		17,809	19,891
Profit before taxation		2,749,520	925,223
Taxation	30	(794,951)	(239,132)
Profit for the year		1,954,569	686,091
Profit attributable to:			
- Owners of the Holding Company		1,437,625	598,761
- Non controlling interest		516,944	87,330
		1,954,569	686,091
		(Rupees)	
Earnings per share - basic and diluted	31	11.99	4.99

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	2016	2015
	(Rupees in '000)	
Profit for the year	1,954,569	686,091
Other comprehensive income		
Item that will never be reclassified to profit and loss account		
Remeasurements of defined benefit liability	24,699	7,060
Tax thereon	(5,512)	(167)
	19,187	6,893
Item that will be classified to profit and loss account		
Foreign operations- foreign currency translation difference	(35)	(1,375)
Proportionate share of other comprehensive income of equity accounted investee	(1,284)	(831)
Total comprehensive income for the year	1,972,437	690,778
Total comprehensive income attributable to:		
- Owners of the Holding Company	1,455,812	606,320
- Non controlling interest	516,625	84,458
	1,972,437	690,778

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Fuad Azim Hashimi Director & Chairman Board Audit Committee	**Nadir Akbarali Jamal** Chief Financial Officer	**Riyaz T. Chinoy** Chief Executive Officer

Consolidated Cash Flow Statement

For the year ended 30 June 2016

	Note	2016	2015
		(Rupees in ‘000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,749,520	925,223
Adjustments for:			
Depreciation and amortisation		988,021	790,081
Provision / (reversal) for doubtful debts		71,612	(3,247)
Provision for staff gratuity		47,163	43,362
Provision for compensated absences		5,354	12,660
Interest on bank deposits		(1,834)	(3,014)
Gain on disposal of property, plant and equipment		(42,172)	(35,178)
Share of profit from associated company		(17,809)	(19,891)
Financial charges		1,068,799	1,516,705
		4,868,654	3,226,701
Changes in:			
Working capital	32	1,688,200	2,316,059
Long term prepayments		833	4,002
Long term deposits		(39,299)	(2,379)
		6,518,388	5,544,383
Translation reserve		(107)	-
Financial charges paid		(1,256,588)	(1,479,477)
Payment for staff gratuity		(44,396)	(38,805)
Payment of compensated absences		(14,113)	(1,512)
Taxes paid		(423,909)	(375,426)
Net cash generated from operating activities		4,779,275	3,649,163
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(1,364,883)	(3,587,150)
Dividend received		7,278	10,916
Proceeds from sale of property, plant and equipment		55,765	69,179
Interest received		1,834	3,014
Net cash used in investing activities		(1,300,006)	(3,504,041)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of) / proceeds from long term financing - net		(1,043,389)	2,782,770
Dividend paid to non controlling interest		(7)	(189,553)
Dividends paid to shareholders of the Holding Company		(416,977)	(418,441)
Net cash (used in) / generated from financing activities		(1,460,373)	2,174,776
Net increase in cash and cash equivalents		2,018,896	2,319,898
Cash and cash equivalents at beginning of the year		(8,715,495)	(11,035,393)
Cash and cash equivalents at end of the year		(6,696,599)	(8,715,495)
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances	15	70,405	64,853
Short term borrowings- secured	21	(6,767,004)	(8,780,348)
		(6,696,599)	(8,715,495)

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Fuad Azim Hashimi	**Nadir Akbarali Jamal**	**Riyaz T. Chinoy**
Director & Chairman Board Audit Committee	Chief Financial Officer	Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Attributable to owners of the Holding Company					Non-controlling interest	Total equity
	Issued, subscribed & paid-up capital	Revenue reserves		Exchange translation reserves	Total		
		General reserve	Un-appropriated profit				
	(Rupees in '000)						
Balance as at 1 July 2014	1,198,926	2,991,258	337,882	159	4,528,225	2,270,756	6,798,981
Total comprehensive income for the year ended 30 June 2015							
- Profit for the year	-	-	598,761	-	598,761	87,330	686,091
- Other comprehensive income for the year	-	-	8,934	(1,375)	7,559	(2,872)	4,687
Total comprehensive income for the year			607,695	(1,375)	606,320	84,458	690,778
Transactions with owners recorded directly in equity : Distributions to owners of the Holding Company							
- Final dividend @ 20% (Rs. 2.00 per share) for the year ended 30 June 2014	-	-	(239,785)	-	(239,785)	-	(239,785)
- Interim dividend @ 15% (Rs. 1.50 per share) for the year ended 30 June 2015	-	-	(179,839)	-	(179,839)	-	(179,839)
Total transactions with owners of the Holding Company	-	-	(419,624)	-	(419,624)	-	(419,624)
Dividend to non-controlling interest	-	-	-	-	-	(189,944)	(189,944)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	41,796	-	41,796	5,060	46,856
Balance as at 30 June 2015	1,198,926	2,991,258	567,749	(1,216)	4,756,717	2,170,330	6,927,047
Total comprehensive income for the year ended 30 June 2016							
- Profit for the year	-	-	1,437,625	-	1,437,625	516,944	1,954,569
- Other comprehensive income for the year	-	-	18,222	(35)	18,187	(319)	17,868
Total comprehensive income for the year	-	-	1,455,847	(35)	1,455,812	516,625	1,972,437
Transactions with owners recorded directly in equity							
Distributions to owners of the Holding Company							
- Final dividend @ 25% (Rs. 2.50 per share) for the year ended 30 June 2015	-	-	(299,731)	-	(299,731)	-	(299,731)
- Interim dividend @ 10% (Re. 1.00 per share) for the year ended 30 June 2016	-	-	(119,893)	-	(119,893)	-	(119,893)
Total transactions with owners of the Holding Company	-	-	(419,624)	-	(419,624)	-	(419,624)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	40,768	-	40,768	5,229	45,997
Balance as at 30 June 2016	1,198,926	2,991,258	1,644,740	(1,251)	5,833,673	2,692,184	8,525,857

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Fuad Azim Hashimi	**Nadir Akbarali Jamal**	**Riyaz T. Chinoy**
Director & Chairman Board Audit Committee	Chief Financial Officer	Chief Executive Officer

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of International Industries Limited, (the Holding Company) and International Steels Limited, IIL Australia PTY Limited and IIL Stainless Steel (Private) Limited, (the Subsidiary Companies) [together referred to as "the Group" and individually as "Group entities"] and the Group's interest in equity accounted investee namely; Pakistan Cables Limited.

1.2 International Industries Limited ("the Holding Company") was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. The Holding Company is in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes and polyethylene pipes. The registered office of the Holding Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.

1.3 International Steels Limited ("the Subsidiary Company") was incorporated on 03 September 2007 as a public unlisted company limited by shares under the Companies Ordinance, 1984 and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to general public under Initial Public Offer, the Subsidiary Company was listed on the Karachi Stock Exchange on 1 June 2011. The primary activities of the Subsidiary Company are business of manufacturing of cold rolled steel coils and galvanized sheets. The Subsidiary Company commenced commercial operations on 1 January 2011. The registered office of the Subsidiary Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.

1.4 IIL Australia PTY Limited was incorporated in Australia on 02 May 2014. The Subsidiary Company is in the business of Distribution and marketing of galvanized steel pipes, precision steel tubes and Pre-Galvanized pipes. The registered office of the Company is situated at 101-103, Abbot Road, Hallam, Victoria 3803, Australia.

1.5 IIL Stainless Steel (Private) Limited was incorporated in Pakistan on 28 November 2014 and is in the business of manufacturing and marketing stainless steel pipe. The registered office of the subsidiary Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530. The Company commenced its commercial production on 01 April 2015.

1.6 Detail of Group's equity accounted investee is given in note 7 to these consolidated financial statements.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company and the Subsidiary Companies for the year ended 30 June 2016. Details regarding the financial information of equity accounted investee used in the preparation of these consolidated financial statements are given in note 7 to these consolidated financial statements.

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984 and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except that land and buildings of the Holding and Subsidiary Company (ISL) that are stated at fair values determined by an independent valuer and the Group's liability under defined benefit plan (gratuity) that is determined on the present value of defined benefit obligation determined by an independent actuary.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees which is the Group's functional and presentation currency and have been rounded to the nearest thousand Rupee.

2.4 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the consolidated financial statements and estimates with significant risk of material judgment in the next financial year are set forth below.

Income taxes

In making the estimates for income taxes currently payable by the Group, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these consolidated financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

Trade debts and other receivables

The Group reviews its trade debtors on a continuous basis to identify receivables where collection of an amount is no longer probable. These estimates are based on historical experience and are subject to changes in conditions at the time of actual recovery.

Property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its plant and equipment. The estimates for revalued amounts of different classes of property, plant and equipment, are based on valuation performed by and independent external professional valuer. Further, the Group reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment.

Stock-in-trade and stores and spares

The Group reviews the net realizable value of stock-in-trade and stores, spares parts and loose tools to assess any diminution in the respective carrying values and also reviews the inventories for obsolescence.

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS

3.1 Standards, amendments or interpretations which became effective during the year

During the year, certain new standards and amendments to existing standards became effective. However, they did not have material affect on these financial statements, except for the adoption of IFRS - 10 'Consolidated financial statements' and IFRS - 13 'Fair Value Measurement'.

IFRS 10 'Consolidated financial statements' introduces new control model that focus on whether the Group has power over an investee exposure or rights of variable returns from involvement with the investee and ability to use its power to affect those returns. The adoption of IFRS 10 has no effects on financial statements except for certain changes in policies disclosed in note 4.

IFRS - 13 'Fair Value Measurement' became effective during the year which establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price 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. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. As a result, the Company has included additional disclosures in this regard in note 37 to these financial statements. Notwithstanding the above, the aforementioned change does not have material impact on fair value measurement of assets and liabilities.

3.2 Standards, amendments or interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2016 and the Group does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) (effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants (Amendment to IAS 16 and IAS 41) (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set out below are consistently applied for all periods presented in these financial statements except for adoption of IFRS 10 and IFRS 13 as disclosed in note 3.1 to these financial statements.

4.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than fifty percent of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company using consistent accounting policies and changes are made when necessary to align them with the policies adopted by the Holding Company.

The assets and liabilities of the subsidiary companies have been consolidated on a line by line basis. The carrying value of investment held by the Holding Company is eliminated against the subsidiary's shareholders' equity in the consolidated financial statements. All material intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Holding Company. Non controlling interests are presented as a separate item in the consolidated financial statements.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity or when the Group has significant influence through common directorship(s).

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of its associate's post acquisition profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Dilution gains and losses arising on investments in associates are recognised in the consolidated profit and loss account.

The financial statements of the associate used for equity accounting are prepared with difference of three months from the reporting period of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in equity accounted investee (which is higher of its value in use and its fair value less cost to sell) and its carrying value and recognises the amount in the profit and loss account. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount but limited to the carrying amount that would have been determined, if no impairment loss had been recognized. A reversal of impairment is recognized in the profit an loss account.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the equity accounted investee upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in consolidated profit and loss account.

Translation of the financial statements of foreign subsidiary

The financial statements of foreign subsidiary of which the functional currency is different from that used in the preparing the Group's consolidated financial statements are translated in functional currency of the Group. Balance Sheet items are translated at the exchange rate at the balance sheet date and profit and loss account items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange translation reserve. When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified into profit and loss account as part of gain or loss on disposal. If the group disposes off part of its interest in a subsidiary but retains control, then the relevant portion of the cumulative amount is reattributed to non-controlling interest.

4.2 Property, plant and equipment

Property, plant and equipment (except freehold and leasehold land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold and leasehold land and buildings are stated at revalued amounts less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The value assigned to leasehold lands is not amortized as the respective leases are expected to be renewed for further periods on payment of relevant rentals.

Subsequent cost

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is derecognized. Normal repairs and maintenance are charged to the consolidated profit and loss account during the period in which they are incurred.

Depreciation

Depreciation is charged to income on a straight line basis at rates specified in note 5.1 to these consolidated financial statements. Depreciation on additions to buildings and plant and machinery, furniture, fixtures and office equipment and vehicles is charged from the month an asset is available for use upto the month prior to its disposal.

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

Revaluation surplus

Surplus on revaluation of land and buildings is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of land and buildings (net of deferred taxation) is transferred directly to retained earnings (Unappropriated profit).

Disposal

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized in other income/other expenses in the consolidated profit and loss account. When revalued assets are sold, any related amount included in the Revaluation Reserve is transferred to retained earnings (Unappropriated profit).

Capital work in process (CWIP)

Capital work in progress is stated at cost less impairment loss, if any and consists of expenditure incurred and advances made in the course of an assets's construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.

4.3 Intangible assets

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

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognized as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use. An intangible asset is measured initially at cost and subsequently stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization

Amortization is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets (i.e. three years) unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized upto the month prior to their disposal.

4.4 Derivative financial instruments - other than hedging

Derivatives that do not qualify for hedge accounting are recognized in the consolidated balance sheet at estimated fair value with corresponding effect to the consolidated profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.5 Derivative financial instruments - cash flow hedges

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

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

4.6 Borrowings costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other mark-up, interest and other related charges are charged to the consolidated profit and loss account currently.

4.7 Stores and spares

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

Provision for obsolete and slow moving stores, spares and loose tools is determined based on the management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

4.8 Stock-in-trade

These are valued at lower of cost and net realizable value less impairment loss, if any. Cost is determined under the weighted average basis. Cost comprises all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value signifies the estimated selling price in the ordinary course of the business less the net estimated cost of completion and selling expenses.

Scrap stocks are valued at estimated net realisable value.

4.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is established when there is an objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

4.10 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and current and deposit accounts held with banks. Short term borrowings availed by the Group, which are payable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of consolidated cash flow statement.

4.11 Taxation

Income Tax expense comprises current and deferred tax. Income Tax expense is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized directly in the consolidated other comprehensive income or below equity, in which case it is recognized in the consolidated other comprehensive income or below equity respectively.

Current

Provision for current taxation is based on taxability of certain income streams of the Group under final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. Provision of current tax is determined using the tax rate enacted at the balance sheet date.

Deferred tax

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

The Group recognizes a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Further, the Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

Provision for income tax on the income of foreign subsidiary - IIL Australia PTY Limited, is computed in accordance with the tax legislation in force in the country where the income is taxable.

4.12 Employee benefits

Defined benefit plan

The Holding Company operates an approved funded Gratuity Scheme (the Plan) for eligible employees of the Holding Company. The Holding Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Holding Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in the consolidated profit and loss account. The latest Actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

The Subsidiary Company, International Steels Limited (ISL), provides gratuity benefits to all its permanent employees who have completed their minimum qualifying period of service i.e. three years (except in case of workers where minimum qualifying period of service is six months). For executives and officers having total service of over twenty years, the benefit is available at 1 month's basic salary (eligible salary) for each completed year of service. For executives and officer having total service of less than twenty years, the benefit is available at half month's basic salary (eligible salary) for each completed year of service. For workers, the benefit is available at 1 month's gross salary less conditional allowances (eligible salary) for each completed year of service. The subsidiary Company's obligation is determined through acturial valuations carried out under the " Projected Unit Credit Method". Remeasurements which comprise acturial gains and losses and the return on the plan assets (excluding interest) are recognised immediately in other comprehensive income.

The Subsidiary Company determines the net interest expenses (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payment. Net interest expense and current service cost are recognised in profit and loss account. The latest acturial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

Defined contribution plan

The Holding Company and a Subsidiary Company, [International Steels Limited], operates a recognized provident fund for all employees of the respective Companies except unionized staff. Equal monthly contributions are made by them and their employees to the fund at the rate of 8.33% of basic salary and cost of living allowance and the same is charged to the consolidated profit and loss account.

Compensated absences

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

4.13 Trade and other payables

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

4.14 Foreign currency translation

All monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing on the balance sheet date. Transactions in foreign currencies (except the results of foreign operation which are translated to Pakistani Rupees at the average rate of exchange for the year) are translated into Pakistani Rupees at the rates of exchange approximating those prevailing on the date of transactions. Exchange gains and losses are recorded in the consolidated profit and loss account.

4.15 Revenue recognition

- Domestic sales are recognized as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides with delivery.

- Export sales are recognised as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides either with date of shipping bill or upon delivery to customer or its representative, based on terms of arrangement.

- Interest income (including late payment surcharge) is recognized on a time-apportioned basis using the effective rate of return.

- Dividend income is recognized when the right to receive payment is established.

- Revenue from power generation plant on account of sale of surplus electricity is recognized on transmission of electricity to K-Electric Limited.

- Toll manufacturing income is recognised when services are rendered.

- Gains / losses arising on sale of investments are included in the Profit and Loss Account in the period in which they arise.

- Service income is recognized when services are rendered.

- Rental income is recognized on straight line basis over the term of the respective lease agreement.

- Miscellaneous income is recognised on receipt basis.

4.16 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Group derecognizes financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instrument.

4.17 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.18 Impairment

Financial assets

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax asset, are reviewed at each balance sheet date to ascertain whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the Consolidated Profit and Loss Account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.19 Mark-up bearing borrowings

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

4.20 Provisions

A provision is recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. The management monitors the operating results of its products (i.e. Steel Coils and Sheets, Steel Pipes and Plastic Pipes) separately for the purpose of making decisions regarding resource allocation and performance assessment.

4.22 Dividend and appropriation to / from reserves

Dividend distribution to the Holding Company's shareholders and appropriation to / from reserves are recognized in the period in which these are approved by the Members and Board of Directors of the Holding Company respectively as the case may be.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees in '000)	
Operating assets	5.1	17,323,828	14,233,640
Capital work-in-progress (CWIP)	5.5	238,670	1,808,256
Store and spares held for capital expenditure - at cost		2,297	8,099
		17,564,795	16,049,995

5.1 Operating assets

	Land - revalued		Buildings - revalued		Plant and machinery **	Furniture, fixtures and office equipment	Vehicles	Total
	Freehold	Leasehold	Freehold land	Leasehold land				
	(Rupees in '000)							
Balance as at 1 July 2015								
Cost / revalued amount	1,663,545	1,144,566	1,367,897	756,676	13,019,785	129,293	205,845	18,287,607
Accumulated depreciation	-	-	(141,269)	(100,734)	(3,623,900)	(101,311)	(86,753)	(4,053,967)
Net Book value (NBV)	1,663,545	1,144,566	1,226,628	655,942	9,395,885	27,982	119,092	14,233,640
Additions / adjustments / transfer from CWIP	-	22,939	251,051	52,012	2,511,148	12,524	50,103	2,899,777
Surplus on revaluation	325,496	319,188	295,790	246,821	-	-	-	1,187,295
Translation reserve						(6)		(6)
Disposals								
- Cost	-	-	-	-	(33,453)	(673)	(35,297)	(69,423)
- Accumulated depreciation	-	-	-	-	30,864	621	24,345	55,830
	-	-	-	-	(2,589)	(52)	(10,952)	(13,593)
Depreciation charge	-	-	(81,760)	(56,942)	(788,419)	(13,400)	(42,764)	(983,285)
Balance as at 30 June 2016 (NBV)	1,989,041	1,486,693	1,691,709	897,833	11,116,025	27,048	115,479	17,323,828
Gross carrying value as at 30 June 2016								
Cost / revalued amount	1,989,041	1,486,693	1,691,709	897,833	15,497,480	141,138	220,651	21,924,545
Accumulated depreciation *	-	-	-	-	(4,381,455)	(114,090)	(105,172)	(4,600,717)
Net book value	1,989,041	1,486,693	1,691,709	897,833	11,116,025	27,048	115,479	17,323,828
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	
Balance as at 1 July 2014								
Cost / revalued amount	1,663,545	1,137,648	1,334,314	727,594	11,069,382	118,987	166,104	16,217,574
Accumulated depreciation	-	-	(69,300)	(44,957)	(3,070,017)	(84,101)	(73,201)	(3,341,576)
Net Book value (NBV)	1,663,545	1,137,648	1,265,014	682,637	7,999,365	34,886	92,903	12,875,998
Additions / transfer from CWIP	-	6,918	33,583	29,082	2,007,408	11,493	88,811	2,177,295
Adjustments	-	-	-	-	(2,990)	-	(50)	(3,040)
Disposals								
- Cost	-	-	-	-	(54,015)	(1,187)	(49,020)	(104,222)
- Accumulated depreciation	-	-	-	-	44,671	1,095	24,455	70,221
	-	-	-	-	(9,344)	(92)	(24,565)	(34,001)
Depreciation charge	-	-	(71,969)	(55,777)	(598,554)	(18,305)	(38,007)	(782,612)
Balance as at 30 June 2015 (NBV)	1,663,545	1,144,566	1,226,628	655,942	9,395,885	27,982	119,092	14,233,640
Gross carrying value as at 30 June 2015								
Cost / revalued amount	1,663,545	1,144,566	1,367,897	756,676	13,019,785	129,293	205,845	18,287,607
Accumulated depreciation	-	-	(141,269)	(100,734)	(3,623,900)	(101,311)	(86,753)	(4,053,967)
Net book value	1,663,545	1,144,566	1,226,628	655,942	9,395,885	27,982	119,092	14,233,640
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	

* This represents adjustment to accumulated depreciation by eliminating it against gross carrying amount of the assets using elimination approach to incorporate revaluation impact.

** This includes capital spares having cost of Rs 106 million (2015: Rs 135 million) and net book value of Rs.85 million (2015: Rs.116 million).

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

	Note	2016	2015
		(Rupees in ‘000)	
Cost of sales	24	879,323	684,854
Selling and distribution expenses	25	14,845	9,859
Administrative expenses	26	21,509	20,271
Income from power generation	29.1	67,608	67,628
		983,285	782,612

5.3 The revaluation of the freehold land, leasehold land and buildings thereon of the Holding Company and Subsidiary Company was carried out as of 30 June 2016 by MYK Associates (Private) Limited (an independent valuer) on the basis of their professional assessment of present market values based on enquiries made about the cost of land of similar nature, size and location including consideration of current cost of acquisition or construction net of diminution owing to depreciation.

The Holding Company has carried out valuation of freehold land, leasehold land and buildings during the years ended / periods 30 June 1988, 30 June 1997, 30 June 2000, 30 June 2004, 31 December 2007, 30 June 2013 and 30 June 2016.

The resulting revaluation surplus has been disclosed in notes 5.1 and 17 to the consolidated financial statements and has been credited to revaluation surplus account net of related tax effect.

The carrying amount of the above mentioned assets as at 30 June 2016, if the said assets had been carried at historical cost would have been as follows:

	Cost	Accumulated depreciation	Net book value
		(Rupees in ‘000)	
Freehold land	623,893	-	623,893
Leasehold land	366,796	-	366,796
Buildings	1,901,139	(584,503)	1,316,636
As at 30 June 2016	2,891,828	(584,503)	2,307,325
As at 30 June 2015	2,539,757	(506,956)	2,032,801

5.4 Details of property, plant and equipment disposed off / scrapped during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
	(Rupees in ‘000)					
Chiller	2,392	2,342	50	1,088	Negotiation	M/s.Modilina Enterprises
Threadening machine	1,089	1,039	50	250	Negotiation	M/s.Muhammad Anwar
Transformer	1,656	1,079	577	450	Negotiation	M/s.Modilina Enterprises
RO membrance	1,000	449	551	157	Negotiation	M/s.Modilina Enterprises
Air intercooler core	1,500	899	601	398	Negotiation	M/s.Modilina Enterprises
Heat exchanger for DC motor	423	356	67	308	Negotiation	M/s.Modilina Enterprises
Oil Cooler	2,096	1,850	246	958	Negotiation	M/s.Modilina Enterprises
Arbar Shaft	2,279	2,179	100	122	Negotiation	M/s.Modilina Enterprises
Uncoiler	601	371	230	152	Negotiation	M/s.Modilina Enterprises
Plant K-76 (Partly)	1,779	1,664	115	469	Negotiation	M/s.Qaiser Khan & Bros
Laptop MacAir	104	52	52	60	Insurance claim	M/s.Jubilee General Insurance Company Limited

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
	(Rupees in '000)					
Suzuki Mehran	**683**	**125**	**558**	**-**	Company's policy	Mrs.Sara Younus Kamal (widow)
Honda City	1,648	1,016	632	1,187	Auction	Karachi Auction Mart
Suzuki Cultus	**916**	**824**	**92**	**580**	**Auction**	**Karachi Auction Mart**
Suzuki Mehran	630	263	367	499	Auction	Karachi Auction Mart
Honda Civic	**2,146**	**1,001**	**1,145**	**-**	Company's policy	Mr.Tariq Hafiz
Honda City	1,703	738	965	1,305	Negotiation	Mr.Faiz Iqbal Mian.
Honda City	1,300	1,018	282	919	Company's policy	Mr.Samar Abbas
Honda City	1,532	792	740	-	Company's policy	Mr.Najam Siddiqui
Toyota Corolla	1,752	497	1,255	1,444	Auction	Karachi Auction Mart
Honda Civic	2,121	919	1,202	1,950	Company's policy	Mr.Alee Arsalan
Honda Civic	2,045	1,943	102	1,114	Company's policy	Mrs.Tanveer Fatima Shoaib
Toyota Corolla	1,673	892	781	1,475	Negotiation	Mr.Riaz Ahmed
Suzuki Cultus	1,036	449	587	847	Negotiation	Mr.Numan Abrar
Suzuki Mehran	696	279	417	475	Negotiation	Mr.Muhammad Khuram
Suzuki Mehran	683	171	512	650	Insurance claim	M/s.Jubilee General Insurance Company Limited
Suzuki Mehran	683	170	513	673	Insurance claim	M/s.Jubilee General Insurance Company Limited
Suzuki Mehran	667	311	356	600	Insurance claim	M/s.Jubilee General Insurance Company Limited
Suzuki Mehran	560	345	215	418	Negotiation	Mr.Numan Abrar
Suzuki Mehran	560	364	196	416	Negotiation	Mr.Numan Abrar
Various Items of book value upto Rs.50,000 each	31,470	31,433	37	36,801	Negotiation	Various
	69,423	55,830	13,593	55,765		

5.5 Capital work-in-progress (CWIP)

	2016			
	Cost			
	As at 1 July 2015	Additions / Adjustments	Transfers / Adjustments	As at 30 June 2016
	(Rupees in '000)			
Freehold land	-	**26,524**	**(22,939)**	**3,585**
Buildings on freehold land	-	162,520	(154,561)	7,959
Buildings on leasehold land	52,417	10,854	(52,012)	11,259
Plant and machinery	1,754,993	1,065,746	(2,608,106)	212,633
Furniture, fixtures and office equipment	846	11,729	(10,844)	1,731
Vehicles	-	53,286	(51,783)	1,503
	1,808,256	1,330,659	(2,900,245)	238,670

	2015			
	Cost			
	As at 1 July 2014	Additions / Adjustments	Transfers / Adjustments	As at 30 June 2015
	(Rupees in '000)			
Buildings	15,249	99,833	(62,665)	52,417
Plant and machinery	380,482	3,396,844	(2,022,333)	1,754,993
Furniture, fixtures and office equipment	-	8,375	(7,529)	846
	395,731	3,505,052	(2,092,527)	1,808,256

5.5.1 Additions include borrowing cost capitalized amounting to Rs 35 million (2015: Rs 133 million). The effective rate for capitalization of borrowing cost ranges from 3.7% to 9.0% per annum.

6. INTANGIBLE ASSETS

	Note	2016	2015
		(Rupees in '000)	
Operating intangible assets		3,329	3,181
Capital work-in-progress (CWIP)		10,100	10,581
		13,429	13,762
Net book value as at 1st July		3,181	10,650
Additions / Adjustments		4,884	-
Amortisation	6.2	(4,736)	(7,469)
Net book value as at 30 June		3,329	3,181
Gross carrying value as at 30 June			
Cost		76,780	71,896
Accumulated amortisation		(73,451)	(68,715)
Net book value		3,329	3,181
		(Percent)	
Amortization rate (per annum)		33.33	33.33

6.1 Intangible assets comprise of computer software and licenses.

6.2 The amortization expense for the year has been allocated as follows:

	Note	2016	2015
		(Rupees in '000)	
Cost of sales	24	2,651	5,284
Selling and distribution expenses	25	970	1,170
Administrative expenses	26	1,115	1,015
		4,736	7,469

7. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

2016	2015		2016	2015
(Number of shares)			(Rupees in '000)	
2,425,913	2,425,913	Pakistan Cables Limited (PCL) - associated company	270,097	260,069

7.1 This represents investment in PCL, an Associated Company, on account of cross directorship. The Holding Company holds 8.53% of effective share of interest in PCL due to crossholding.

7.2 The Chief Executive Officer of PCL is Mr. Kamal A. Chinoy. The market value as at 30 June 2016 was Rs. 413.667 million (30 June 2015: Rs. 403.915 million). The share of profit after acquisition is recognised based on unaudited condensed interim financial information as at 31 March 2016 as the latest financial statements as at 30 June 2016 are not presently available. The summarised financial information of the equity accounted investee based on condensed interim financial information is as follows:

Summarised financial information of equity accounted investee:

	31 March 2016 (Unaudited)	30 June 2015 Audited
	(Rupees in '000)	
Assets	4,423,707	4,166,432
Liabilities	1,827,822	1,643,217

	For the period ended 31 March 2016	For the year ended 30 June 2015
	(Rupees in '000)	
Total revenue	5,105,946	6,956,670
Profit after taxation for the period / year	158,006	189,297

8. STORES AND SPARES

	Note	2016	2015
		(Rupees in '000)	
Stores		150,936	154,756
Spares		416,081	327,109
Loose tools		8,082	6,087
		575,099	487,952

9. STOCK-IN-TRADE

	2016	2015
Raw material - in hand	3,802,345	3,353,839
- in transit	1,501,737	773,716
	5,304,082	4,127,555
Work-in-process	1,128,175	962,394
Finished goods	2,963,371	3,019,255
By-products	28,108	62,406
Scrap material	65,815	15,719
	9,489,551	8,187,329

9.1 The stock in trade includes stock costing Rs.56.8 million (2015: Rs 103.9 million) which has been carried at net realizable value of Rs.46.1 million (2015: Rs 99.7 million).

9.2 Raw material of Holding Company amounting to Rs. 2.7 million (2015: Rs. 6.4 million) is held at a vendor's premise for the production of pipe caps.

10. TRADE DEBTS

	Note	2016	2015
		(Rupees in '000)	
Considered good - secured	10.1	990,548	1,233,009
- unsecured		1,046,166	1,429,611
		2,036,714	2,662,620
Considered doubtful		109,142	37,530
		2,145,856	2,700,150
Provision for doubtful debts	10.3	(109,142)	(37,530)
		2,036,714	2,662,620

10.1 This represent trade debts arising on account of export sales of Rs.932.65 million (2015: Rs.1,140.7 million) which are secured by way of Export Letters of Credit and Rs.57.92 million (2015: Rs.92.1 million) on account of domestic sales which are secured by way of Inland Letter of Credit.

10.2 Related parties from whom trade debts are due are as under:

	2016	2015
Doogood Enterprise Pty Limited	59,799	37,254
Sumitomo Corporation	91,400	-
Pakistan Cables Limited	272	830
	151,471	38,084

10.2.1 The ageing of trade debts receivable from related parties as at the balance sheet date are as under:

	2016	2015
Not past due	104,672	830
Past due 61 days - 365 days	46,799	37,254
Total	151,471	38,084

10.3 Provision for doubtful debts

	Note	2016	2015
Balance as at 1 July		37,530	40,777
Charge for the year		86,399	8,780
Recoveries during the year		(14,787)	(12,027)
	25	71,612	(3,247)
Balance as at 30 June		109,142	37,530

11. ADVANCES

	2016	2015
Considered good		
- Suppliers	191,512	174,238
- Employees for business related expenses	1,295	2,845
- Workers	-	23,911
	192,807	200,994

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2016	2015
Trade deposits	9,488	18,610
Short term prepayments	9,675	9,091
	19,163	27,701

13. OTHER RECEIVABLES

	2016	2015
Considered good		
Receivable on transmission of electricity to K- Electric	49,011	65,267
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods	25,940	25,940
Others	2,096	770
	77,047	91,977

14. TAXATION - NET

	Note	2016	2015
		(Rupees in ‘000)	
Tax receivable as at 1 July		1,763,196	1,648,177
Tax payments / adjustment made during the year		525,293	441,516
Refunds received during the year		(101,384)	(66,090)
		2,187,105	2,023,603
Less: Provision for tax	30	(394,573)	(260,407)
		1,792,532	1,763,196

15. CASH AND BANK BALANCES

	Note	2016	2015
- Cash in hand		545	52
- Current accounts		24,543	32,040
- Profit and loss sharing accounts	15.1	45,317	32,761
		70,405	64,853

15.1 Mark-up rate on profit and loss sharing account ranges from 5% to 8% per annum (2015: 5% to 9% per annum). The deposit accounts are placed with bank under conventional banking arrangements.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		2016	2015
(Number of shares)			(Rupees in ‘000)	
6,769,725	6,769,725	Fully paid ordinary shares of Rs. 10 each issued for cash	67,697	67,697
113,122,894	113,122,894	Fully paid ordinary shares of Rs. 10 each issued as bonus shares	1,131,229	1,131,229
119,892,619	119,892,619		1,198,926	1,198,926

16.1 Associated companies, due to common directors, held 576,000 (2015 : 576,000) ordinary shares of Rs. 10 each at the year end.

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
Freehold land			
Balance as at 1 July		1,039,652	1,039,652
Surplus on revaluation of freehold land	5.1	325,496	-
Balance as at 30 June		1,365,148	1,039,652
Leasehold land			
Balance as at 1 July		800,709	800,709
Surplus on revaluation of leasehold land	5.1	319,188	-
Balance as at 30 June		1,119,897	800,709
Buildings			
Balance as at 01 July		817,519	880,965
Adjustment		(26,142)	-
Surplus on revaluation of buildings	5.1	542,611	-
Transferred to retained earnings (Unappropriated Profit) in respect of incremental depreciation charged during the year - net of deferred tax		(61,082)	(63,446)
		1,272,906	817,519
Related deferred tax liability	17.1	(324,976)	(190,299)
Balance as at 30 June - net of deferred tax		947,930	627,220
		3,432,975	2,467,581
Proportionate share of surplus on revaluation of property, plant and equipment of equity accounted investee		69,761	68,980
		3,502,736	2,536,561

17.1 Movement in related deferred tax liability

	Note	2016	2015
		(Rupees in '000)	
Balance as at 1 July		190,299	219,331
Surplus on revaluation of buildings		138,828	-
Effect of change in tax rate		10,932	(12,442)
Tax effect on incremental depreciation transferred to retained earnings		(15,083)	(16,590)
Deferred tax liability as at 30 June		324,976	190,299

18. LONG TERM FINANCING - secured

	Note	2016	2015
Long-term finances utilised under mark-up arrangements - Conventional	18.1	4,290,248	5,333,637
- Islamic	18.1	1,650,000	1,650,000
Current portion of long term finances shown under current liabilities - Conventional		(457,221)	(849,878)
- Islamic		(400,000)	(150,000)
		5,083,027	5,983,759

18.1 Long term finances utilised under mark-up arrangements

		Sale price	Purchase price	Number of instalments and commencement date	Date of maturity	Rate of mark-up per annum	2016	2015
		(Rupees in '000)					(Rupees in '000)	
	CONVENTIONAL							
i)	**MCB Bank Limited** **Financing under Long term** Finance Facility for Plant and Machinery (note 18.1.1)	550,000	906,963	34 quarterly 29-Oct-16	28-Mar-24 to 20 Nov 25	SBP+0.70% (fixed rate)	546,259	92,992
ii)	**Syndicated Term Financing under LTFF Scheme** Local currency assistance for plant and machinery of Cold Rolled and Galvanized Sheet Project (note 18.1.2)	4,000,000	9,376,178	16 half yearly instalments 19-Mar-11	11-Jun-16	1.50% over SBP Refinance rate (fixed rate)	-	2,341,715
iii)	**Faysal Bank Limited** Local currency assistance for Plant and Machinery (note 18.1.3)	900,000	1,263,602	8 half yearly 27-Dec-12	2-May-16	1.25% over 6 months KIBOR	-	383,183
iv)	**Long term finance** Local currency assistance of Rs.300 million for plant and machinery (note 18.1.4)	300,000	406,886	8 half yearly 2-Jun-15	30-Jun-16	1.25% over 6 months KIBOR	-	275,000
v)	**Long term finance** Local currency assistance for plant and machinery (note 18.1.5)	1,988,427	4,675,000	32 quarterly 16-Oct-16	11-Nov-26	1.00% over SBP Refinance rate (fixed rate)	1,988,433	1,790,747
vi)	**Long term finance** Local currency assistance for plant and machinery (note 18.1.6)	800,000	1,112,512	18 half yearly 30-Jun-16	1-Sep-20	1.00% over 6 months KIBOR	755,556	800,000
vii)	**Long term finance** Local currency assistance for plant and machinery (note 18.1.7)	1,000,000	1,610,411	60 equal monthly 28-Jul-16	28-Jun-21	0.15% over 3 months KIBOR	1,000,000	-
	ISLAMIC							
i)	**Meezan Bank Limited** Diminishing Musharakah of Rs.450 million for plant and machinery (Refer note 18.1.8)	450,000	570,874	6 half yearly 24 Dec 2014	24 Jun 2017	0.2 % over 6 months KIBOR	150,000	300,000
ii)	**Meezan Bank Limited** Diminishing Musharakah of Rs.500 million for plant and machinery (Refer note 18.1.8)	500,000	950,361	10 half yearly 30-Jun-18	30-Jun-23	0.1 % over 6 months KIBOR	500,000	-
iii)	**Long term finance** Local currency assistance for plant and machinery (note 18.1.9)	1,000,000	1,743,300	8 half yearly 26-Dec-16	26-Jun-20	0.20% over 6 months KIBOR	1,000,000	1,000,000
							5,940,248	6,983,637

18.1.1 The Holding Company has an approved facility under Long term finance facility of an amount aggregating Rs. 550 million. As at June 30, 2016 the holding company has withdrawn Rs. 546.3 million from commercial bank. The facility is secured by way of a mortgage on all present and future land and buildings, located at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate Karachi and Survey No.402, 405-406, Dehsharabi Landhi Town Karachi.

18.1.2 The syndicated term financing is obtained for plant and machinery of Cold Rolling Mill and Galvanising Plant by Subsidiary Company (ISL) and is secured by way of mortgage of land located at Survey No. 399-404, Landhi Town, Karachi and joint hypothecation of all present and future fixed assets (excluding land and building), as per the terms of syndicated term financing agreement.

18.1.3 This finance is obtained from Faysal Bank Limited by the Subsidiary Company (ISL) for plant & machinery and is secured by way of first pari passu charge over fixed assets of the Subsidiary Company.

18.1.4 This finance is obtained by Subsidiary Company (ISL) from various banks for plant and machinery and is secured by way of first pari passu charge over fixed assets of the Subsidiary Company.

18.1.5 This finance is obtained by Subsidiary Company (ISL) from United Bank Limited and Bank Al-Habib Limited and is secured by way of first pari passu charge over fixed assets of the Subsidiary Company.

18.1.6 This finance is obtained by Subsidiary Company (ISL) from MCB Bank Limited and is secured by way of pari passu charge over fixed assets of the Subsidiary Company.

18.1.7 This finance is obtained by Subsidiary Company (ISL) from Bank Al-Habib Limited and is secured by way of ranking charge over the fixed assets of the Subsidiary Company.

18.1.8 The above long term financing utilised under mark-up arrangement is secured by way of a mortgage on all present and future land and buildings, loacted at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi, and Survey no. 405, 405-406, Dehsharabi, Landhi Town, Karachi.

18.1.9 This finance is obtained by Subsidiary Company (ISL) from Meezan Bank Limited and is secured by way of ranking charge over the fixed assets of the Subsidiary Company.

19. DEFERRED TAXATION - NET

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	Note	2016	2015
		(Rupees in ‘000)	
Taxable temporary differences:			
Accelerated tax depreciation		1,978,985	1,738,208
Share of profit from equity accounted investee		8,684	7,367
Surplus on revaluation of buildings		174,699	111,501
Deductible temporary differences:			
Provision for infrastructure cess		(80,321)	(43,037)
Provision for doubtful debts		(32,664)	(9,876)
Unrealised exchange losses		(2,166)	(24)
Tax loss		(958,590)	(1,256,574)
Staff retirement benefits		(16,610)	(21,808)
Provision for compensated absences		(3,092)	(2,533)
		1,068,925	523,224

20. TRADE AND OTHER PAYABLES

	Note	2016	2015
		(Rupees in '000)	
Trade creditors	20.1	3,751,982	1,681,208
Bills payable		480,618	474,754
Derivative financial liabilities	20.2	8,286	-
Sales Commission payable		34,653	-
Accrued expenses		1,219,967	652,504
Provision for Infrastructure Cess	20.3 & 22.1.2	630,056	508,210
Provision for Government Levies	20.4	409	568
Short term compensated absences		13,000	18,759
Advances from customers		250,855	267,183
Workers' Profit Participation Fund	20.5	23,117	26,564
Workers' Welfare Fund		79,587	20,302
Unclaimed dividend		17,033	14,386
Unclaimed dividend attributable to minority interest		384	391
Others		61,295	10,538
		6,571,242	3,675,367

20.1 This includes an amount of Rs. 3,299.7 million payable to associated companies by Subsidiary Company (ISL) (2015: Rs. 1,196.7 million).

20.2 The Subsidiary Company (ISL) has entered into forward exchange contracts for USD 17.66 million (2015: Rs. Nil) for future payments against the import of raw material. The instrument has been remeasured as its fair value at reporting date. At 30 June 2016, the fair value of the derivative liability amounts to Rs. 8.29 million (2015: Nil).

20.3 This represents provision against fifty percent amount guaranteed to Excise and Taxation Officer (refer note 22.1.2)

Provision for Infrastructure Cess

	Note	2016	2015
		(Rupees in '000)	
Balance as at 1 July		508,210	384,581
Charge for the year		121,846	123,629
Balance as at 30 June		630,056	508,210

20.4 Provision for Government Levies

Balance as at 1 July		568	742
Payment / adjustment during the year		(159)	(174)
Balance as at 30 June		409	568

20.5 Workers' Profit Participation Fund

Balance as at 1 July		26,564	57,298
Interest on funds utilised in the Company's business	27	781	317
		27,345	57,615
Allocation for the year	28	148,263	49,064
		175,608	106,679
Payments made during the year		(152,491)	(80,115)
Balance as at 30 June		23,117	26,564

21. SHORT TERM BORROWINGS - secured

	Note	2016	2015
		(Rupees in '000)	
CONVENTIONAL			
Running finance under mark-up arrangement from banks	21.1	2,819,923	239,820
Short term borrowing under Money Market Scheme	21.2	243,223	-
Short term borrowing under Export Refinance Scheme	21.3	2,000,000	4,109,800
Running finance under FE-25 Export and Import Scheme	21.4	166,248	3,181,016
Short term finance under Murabaha & Istisna	21.5	-	445,589
Book overdraft		30,611	-
ISLAMIC			
Short term borrowing under running Musharakah	21.6	686,190	6,021
Short term finance under term Musharakah	21.7	820,809	798,102
		6,767,004	8,780,348

21.1 The facilities for running finance available from various commercial banks amounted to Rs. 8,993 million (2015: Rs.3,589 million). The rates of mark-up on these finances obtained by Holding Company ranges from 6.75 % to 7.89% per annum (2015: 7.33% to 9.45% per annum). The rates of markup on these finances obtained by Subsidiary Company ranges from 6.04% to 9.68% (2015: 8.41% to 10.35%).

21.2 The facilities for short term borrowing under Money Market Scheme financing available from various commercial banks under mark-up arrangement amounted to Rs. 4,414 million (2015: Rs. 2,197 million). The rate of mark-up on these finances obtained by Holding Company ranges from 6.16% to 6.55 % per annum (2015: 6.75% to 10.62% per annum).

21.3 The Holding Company has borrowed short term running finance under the Export Refinance Scheme of the State Bank of Pakistan. The facility availed is for an amount of Rs. 2,000 million (2015: Rs. 4,110 million).The rates of mark-up on this facility ranges from 3.8% to 4.0% per annum (2015: 5.3% to 5.5 % per annum). The Subsidiary Company (ISL) did not avail the Export Refinance Scheme of the State Bank of Pakistan as at 30 June 2016. The rate of markup on these facility is nil (2015: 5.53%) per annum.

21.4 The facilities for short term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 from various commercial banks are for the purpose of meeting import requirements. The facilities availed is for an amount of Rs. 166 million (2015: Rs. 3,181 million) by Holding Company. The rates of mark-up on these finances range from 2.0% to 2.50% (2015: 2.0% to 4.0%) per annum. The Subsidiary Company (ISL) did not avail these facilities as at 30 June 2016. The markup rate for Subsidiary Company (ISL) range from 1.0% to 2.5% (2015: 2.5% to 4.0%) per annum.These facilities mature within six months and are renewable.

21.4.1 This includes FE-25 borrowing of Rs. nil (2015: Rs. 354.3) from a Bank (related party) by Subsidiary Company.

21.5 The Subsidiary Company has obtained facilities for short term finance under Istisna under Islamic financing arrangement. The rate of profit is nil (2015: 9.36% to 10.2%). The facility matures within six months and is renewable.

21.6 The Group has obtained facilities for short term finance under Running Musharakah. The rate of mark-up on these finances obtained by the Holding Company is 6.16% per annum (2015: 8.2%) per annum. The rate of mark-up on these finance obtained by the Subsidiary Company ranges from 6.55% to 7.18% (2015: 9.43% to 9.68%) per annum. This facility matures within twelve months and is renewable.

21.7 This represents Islamic Term Musharakah availed by Subsidiary Company. The rate of profit is 6.07% to 6.58% (2015: nil) per annum. The facility matures within twelve months and is renewable.

21.8 All running finance and short term borrowing facilities are secured by way of hypothecation of all present and future fixed assets (excluding land and building) and present and future current and moveable assets.

21.9 The Holding Company has issued a corporate guarantee to a commercial bank for securing funded and unfunded facilities of Rs. 125 million each for its wholly owned Subsidiary Company IIL Stainless Steels (Private) Limited. The facilities are secured by way of hypothecation of all present and future fixed assets (excluding land and building) and present and future current and movebale assets.

21.10 As at 30 June 2016, the un-availed facilities from the above borrowings amounted to Rs.15,702 million (2015: 12,763.6 million).

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 During the year 2015, Government passed a new law “Gas Infrastructure Development Cess Act 2015” by virtue of which all prior enactments have been declared infructuous. The said Act levies GIDC at Rs 200/MMBTU on captive power consumption effective 1 July 2011 and at Rs.100/MMBTU on industrial connection from the date of passing of that Act. The Holding Company and Subsidiary Company (ISL) have obtained a stay order on the retrospective application of the Act from The Honourable High Court of Sindh. The management is confident of favourable outcome and therefore has not recorded a provision of Rs. 475.9 million in these financial statements. However, the applicable cess has been recognised after the passage of the Act.

Further, the Holding Company and the Subsidiary Company (ISL) have not recognized GIDC amounting to Rs. 658.03 million pertaining to period from 01 July 2011 to 30 June 2016 with respect to its captive power plant from which power generation is supplied to K-Electric Limited. The Holding Company and the Subsidiary Company (ISL) consider that, in the event such levy is imposed, they shall recover GIDC from K-Electric Limited through fuel adjustments after getting requisite approval from National Electric Power Regulatory Authority (NEPRA).

22.1.2 The Holding Company has reversed the provision for the levy of Infrastructure Cess amounting to Rs.107 million in 2009 on the basis of a decision of the Sindh High Court which declared the levy of Infrastructure Cess before 28 December 2006 as void and invalid. However, the Excise and Taxation Department (the Department) has filed an appeal before the Supreme Court of Pakistan against such order. In May 2011, the Supreme Court disposed off the appeal with a joint statement of the parties that, during the pendency of the appeal, another law i.e. the Fifth Version, came into existence which was not the subject matter of the appeal. Hence the case was referred back to the High Court with the right to appeal to the Supreme Court. On 31 May 2011, the High Court has granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignments released upto 27 December 2006 and any bank guarantee / security furnished for consignments released after 27 December 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability of the Fifth Version of the law and its retrospective application, the authorities are entitled to claim the amounts due under the said law with the right to appeal available to the petitioner. Bank guarantees amounting to Rs. 760 million (30 June 2015: 637 million) which include Rs. 107 million above have been provided to the Department in this regard by the Holding Company and Subsidiary Company (ISL).However, a provision to the extent of amount utilized from limit of guarantee has also been provided for by the Holding Company and Subsidiary Company on prudent basis (note 20.3).

22.1.3 Guarantees issued by the Holding Company and Subsidiary Company (ISL) to various service providers amounting to Rs. 455.1 million (2015: Rs. 350.8 million) as security for continued provision of services.

22.1.4 The Group’s share of associate’s contingent liability is Rs. 46.5 million. (2015: 22.6 million).

Holding Company

22.1.5 Customs duties amounting to Rs.52 million as at 30 June 2016 (2015: Rs. 156 million) on import of raw material shall be payable by the Holding Company in case of non-fulfillment of certain conditions imposed by the customs authorities under SRO 565(1) / 2006. The Holding Company has provided post-dated cheques in favour of the Collector of Customs which are, in the normal course of business, to be returned to the Holding Company after fullfilment of stipulated conditions. The Holding Company has fulfilled the conditions for duties amounting to Rs. 52 million and is making efforts to retrieve the associated post-dated cheques from the customs authorities.

22.1.6 An amount of Rs. 375 million was claimed by the customs authorities as duty rate differential on imports made during 2005-10 due to an anomaly in SRO 565(1) / 2006 Serial 88. Since then, the anomaly has been rectified. The Company filed a petition with the Sindh High Court in 2010 for an injunction and is awaiting the final judgement.

22.1.7 The customs authorities have charged a redemption fine of Rs. 83 million on clearance of imported raw material consignments in 2006. The Holding Company has filed an appeal before the Sindh High Court, which has set aside the examination reports including subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities had filed an application for leave to appeal against the order of the High Court. The management anticipates that the chances of admission of such appeal are remote.

22.1.8 Relying upon the judgment by Peshawar High Court, Model Collectorate of Customs (MCC), Peshawar stopped exports of the Company goods to Afghanistan under the pretext that SRO 190(I) / 2002 dated 2 April 2002 attracts a levy of sales tax at the rate of 17%. Subsequently the goods already in transit were held at Torkham Boarder by MCC Peshawar on the account of non-payment of 17% Sales Tax. A Constitutional Petition in the Sindh High Court (SHC) on 1 October 2015 arguing that there is no sales tax on exports to Afghanistan as the same is exempted under the manufacturing bond rules SRO 450(I) / 2015. Secondly, SRO 190 was issued in 2002 and was never implemented, therefore under Section 65 of the Sales Tax Act 1990 no such liability could be raised at this stage. The SHC granted stay order whereby the Company was allowed to export its goods to Afghanistan subject to depositing bank guarantees worth Rs. 6.2 million (i.e. value of disputed sales tax amount) before the Nazir of the SHC. On 30 October 2015 FBR issued a clarification as to the applicability of SRO 190(I) / 2002 and stated that exports made to Afghanistan does not attract the levy of sales tax. The said clarification has already been filed before the SHC and disposal of the case along with return of the said bank guarantees is awaited.

Subsidiary Company

22.1.9 Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of Minimum Tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum Tax. Therefore, where there is no tax payable due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

The Subsidiary Company based on legal counsel's advices considered that certain strong grounds are available whereby the aforesaid decision can be challenged in a Larger Bench of the SHC or the Supreme Court of Pakistan. A leave to appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by other companies which is pending for hearing. In view of above, the Subsidiary Company is confident that the ultimate outcome in this regard would be favorable. Accumulated minimum tax liability of Rs. 219.18 million was determined for the tax year 2012 and 2013. However, based on the assessment and estimation for availability of sufficient taxable profit on the basis of 5 year projection and tax credits available to the Subsidiary Company under section 65 B of the Income Tax Ordinance, 2001, accumulated minimum tax liability amounting to Rs. 781.34 million has not been recorded on the same basis in the financial statements for the year ended 30 June 2016.

22.1.10 Guarantees issued in the favour of Nazir High Court issued by bank on behalf of the Subsidiary Company (ISL) amounting to Rs. 2.65 million (2015: nil).

22.2 Commitments

Group

22.2.1 Capital expenditure commitments outstanding as at 30 June 2016 amounted to Rs. 442.77 million (2015: Rs. 845 million).

22.2.2 Commitments under letters of credit for raw materials and stores and spares as at 30 June 2016 amounted to Rs. 6,676 million (2015: Rs. 4,209 million)

22.2.3 Unavailed facilities for opening letters of credit and guarantees from banks as at the year end amounted to Rs. 15,817 million (2015: Rs. 16,432 million) and Rs. 560 million (2015: Rs. 421 million) respectively.

Holding Company

22.2.4 Commitments under purchase contracts as at 30 June 2016 amounted to Rs. 558.2 million (2015: Rs. 117 million).

23. NET SALES

	Note	2016	2015
		(Rupees in '000)	
Local		32,219,557	30,450,121
Export		6,958,152	9,447,692
		39,177,709	39,897,813
Toll Manufacturing		2,365	2,453
		39,180,074	39,900,266
Sales Tax		(4,882,445)	(4,597,786)
Trade discounts		(684,164)	(528,605)
Sales discounts and commission		(412,277)	(315,067)
		(5,978,886)	(5,441,458)
		33,201,188	34,458,808

24. COST OF SALES

Opening stock of raw material and work-in-process		4,316,233	7,003,663
Purchases		25,544,610	26,863,382
Salaries, wages and benefits	24.1	1,155,990	945,144
Rent, rates and taxes		2,067	1,688
Electricity, gas and water		1,233,923	715,917
Insurance		30,339	28,304
Security and janitorial		47,852	42,201
Depreciation and amortisation	5.2 & 6.2	881,974	690,138
Operational supplies and consumables		166,843	112,908
Repairs and maintenance		209,046	176,251
Postage, telephone and stationery		20,725	18,605
Vehicle, travel and conveyance		31,881	30,759
Internal material handling		41,103	26,223
Toll manufacturing expenses		5,451	-
Environment controlling expense		1,554	1,529
Sundries		22,097	9,478
Stores and spares written off		14,623	1,539
Stock written down to NRV		10,750	3,776
Sale of scrap generated during production		(1,108,661)	(925,914)
		32,628,400	35,745,591
Closing stock of raw material and work-in-process	9	(4,932,758)	(4,319,202)
Cost of goods manufactured		27,695,642	31,426,389
Finished goods and by-products:			
Opening stock		3,081,661	2,725,796
Closing stock	9	(2,999,991)	(3,082,468)
		81,670	(356,672)
		27,777,312	31,069,717

24.1 Salaries, wages and benefits include Rs. 53.84 million (2015: Rs. 52.886 million) in respect of staff retirement benefits.

25. SELLING AND DISTRIBUTION EXPENSES

	Note	2016	2015
		(Rupees in ‘000)	
Freight and forwarding expense		591,866	515,994
Salaries, wages and benefits	25.1	181,615	151,226
Rent, rates and taxes		3,923	2,094
Electricity, gas and water		6,522	5,313
Insurance		2,022	2,717
Depreciation and amortisation	5.2 & 6.2	15,815	11,029
Repairs and maintenance		629	1,462
Advertising and sales promotion		53,907	31,394
Postage, telephone and stationery		8,908	7,271
Office supplies		75	64
Vehicle, travel and conveyance		30,179	18,708
Provision for doubtful debts - net	10.3	71,612	(3,247)
Certification and registration charges		9,881	3,635
Others		53,854	7,700
		1,030,808	755,360

25.1 Salaries, wages and benefits include Rs. 11.21 million (2015: Rs. 10.3 million) in respect of staff retirement benefits.

26. ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries, wages and benefits	26.1	284,266	248,809
Rent, rates and taxes		621	1,716
Electricity, gas and water		3,708	3,438
Insurance		3,825	1,000
Depreciation and amortisation	5.2 & 6.2	22,624	21,286
Repairs and maintenance		1,129	1,162
Postage, telephone and stationery		12,373	10,696
Office supplies		78	211
Vehicle, travel and conveyance		10,722	13,432
Legal and professional charges		51,245	34,197
Certification and registration charges		5,280	3,392
Others		19,593	17,320
		415,464	356,659

26.1 Salaries, wages and benefits include Rs. 17.18 million (2015: Rs. 10.78 million) in respect of staff retirement benefits.

27. FINANCIAL CHARGES

	Note	2016	2015
Mark-up on:			
- long term financing		376,934	322,141
- short term borrowings		413,310	830,032
- running musharakah		31,323	8,321
- diminishing musharakah		89,490	42,811
Exchange loss and others		135,335	295,735
Interest on Workers’ Profit Participation Fund	20.5	781	317
Bank charges		21,626	17,348
		1,068,799	1,516,705

28. OTHER OPERATING CHARGES

	Note	2016	2015
		(Rupees in '000)	
Auditors' remuneration	28.1	4,640	4,112
Loss on derivative financial instruments		27,572	-
Donations	28.2	28,410	16,893
Exchange loss - net		101,802	-
Workers' Profit Participation Fund	20.5	148,263	49,064
Workers' Welfare Fund		59,285	19,615
Pre-incorporation expenses of a subsidiary		-	624
Business development expenses		10,955	10,432
		380,927	100,740

28.1 Auditors' remuneration

Audit fee		2,584	2,584
Half yearly review		718	718
Other services (including consolidation charges)		1,053	560
Out of pocket expenses		285	250
		4,640	4,112

28.2 None of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

29. OTHER INCOME

	Note	2016	2015
Income / return on financial assets			
Interest on bank deposits		1,834	3,014
Exchange gain		21,984	76,662
Income from non-financial assets			
Income from power generation 18MW	29.1	38,241	43,015
Income from power generation 4MW	29.2	76,472	57,204
Rental income from subsidiary		2,023	1,716
Gain on disposal of property, plant and equipment	5.4	42,172	35,178
Others		21,107	28,916
		203,833	245,705

29.1 Income from power generation 18MW

	Note	2016	2015
Net sales		444,205	479,986
Cost of electricity produced:			
Salaries, wages and benefits	29.1.1	(18,010)	(16,008)
Electricity, gas and water		(750,873)	(616,828)
Depreciation	5.2	(67,608)	(67,628)
Stores and spares consumed		(21,046)	(17,997)
Repairs and maintenance		(45,797)	(41,024)
Sundries		(1,336)	(1,566)
		(904,670)	(761,051)
Self consumption		498,706	324,080
Income from power generation		38,241	43,015

29.1.1 Salaries, wages and benefits include Rs.0.68 million (2015: Rs.0.73 million) in respect of staff retirement benefits.

29.1.2 The Subsidiary Company (ISL) has electricity power generation facilities at its premises. ISL has generated excess of its requirements which was supplied to K-Electric Limited under an agreement. The agreement is valid for period upto 20 years w.e.f. 31st August 2007.

29.2 This represent gross billing on account of sale of excess power generation of the 4MW plant to K-Electric by the Holding Company.

30. TAXATION

	2016	2015
	(Rupees in '000)	
Current - for the year	394,573	260,407
Deferred	400,378	(21,275)
	794,951	239,132

30.1 Relationship between income tax

	2016	2015	2016	2015
	Effective tax rate		(Rupees in '000)	
Profit before taxation			2,749,520	925,223
Tax at the enacted tax rate	32.00	33.00	879,846	305,324
Tax effect of income subject to lower tax	(0.05)	(0.27)	(1,419)	(2,509)
Tax effect of rebate / credits	(2.89)	(1.78)	(79,332)	(16,447)
Tax effect on exports under final tax regime	(1.56)	(2.19)	(42,961)	(20,224)
Super tax	1.36	0.00	37,264	-
Deferred tax charge not booked on FTR	0.50	0.00	13,702	-
Tax effect of temporary differences	-	(3.39)	-	(31,327)
Effect of change in rates and proportionate etc	(0.59)	0.00	(16,154)	-
Others	0.15	0.47	4,005	4,315
	28.92	25.85	794,951	239,132

31. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2016	2015
		(Rupees in '000)	
Profit after taxation for the year		1,437,625	598,761
		(Number)	
Weighted average number of ordinary shares in issue during the year	16	119,892,619	119,892,619
		2016	2015
		(Rupees in '000)	
Earnings per share		11.99	4.99

31.1 There is no dilutive impact on Earnings per share

32. CHANGES IN WORKING CAPITAL

Decrease / (increase) in current assets:		
Stores and spares	(87,147)	(33,493)
Stock-in-trade	(664,034)	2,445,614
Trade debts	554,294	787,770
Advances	8,187	(123,065)
Trade deposits and short term prepayments	6,442	213,103
Other receivables	(346,249)	701,126
	(528,507)	3,991,055
(Decrease) / increase in current liabilities:		
Trade and other payables	2,216,707	(1,674,996)
	1,688,200	2,316,059

33. STAFF RETIREMENT BENEFITS

33.1 Provident Fund

33.1.1 Holding Company

Salaries, wages and benefits include Rs. 19.1 million (2015: Rs. 16.3 million) in respect of provident fund contribution.

The following information is based on latest financial statements of the Fund:

	2016 (Unaudited)	2015 (Audited)
	(Rupees in '000)	
Size of the Fund - total assets	299,104	254,415
Cost of investments made	258,418	251,819
Percentage of investments made	94%	93%
Fair value of investments	282,209	236,704

The break-up of the fair value of investments is:

	2016 (Unaudited)	2015 (Audited)	2016 (Unaudited)	2015 (Audited)
	(Rupees in '000)		% of total investment	
Government securities	209,041	186,699	70%	73%
Debt securities	-	4,014	0%	2%
Equity	73,168	45,991	24%	18%
Other assets	16,895	17,711	6%	7%
	299,104	254,415	100%	100%

33.1.2 Subsidiary Company (ISL)

Salaries, wages and benefits include Rs. 11.3 million (2015: Rs. 9.1 million) in respect of provident fund contribution.

The following information is based on latest unaudited financial statements of the Fund:

	Note	2016	2015
		(Rupees in '000)	
Size of the Fund - total assets		91,374	74,950
Cost of investments made		81,114	57,739
Percentage of investments made		99.7%	82.4%
Fair value of investments		91,059	61,737

The break-up of the fair value of investments is:

	2016	2015	2016	2015
	(Rupees in '000)		% of total investment	
Government securities	69,729	47,749	77%	77%
Debt securities	-	1,132	0%	2%
Equity shares	21,330	12,856	23%	21%
	91,059	61,737	100%	100%

33.1.3 The investments out of provident funds of the Holding Company and Subsidiary Company have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

33.2 Gratuity Fund

The actuarial valuation of gratuity was carried out on 30 June 2016. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

	2016	2015
	(% per annum)	
Financial assumptions		
Holding Company		
Rate of discount	7.25 %	9.75%
Expected rate of salary increase	6.25 %	8.75%
Subsidiary Company		
Rate of discount	9.00 %	10.50%
Expected rate of salary increase	8.00 %	9.50%
Demographic assumption	SLIC	SLIC
Holding Company		
Mortality rate	2001-05-1	2001-05-1
Rates of employee turnover	Heavy	Heavy
Post retirement morality rates	N/A	N/A
Subsidiary Company	SLIC	SLIC
Mortality rate	2001-2005	2001-2005
Rates of employee turnover	Moderate	Moderate
Retirement assumption	Age 60 years	Age 60 years

The amount recognised in the balance sheet is as follows:

	2016	2015
	(Rupees in '000)	
Present value of defined benefit obligation	467,112	424,701
Fair value of plan assets	(397,781)	(333,438)
Liability as at 30 June	69,331	91,263
Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation - beginning of the year	424,701	382,279
Current service cost	38,995	37,511
Interest cost	40,907	47,693
Re-measurement : Actuarial losses on obligation	(10,841)	(884)
Benefits paid	(26,650)	(41,898)
Present value of defined benefit obligation - closing	467,112	424,701
Movement in the fair value of plan assets		
Fair value of plan assets - beginning of the year	333,438	288,513
Interest income on plan assets	32,739	39,764
Return on plan assets, excluding interest income	13,858	6,073
Benefits paid	(20,523)	(35,143)
Benefits due but not paid	(6,127)	(6,755)
Contribution to the Fund	44,396	40,986
Fair value of plan assets - closing	397,781	333,438

Movement in the net defined liability / (asset)

	2016	2015
	(Rupees in '000)	
Opening balance	91,262	93,765
Re-measurments recognized in other comprehensive income during the year	(24,699)	(7,060)
Expense chargeable to profit & loss account	47,163	45,543
Contribution paid during the year	(44,396)	(40,986)
Closing balance	69,330	91,262

Amounts recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

	2016	2015
Component of defined benefit costs recognized in profit and loss account current service cost	38,995	37,511
Net interests cost		
- Interest cost on defined benefits obligation	40,907	47,693
- Interest income on plan assets	(32,739)	(39,661)
	47,163	45,543

Component of defined benefit costs (re-measurement) recognized in profit and loss account

	2016	2015
Re-measurement : Actuarial loss on obligation - Gain due to change in experience adjustment	(10,841)	(7,060)
Interest income on plan assets	(13,858)	-
Net re-measurement recognised in other income	(24,699)	(7,060)
Total defined benefit cost recognized in profit and loss account and other comprehensive income	22,464	38,483
Actual return on plan assets	41,143	45,837
Expected contributions to funds in the following year	45,447	46,995
Expected benefits payment to retires in the following year	36,199	42,317
Re-measurements : Accumulated actuarial losses recognized in equity	(25,002)	(7,060)
Weighted average duration of the defined benefit obligation (years) of Holding Company	7.12	6.75
Weighted average duration of the defined benefit obligation (years) of Subsidiary Company	11	11
Vested / Non-vested		
- Vested benefits	390,980	365,175
- Non - vested benefits	303	1,850

Disaggregation of fair value of plan assets

The fair value of the plan assets at balance sheet date for each category are as follows:

	2016	2015
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities)	7,033	15,402
Equity instruments	121,848	94,245
Government securities	268,901	223,791

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumption constant, would have affected the defined benefit obligation by the amount shown below:

	2016	2015
	(Rupees in '000)	
Discount rate + 100 basis point	433,702	395,286
Discount rate - 100 basis point	505,403	458,297
Salary increase + 100 basis point	507,311	460,217
Salary decrease - 100 basis point	431,445	393,091

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Maturity profile of the defined benefit obligation

Years	2016	2015
	(Rupees in '000)	
1	36,198	42,317
2	46,576	37,791
3	45,068	48,817
4	43,346	43,187
5	41,412	48,086
6 and onwards	346,540	386,825

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2016	2015	2016	2015
	(Rupees in '000)			
Remuneration	34,244	29,521	360,683	306,761
Variable performance pay	7,848	5,074	85,204	70,577
Retirement benefits	2,139	1,844	33,534	21,244
Rent, utilities, leave encashment, medical etc.	13,172	11,387	143,983	137,295
	57,403	47,826	623,404	535,877
Number of persons	1	1	172	150

34.1 In addition to the above, the Chief Executive, directors and certain executives are provided with free use of Company maintained vehicles in accordance with the Holding Company's policy.

34.2 Fees paid to non-executive directors is Rs. 8.1 million (2015: Rs. 7.8 million) on account of meetings attended by them.

34.3 Comparatives relating to Executives are re-presented for the purposes of comparison.

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors of the Group ("the Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks including adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, 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.

The Board Audit Committee ("the Committee") oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Committee.

35.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation without considering fair value of collateral available thereagainst.

Exposure to credit risk

The carrying amount of respective financial assets represent the maximum credit exposure. The maximum exposure to credit risk at balance sheet date is as follows:

	2016	2015
	(Rupees in '000)	
- Long term deposit	46,266	6,967
- Trade debts - net of provision	2,036,714	2,662,620
- Trade deposits	9,488	18,610
- Other receivable (excluding receivable from K-Electric Ltd)	2,096	770
- Receivable on transmission of electricity to K-Electric Ltd	49,011	65,267
- Bank balances	69,860	64,853
	2,213,435	2,819,087

The Group does not take into consideration the value of collateral while testing financial assets for impairment. The Group considers the credit worthiness of counter parties as part of its risk management.

Long term deposits

These represent long term deposits with various parties for the purpose of securing supplies of raw materials and services. The Group does not foresee any credit exposure there against as the amounts are paid to counter parties as per the agreement and are refundable on termination of agreement with respective counterparties.

Trade deposit

These represent deposits placed with various suppliers as per the terms of securing availability of services. The management does not expect to incur credit loss thereagainst.

Trade debts

The Group's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Group has no major concentration of credit risk with any single customer. The majority of the Group's customers have been transacting with the Group for several years. The Holding Company establishes an allowance for impairment that represents its estimate of incurred losses for balances above one year except for amounts due from government / public sector entities.

Receivable from K-Electric Limited

This represents receivable from KE on account of electricity provided to it from the 4 MW and 18 MW plant located at factory sites of the Holding Company and Subsidiary Company respectively under an agreement. The Group does not expect to incur credit loss thereagainst.

Analysis of amounts receivable from KE and from local and foreign trade debtors are as follows:

	2016	2015
	(Rupees in '000)	
Domestic	1,081,000	1,532,408
Export	1,113,867	1,233,009
	2,194,867	2,765,417

The majority of export debtors of the Holding Company are situated in America, Australia, Sri Lanka, Afghanistan, Europe and Middle East.

Impairment losses

The aging of trade debtors and amounts receivable from K-Electric Limited at the balance sheet date was as follows:

	2016		2015	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	1,654,209	-	2,050,895	-
Past due 1-60 days	370,715	-	527,088	-
Past due 61 days -1 year	64,374	3,573	149,904	-
More than one year	105,569	105,569	37,530	37,530
Total	2,194,867	109,142	2,765,417	37,530

Based on an assessment conducted of individual customers, the management believes that receivable falling within the age bracket of upto one year do not require any impairment provision other than to the extent determined above. Further, provision recognized against balances appearing over one year is without prejudice to other recourse the management has for recovery against outstanding balances. Movement in provision has been stated elsewhere in these consolidated financial statements.

Other receivables

These comprise of interest receivable and other miscellaneous receivables and management does not expect to incur material losses against those balances.

Balances with bank

The Group places its surplus funds with banks carrying good credit standing assessed by reputable credit agencies. As at 30 June 2016 the Group has placed funds with banks having credit ratings as follows:

	Short term	Long term
Local banks	A1+ to A1	AAA to AA-
Foreign banks	F1+ / P1 to F1 / P1	AA- / A1 to A / A2

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. At the reporting date, the Group has no major concentration of credit risk. The majority of debtors of the Group are domestic entities.

35.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient liquidity including credit lines to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments:

	2016						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees in '000)						
Non-derivative financial liabilities							
Long term financing	5,940,248	-	(7,670,768)	(624,595)	(619,780)	(4,688,692)	(1,737,701)
Trade and other payables	5,565,932	(78,328)	(5,487,604)	(5,487,604)	-	-	-
Accrued markup	84,170	-	(84,170)	(84,170)	-	-	
Short-term borrowings	6,767,004	(6,767,004)	-	-	-	-	-
	18,357,354	(6,845,332)	(13,242,542)	(6,196,369)	(619,780)	(4,688,692)	(1,737,701)

	2015						
	Carrying amount	On demand	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	(Rupees in '000)						
Non-derivative financial liabilities							
Long term financing	6,983,637	-	(8,825,623)	(758,224)	(844,341)	(5,855,813)	(1,367,245)
Trade and other payables	2,833,781	(24,924)	(2,808,857)	(2,808,857)	-	-	-
Accrued markup	271,954	-	(271,954)	(271,954)	-	-	-
Short-term borrowings	8,780,348	(8,780,348)	-	-	-	-	-
	18,869,720	(8,805,272)	(11,906,434)	(3,839,035)	(844,341)	(5,855,813)	(1,367,245)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effective as at 30 June. The rates of mark-up have been disclosed in notes 18.1 and 21 to these financial statements.

35.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group is exposed to currency risk and interest rate risk only.

Currency risk

Exposure to currency risk

The Group is exposed to currency risk on trade debts, borrowings, trade and other payables, bank balances and accrued markup that are denominated in a currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2016			2015		
	Rupees	US Dollars	AUD	Rupees	US Dollars	AUD
	(Amount in '000)					
Financial assets						
Trade debts and bank balance in foreign currency	1,152,010	9,181	2,458	1,233,009	12,125	927
Financial liabilities						
Running finance under FE-25 Export and Import Scheme	(166,248)	(1,586)	-	(3,181,016)	(31,223)	-
Trade and other payable	(3,938,871)	(37,509)	(78)	(474,754)	(4,660)	(1,160)
Accrued markup on running finance under FE-25 Export and Import Scheme	-	-	-	(15,879)	(156)	-
	(4,105,119)	(39,095)	(78)	(3,671,649)	(36,039)	(1,160)
Net exposure	(2,953,109)	(29,914)	2,380	(2,438,640)	(23,914)	(233)

The following significant exchange rates applied during the year:

	2016	2015	2016	2015
	Average Rates		Balance sheet date rate	
	Rupees			
US Dollars to PKR	104.7	102.0	104.67 / 104.85	101.69 / 101.88
Australian Dollars to PKR	77.7	85.0	77.73 / 77.87	77.99 / 78.14

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pak Rupee against the US Dollar at 30 June would have (decreased) / increased profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2015.

	Effect on profit and loss (net of tax)	
	2016	2015
	(Rupees in '000)	
As at 30 June		
Effect - US Dollars	(213,278)	(163,389)
Effect - Australian Dollars	12,602	(1,602)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks.

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instrument is:

	Note	Carrying amount	
		2016	2015
		(Rupees in '000)	
Fixed rate instruments			
Financial liabilities		(5,290,248)	(4,109,800)
Variable rate instruments			
Financial liabilities		(7,417,004)	(11,654,185)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss account by Rs. 18.9 million (2015: Rs. 20.7 million) with corresponding effect on the carrying amount of the liability. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2015.

Other price risks

At present the Group is not exposed to any other price risks.

35.4 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the balance sheet approximate their fair values.

35.5 Financial instruments by categories

	2016	2015
	(Rupees in '000)	
Financial assets		
Loans and Receivables		
- Long term deposit	46,266	6,967
- Trade debts - net of provision	2,036,714	2,662,620
- Trade deposits	9,488	18,610
- Other receivables	51,107	66,037
- Bank balances	69,860	64,801
	2,213,435	2,819,035
Other Financial Assets		
- Cash in hand	545	52
- Investment in equity accounted investee	270,097	260,069
	270,642	260,121

	2016	2015
Financial liabilities	(Metric Tonnes)	
Financial liabilities at amortized cost		
- Long term financing	5,940,248	6,983,637
- Trade and other payables	5,565,932	2,833,781
- Accrued markup	84,170	271,954
- Short-term borrowings	6,767,004	8,780,348
	18,357,354	18,869,720
Financial liabilities at fair value through profit and loss		
- Derivative financial liabilities	8,648	-

35.6 None of the financial assets and liabilities are offset in the Consolidated Balance Sheet.

36. CAPITAL MANAGEMENT

The objective of the Group when managing capital is to safeguard its ability to operate as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

37. MEASUREMENT OF FAIR VALUES

A number of the Company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities.

Management engaged an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) and obtain rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided upon by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

When measuring the fair value of an assets or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the management recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

	30 June 2016							
	Carrying amount				Fair Value			
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees in '000)							
Financial assets measured at fair value								
Investments - quoted Company	-	270,097	-	-	270,097	413,667	-	-
Financial assets not measured at fair value								
Long term deposits	46,266	-	-	-	46,266			
Trade debts - net of provision	2,036,714	-	-	-	2,036,714			
Trade deposits	9,488	-	-	-	9,488			
Other receivables	51,107	-	-	-	51,107			
Cash and bank balances	69,860	545	-	-	70,405			
Financial liabilities measured at fair value								
- Derivative financial liabilities	-	-	8,648	-	8,648	-	8,648	-
Financial liabilities not measured at fair value								
- Long term financing	-	-	-	5,940,248	5,940,248			
- Trade and other payables	-	-	-	5,565,932	5,565,932			
- Accrued mark-up	-	-	-	84,170	84,170			
- Short term borrowings	-	-	-	6,767,004	6,767,004			

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment			
- Land and Building	30 June 2016	The valuation model is based on price per square metre. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair value are subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs.
Liabilities measured at fair value			
Derivative financial liabilities			
- Forward exchange contract		The fair value of forward exchange contracts is determined based on the forward exchange rates as at reporting date. The fair value of forward exchange contract are included in level 2 in the fair value hiearchy.	

Management assessed that the fair values of cash & cash equivalent and short-term deposits, other receivable, trade receivables, trade payables, short term borrowin and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit assets and long term liabilities management consider that their carrying values approximates fair value.

	30 June 2015							
	Carrying amount				Fair Value			
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees in '000)							
Financial assets measured at fair value								
Investments - quoted Companies	-	260,069	-	-	260,069	403,915	-	-
Financial assets not measured at fair value								
Long term deposits	6,967	-	-	-	6,967			
Trade debts - net of provision	2,662,620	-	-	-	2,662,620			
Trade deposits	18,610	-	-	-	18,610			
Other receivables	66,037	-	-	-	66,037			
Cash and bank balances	64,801	52	-	-	64,853			
Financial liabilities not measured at fair value								
- Long term financing	-	-	-	392,992	392,992			
- Trade and other payables	-	-	-	1,012,093	1,012,093			
- Accrued mark-up	-	-	-	59,185	59,185			
- Short term borrowings	-	-	-	4,664,407	4,664,407			

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities measured at fair value:

Assets measured at fair value	Date of valuation	Valuation approach and inputs used	Inter-relationship between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment			
- Land and Building	30 June 2013	The valuation model is based on price per square metre. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, sale prices of comparable land in similar location adjusted for differences in key attributes such as land size and inquires with numerous independent local estate agents / realtors in the vicinity to establish the present market value. The fair valuation of land and building are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair value are subject to change owing to changes in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs.

Management assessed that the fair values of cash & cash equivalent and short-term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit asset and long term liabilities management consider that their carrying values approximates fair value.

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, Directors of the Group Companies, key management employees and staff retirement funds. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Contribution to its defined contribution plan (Provident Fund) are made as per the terms of employment and contribution to its defined benefit plan (Gratuity Fund) are in accordance with actuarial advice. Remuneration of key management personnel is in accordance with their terms of employment and Group policy.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

	2016	2015
	(Rupees in '000)	
Associated companies		
Sales	512,481	392
Purchases	9,708,158	10,879,478
Rent income	1,962	1,716
Dividend paid	2,016	37,462
Dividend received	7,278	10,916
Associated Person / company		
Sales Commission	1,263	5,720

	2016	2015
	(Rupees in '000)	
Key management personnel		
Remuneration	309,209	330,722
Staff retirement benefits	14,050	12,502
Non executive directors		
Directors' fee	8,160	7,870
Staff retirement funds		
Contributions paid	84,573	64,935

39. PRODUCTION CAPACITY

Actual production capacity at the year end was as follows:

	2016	2015
	(Metric tonnes)	
Holding company		
Pipe	500,000	340,000
Galvanising	150,000	150,000
Cold rolled steel strip	70,000	70,000
Polyethylene pipe	25,000	15,000
Subsidiary company - International Steels Limited		
Galvanising	462,000	150,000
Cold rolled steel strip	550,000	250,000
Subsidiary company - IIL Stainless Steel (Private) Limited		
Pipe	1,450	1,450
Polishing	900	900

The actual production for the year was:

	2016	2015
Holding company		
Pipe	185,460	205,777
Galvanising	87,641	107,511
Cold rolled steel strip	6,027	18,042
Polyethylene pipe	7,525	4,869
Subsidiary company - International Steels Limited		
Galvanising	252,910	169,167
Cold rolled steel strip	370,811	238,640
Subsidiary company - IIL Stainless Steel (Private) Limited		
Pipe	387	95
Polishing	339	81

Actual production during the year was sufficient to meet the market demand.

The name-plate capacities of the plants are determined based on a certain product mix. The actual production mix was different.

40. SEGMENT REPORTING

The Group has identified steel and plastic segment as two reportable segments. Performance is measured based on respective segment results. Information regarding the Group's reportable segments is presented below.

40.1 Segment revenue and results

	Steel Coils & Sheets	Steel Pipes	Plastic Pipes	Total
	(Rupees in '000)			
For the year ended 30 June 2016				
Sales	17,925,266	13,772,700	1,503,222	33,201,188
Cost of sales (Excluding depreciation)	(14,385,363)	(11,246,158)	(1,263,817)	(26,895,338)
Depreciation	(634,222)	(220,411)	(27,341)	(881,974)
Gross profit	2,905,681	2,306,131	212,064	5,423,876
For the year ended 30 June 2015				
Sales	16,595,490	16,907,330	955,988	34,458,808
Cost of sales (Excluding depreciation)	(14,760,542)	(14,794,719)	(829,285)	(30,384,546)
Depreciation	(461,957)	(196,241)	(26,973)	(685,171)
Gross profit	1,372,991	1,916,370	99,730	3,389,091

Reconciliation of segment results with profit after tax is as follows:

	2016	2015
	(Rupees in '000)	
Total results for reportable segments	5,423,876	3,389,091
Selling and distribution expenses	(1,030,808)	(755,360)
Administrative expenses	(415,464)	(356,659)
Financial charges	(1,068,799)	(1,516,705)
Other operating charges	(380,927)	(100,740)
Share of profit from an associated company	17,809	19,891
Other income	203,833	245,705
Taxation	(794,951)	(239,132)
Profit for the year	1,954,569	686,091

40.2 Segment assets and liabilities

	Steel Coils & Sheets	Steel Pipes	Plastic Pipes	Total
	(Rupees in '000)			
As at 30 June 2016				
Segment assets	18,475,088	9,859,056	756,916	29,091,060
Segment liabilities	12,183,336	4,874,697	397,876	17,455,909
As at 30 June 2015				
Segment assets	17,310,456	8,746,599	842,889	26,899,944
Segment liabilities	12,515,646	5,349,757	393,517	18,530,874

Reconciliation of segment assets and liabilities with total assets and liabilities in the Balance Sheet is as follows:

	2016	2015
	(Rupees in '000)	
Total for reportable segments assets	29,091,060	26,899,944
Unallocated assets	3,480,267	2,977,335
Total assets as per balance sheet	32,571,327	29,877,279
Total for reportable segments liabilities	17,455,909	18,530,874
Unallocated liabilities	3,086,825	1,882,797
Total liabilities as per balance sheet	20,542,734	20,413,671

40.3 Segment revenues reported above are revenues generated from external customers.

40.4 Segment assets reported above comprise of property, plant and equipment, stock-in-trade and trade debts.

40.5 Information about major customers

Revenue from major customer of Plastic Segment is Rs. 673 million (2015: Rs. 276 million), where as in the Steel segment was Rs. nil (2015: 2,334 million) whose revenue accounts for more than 10% of segment's revenue.

40.6 Geographical information

The Group's gross revenue from external customers by geographical location is detailed below:

	2016	2015
	(Rupees in '000)	
Domestic sales	32,219,557	30,450,121
Export sales	6,958,152	9,447,692
	39,177,709	39,897,813

The Group exports its products to Americas, Australia, Sri Lanka, Afghanistan, Europe and the Middle East.

40.7 As at 30 June 2016, all non current assets of the Group are located in Pakistan with an exception of its investments in IIL-Australia Pty Limited which is domiciled in Victoria, Australia.

41. NUMBER OF EMPLOYEES

	2016	2015
	(Number)	
Holding company		
Average number of employees during the year	999	1,011
Number of employees as at 30 June	1,007	1,001
Subsidiary companies		
Average number of employees during the year	552	490
Number of employees as at 30 June	571	532

42. GENERAL

42.1 These consolidated financial statements were authorized for issue on 18 August 2016 by the Board of Directors.

42.2 Corresponding figures have been reclassified for the purposes of comparison and better presentation. These classification have no impact on previously reported profit or equity of the Group.

42.3 Non Adjusting events after balance sheet date

The Board of Directors of the Holding Company in their meeting held on 18 August 2016 has proposed a final cash dividend of Rs. 3.5 per share amounting to Rs. 419.6 million.(2015: Rs. 2.50 per share amounting to Rs. 299.7 million) for the year ended 30 June 2016. The approval of the Members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on 30 September 2016. The consolidated financial statements for the year ended 30 June 2016 do not include the effect of the proposed final cash dividend which will be accounted for in the year ending 30 June 2017.

	Nadir	
Fuad Azim Hashimi	**Nadir Akbarali Jamal**	**Riyaz T. Chinoy**
Director & Chairman Board Audit Committee	Chief Financial Officer	Chief Executive Officer

Stakeholders' Information

OWNERSHIP

On June 30, 2016 there were 2548 members on the record of the company's ordinary shares.

DIVIDEND PAYMENT

The Board of Directors of the company has recommended 35% final dividend for the year as per the Profit Appropriation Policy. The proposal shall be placed before the shareholders of the company in the Annual General Meeting for their consideration and approval on 30th September 2016. The dividend warrants, if approved by the shareholders, shall be dispatched to the shareholders listed in the company's share register at the close of business on 21st September 2016 and shall be subject to the Zakat and Tax deductions as per law.

Financial Calendar

RESULTS

First quarter ended September 30, 2015	Approved on	October 22, 2015
	Announced on	October 26, 2015
Half year ended December 31, 2015	Approved and Announced on	February 12, 2016
Third quarter ended March 31, 2016	Approved and Announced on	April 25, 2016
Year ended June 30, 2016	Approved and Announced on	August 18, 2016

DIVIDENDS

Final – Cash (2014-15)	Approved on	August 17, 2015
	Entitlement date	September 9, 2015
	Statutory limit upto which payable	October 17, 2015
	Paid on	October 13, 2015
Interim – Cash (2015-16)	Approved on	February 12, 2016
	Entitlement date	February 27, 2016
	Statutory limit upto which payable	March 27, 2016
	Paid on	March 22, 2016

LAST ANNUAL REPORT ISSUED ON	September 7, 2016
68TH ANNUAL GENERAL MEETING HELD ON	September 30, 2016

TENTATIVE DATES FOR THE APPROVAL OF FINANCIAL RESULTS DURING 2016 - 17

For the period	To be announced on
First Quarter	October 20, 2016
Half Year	January 26, 2017
Third Quarter	April 20, 2017
Year End	August 15, 2017

Pattern of Shareholding

As at 30 June 2016

Number of shareholders	Having shares		Shares held	Percentage
	From	To		
692	1	100	15,266	0.0127
453	101	500	141,417	0.1180
285	501	1,000	236,034	0.1969
566	1,001	5,000	1,414,986	1.1802
167	5,001	10,000	1,281,846	1.0692
73	10,001	15,000	931,046	0.7766
52	15,001	20,000	944,213	0.7875
36	20,001	25,000	828,998	0.6915
20	25,001	30,000	550,868	0.4595
28	30,001	40,000	1,005,962	0.8391
31	40,001	50,000	1,439,520	1.2007
16	50,001	60,000	891,806	0.7438
14	60,001	70,000	914,917	0.7631
11	70,001	80,000	843,146	0.7033
7	80,001	90,000	602,228	0.5023
11	90,001	100,000	1,059,498	0.8837
13	100,001	125,000	1,452,451	1.2115
9	125,001	150,000	1,251,846	1.0441
5	150,001	170,000	804,544	0.6711
9	180,001	200,000	1,768,057	1.4747
5	205,001	250,000	1,125,600	0.9388
2	295,001	300,000	600,000	0.5004
1	340,001	345,000	343,500	0.2865
3	405,001	450,000	1,296,404	1.0813
4	455,001	500,000	1,895,974	1.5814
1	540,001	545,000	544,725	0.4543
2	555,001	580,000	1,135,076	0.9467
2	655,001	675,000	1,330,705	1.1099
1	770,001	775,000	775,000	0.6464
3	805,001	850,000	2,474,651	2.0641
1	900,001	905,000	903,000	0.7532
1	1,045,001	1,050,000	1,050,000	0.8758
3	1,095,001	1,100,000	3,300,000	2.7525
1	1,115,001	1,120,000	1,115,976	0.9308
3	1,230,001	1,285,000	3,754,740	3.1318
1	1,370,001	1,375,000	1,370,080	1.1428
4	1,435,001	1,450,000	5,772,092	4.8144
1	1,565,001	1,570,000	1,568,650	1.3084
1	2,065,001	2,070,000	2,067,529	1.7245
1	2,515,001	2,520,000	2,515,706	2.0983
1	3,055,001	3,060,000	3,058,500	2.5510
1	4,085,001	4,090,000	4,087,560	3.4094
1	4,980,001	4,985,000	4,983,803	4.1569
1	5,375,001	5,380,000	5,379,347	4.4868
1	5,540,001	5,545,000	5,542,017	4.6225
1	6,065,001	6,070,000	6,069,136	5.0621
1	8,680,001	8,685,000	8,684,633	7.2437
1	12,910,001	12,915,000	12,911,446	10.7692
1	15,855,001	15,860,000	15,858,120	13.2269
2548			119,892,619	100.0000

Categories of Shareholders

As at 30 June 2016

Particulars	Number of shareholders	Number of shares held	Percentage
Directors, CEO, Sponsors and Family Members	24	60,632,197	50.5721
Associated Companies	6	6,592,579	5.4987
Govt. Financial Institutions & Associates	6	14,921,872	12.4460
Banks, DFI & NBFI and Insurance Companies	7	3,014,263	2.5141
Mutual Funds	5	5,253,500	4.3818
Foreign Companies	5	1,502,668	1.2533
Welfare Trusts / Provident Funds/Others	60	3,561,884	2.9709
General Public	2,435	24,413,656	20.3629
TOTAL	2,548	119,892,619	100.0000

Key Shareholding

As at 30 June 2016

Information on shareholding required under reporting framework is as follows:

	No. of shares	Percentage
Directors & Spouses	37,274,928	31.0903
Executives	183,105	0.153
Associated Companies		
Jubilee General Insurance Company Ltd.	2,515,706	2.098
Jubilee Life Insurance Company Ltd.	2,067,529	1.724
Pakistan Cables Ltd.	576,000	0.480
Pakistan Cables Limited Employees Provident Fund	544,725	0.454
Trustees Pakistan Cables Limited Management Staff Pension Fund	232,600	0.194
State Life Insurance Corp. of Pakistan	656,019	0.5472
	6,592,579	5.4987
Government Institutions		
CDC-Trustee National Investment (Unit) Trust	8,684,633	7.244
National Investment Trust Limited - Administration Fund	160,023	0.133
IDBL (ICP Unit)	805	0.001
Investment Corp. of Pakistan	420	0.000
	8,845,881	7.378

Members having 5% or more of voting rights

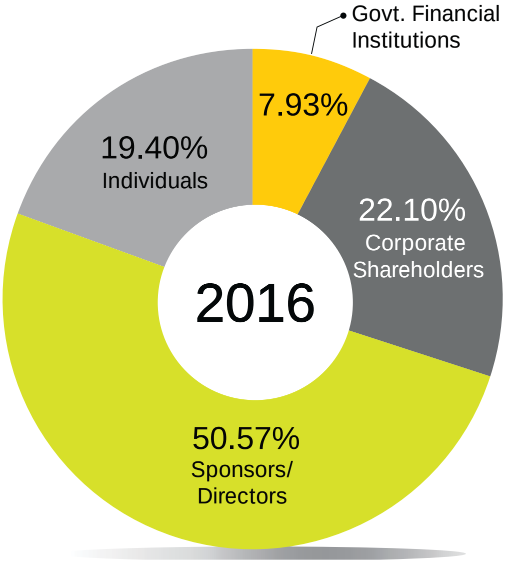
Name of Shareholder(s)	Shares held	Percentage
National Bank of Pakistan	6,069,136	5.0621

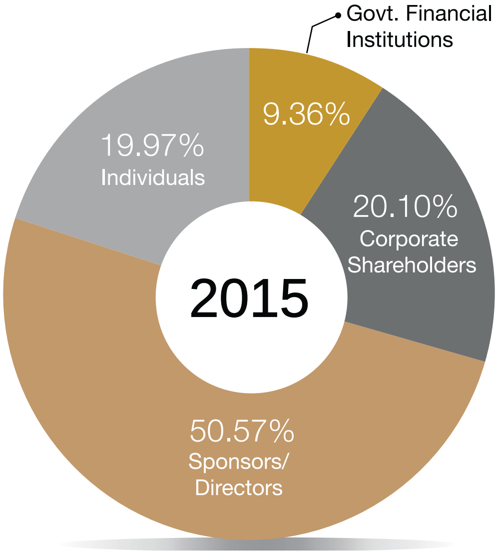
Shares Traded by Directors & Executives

Duly reported to the SECP and Pakistan Stock Exchange Limited during the financial year July 1, 2015 to June 30, 2016

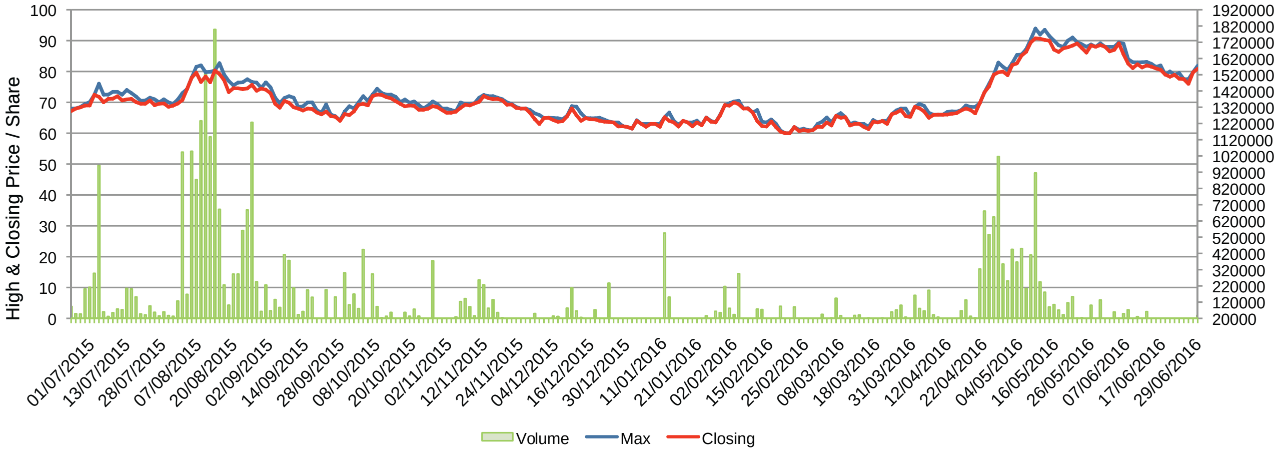
- 3,324,736 shares inherited by two (2) Directors.
- 5,593 shares of International Industries Ltd. were traded by an Executive.

Shareholders’ Composition





IIL Share Prices - Trend V/s Volume Traded
FY 2015-16



Notice of Annual General Meeting

For the year ended 30 June 2016

Notice is hereby given to the Members that the 68th Annual General Meeting of the Company will be held on September 30, 2016 at 11.00 a.m. at the Jasmine Hall, Beach Luxury Hotel, Off; M.T. Khan Road, Karachi to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2016 and the Directors' Report and Auditors' Report thereon.
2. To Consider and approve payment of Rs. 3.5 (35%) per share as final cash dividend in addition to 10% interim cash dividend announced and paid, making a total dividend of Rs. 4.5 (45%) per share for the financial year ended June 30, 2016 as recommended by the Board of Directors.
3. To elect 9 Directors for a period of next 3 years.
   - As defined U/s 178(1), the Board of Directors has fixed the number of Directors to be elected as Nine (9) and the following Directors will cease to hold office upon the election of new Board of Directors;
   - Messrs Zaffar A. Khan, Riyaz T. Chinoy, Mustapha A. Chinoy, Kamal A. Chinoy, Fuad Azim Hashimi, Tariq Ikram, Azam Faruque, Aly Noormahomed Rattansey and Nargis Ghaloo.
4. To appoint auditors for the year 2016-2017 and fix their remuneration.
5. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

Special Business

6. To approve the alteration in the Articles of Association to facilitate e-voting. In this regard, to consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in view of the Companies (E-Voting) Regulations, 2016, issued by Securities and Exchange Commission of Pakistan vide SRO 43(I)/2016 dated 22 January 2016, the Members of the Company be and are hereby recommended to approve the amendment to Articles of Association of the Company mentioned hereinbelow and that for this purpose the following resolution be passed as and by way of Special Resolution:

RESOLVED as and by way of Special Resolution that the Articles of Association of the Company, be amended as follows:

(a) by inserting the following new article immediately after Article 52 as Article 52A, namely:

"52A Subject to any rules or regulations that may be made from time to time by the Commission in this regard, Members may exercise voting rights at general meeting through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate the voting by electronic means in the manner and in accordance with the requirements prescribed by the Commission."

(b) by substituting for Article 58, the following new Article 58, namely:

"58. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy must be a Member of the Company. Notwithstanding the above, in case of voting by electronic means, both members and non-members can be appointed as proxy."

(c) by substituting for Article 60, the following new Article 60, namely:

"60. An instrument appointing a proxy may be in the following form or in any other form which the Directors shall approve:-

INTERNATIONAL INDUSTRIES LIMITED

I .... of ....……… in the district of......…….. being a Member of ________ INTERNATIONAL INDUSTRIES LIMITED, hereby appoint .... of .... as my proxy to vote for me and on my behalf at the (annual or extraordinary, as the case may be) General Meeting of the Company to be held on the .... day of .... and at any adjournment thereof.

Signed this .... day of ...."

Notwithstanding the above, in case of voting by electronic means, in default, the instrument of proxy shall not be treated as valid. For the purposes of voting by electronic means, the instrument appointing the proxy shall be in such form and provided to the Company in the manner stipulated under the applicable laws.

By Order of the Board
International Industries Limited

Karachi
August 18, 2016

Yasir A. Quraishi
Company Secretary

Notes:

1. The Share Transfer Books of the Company shall remain closed from September 22, 2016 to September 30, 2016 (both days inclusive).
2. A Member entitled to attend, speak and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote on his/her behalf.
3. An Instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power or authority must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. Form of Proxy is enclosed.

CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated 26 January 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 their 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 attending the meeting.
- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For Appointing Proxy

- In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the regulations shall submit the proxy form as per the above requirement.
- Attested copies of CNIC of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC at the time of the meeting.

c) For CNIC & Zakat

4. Members are requested to submit a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission of CNIC (copy), all future dividend warrants may be withheld.
5. Members are requested to submit declaration as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

Item 3 of the Agenda:

a) To elect 9 Directors being the number fixed by the Board of Directors for election for a period of three years from the date of the Annual General Meeting.

b) any person or retiring director who seeks to contest election of the office of the director must file with the Company, or not later than fourteen days before the date of meeting, notice of his/her intention to offer himself/herself for election.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the company to be held on, September 30, 2016.

Item 6 of the Agenda:

The Companies (E-Voting) Regulations, 2016 provides the members of the company an option to vote electronically and a member may in this regard appoint another member or a non-member as their proxy to vote on their behalf through electronic voting. As such, in order to enable electronic voting and to allow non-members to be appointed as a proxy for electronic voting shareholders' approval is being sought to amend the Articles of Association of the Company

The resolution required for the above purpose is set forth in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

None of the directors of the Company have any direct or indirect interest in the above said special business.

E-DIVIDEND

In compliance of Securities and Exchange Circular No.8(4) SM/CDC 2008 dated April 5, 2013 shareholders are informed that to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged whereby shareholders can get the amount of dividend credited into their respective bank accounts electronically without any delay. In addition, by this way, dividends may be instantly credited to respective accounts.

The shareholders can avail the benefit of e-dividend mechanism by providing a dividend mandate in their CDS accounts through their participants or to the respective listed companies / Share Registrar.

CIRCULATION OF NOTICE OF MEETING & ANNUAL ACCOUNTS

With reference to SRO 787(I/2014 dated September 8, 2014 issued by SECP, shareholders have option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Shareholders of the Company are requested to give their consent on prescribed format to our Shares Registrar, M/s CDC Pakistan Ltd. at CDC House, 99-B, Block-B, S.M.C.H.S, Shahrah-e-Faisal, Karachi to update our record if they wish to receive Annual Audited Financial Statement and Notice of General Meeting through email. However, if a shareholder, in addition, request for hard copy of Audited Financial Statements the same shall be provided free of cost within seven days of receipt of such request.

FILER AND NON FILER STATUS

i) The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a)	For filers of income tax returns	12.5%
b)	For non-filers of income tax returns	20.0%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of @ 20%, all the shareholders whose names are not entered into the Active Tax payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of approval of cash dividend at the annual general meeting on September 30, 2016 otherwise tax on their cash dividend will be deducted @ 20% instead of @ 12.5%.

ii) For any query / problem / information , the investors may contact the Company and / or the Share Registrar at the following phone Numbers, email addressed:

IIL Shares Department
Mr. Mohammad Irfan Bhatti
021- 35680045 – 54
irfan.bhatti@iil.com.pk

IIL Shares Registrar
Central Depository Company of Pak. Ltd.
021-111-111-500
info@cdcpak.com

iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or its Share Registrar i.e. CDC Pakistan Ltd. the shareholders while sending copies of NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

فائلراور نان فائلر اسٹیٹس

(i حکومت پاکستان نے انکم ٹیکس آرڈیننس 2001، کے سیکشن 150 میں بعض ترامیم کی ہیں جن کی رو سے کمپنیوں کی طرف سے ادا کیے جانے والے منافع منقسمہ کی رقم پر ود ہولڈنگ ٹیکس کی کٹوتی کے لیے مختلف شرحیں مقرر کی گئی ہیں۔ ٹیکس کی یہ شرحیں اس طرح سے ہیں:

(a انکم ٹیکس گوشوارے داخل کرانے والوں کے لیے 12.5%

(b انکم ٹیکس گوشوارے داخل نہ کرانے والوں کے لیے 20.0%

کمپنی کو اس قابل بنانے کے لیے کہ وہ نقد منافع منقسمہ کی رقم پر 20% کی بجائے 12.5% کی شرح سے ٹیکس منہا کرے، ایسے تمام شیئر ہولڈرز کو جن کے نام اس حقیقت کے باوجود کہ وہ فائلرز ہیں ایف بی آر کی ویب سائیٹ پر مہیا کردہ ایکٹو ٹیکس پیئرز لسٹ (ATL) میں درج نہیں کیے گئے، مشورہ دیا جاتا ہے کہ وہ اس امر کو یقینی بنائیں کہ 30 ستمبر 2016 کو سالانہ اجلاس عام میں نقد منافع منقسمہ کی منظوری کی تاریخ سے پہلے ان کے نام ATL میں درج ہو جائیں، ورنہ ان کے نقد منافع منقسمہ پر ٹیکس 12.5% کی بجائے 20% کی شرح سے منہا کیا جائے گا۔

(ii کسی بھی استفسار / مسئلہ / معلومات کے لیے انویسٹرز درج ذیل ٹیلیفون نمبر، ای میل ایڈریس پر کمپنی اور / یا شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

آئی آئی ایل شیئرز ڈیپارٹمنٹ	آئی آئی ایل شیئرز رجسٹرار
جناب محمد عرفان بھٹی	سنٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ
021-35680045-54	021-111-111-500
irfan.bhatti@iil.com.pk	info@cdcpak.com

(iii جن کارپوریٹ شیئر ہولڈرز کے CDC اکاؤنٹس ہیں، ان کے لیے ضروری ہے کہ اپنے متعلقہ شراکت داروں کے ساتھ اپنا نیشنل ٹیکس نمبر (NTN) اپ ڈیٹ کرائیں جبکہ کارپوریٹ فزیکل شیئر ہولڈرز اپنے این ٹی این سرٹیفکیٹ کی کاپی کمپنی یا اس کے شیئر رجسٹرار سی ڈی سی پاکستان (پرائیویٹ) لمیٹڈ کو بھیجیں۔ شیئر ہولڈرز این ٹی این یا این ٹی این سرٹیفکیٹس، جو بھی صورت ہو، کی کاپیاں بھیجتے وقت اپنی کمپنی کے نام اور متعلقہ فولیو نمبر کا حوالہ ضرور دیں۔

آئٹم 3

a) بورڈ آف ڈائریکٹرز کی طرف سے، سالانہ اجلاس عام کی تاریخ سے تین سالہ مدت کے لیے مقرر کردہ تعداد یعنی 9 ڈائریکٹرز کا انتخاب۔

b) کوئی بھی فرد یا ریٹائرنگ ڈائریکٹر جو ڈائریکٹر کے عہدہ کا انتخاب لڑنا چاہتا ہے، اسے کمپنی کو آگاہ کرنا ہوگا اور اجلاس کی تاریخ سے کم از کم 14 یوم قبل الیکشن لڑنے کی اپنی خواہش کے بارے میں نوٹس دینا ہوگا۔

کمپنی آرڈیننس، 1984 کے سیکشن (B)(1)160 کے تحت اسٹیٹمنٹ

یہ اسٹیٹمنٹ اس خصوصی کاروائی سے متعلق مادی حقائق کا بیان ہے، جنھیں 30 ستمبر 2016 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں نمٹایا جائے گا۔

ایجنڈا کا آئٹم (6):

کمپنیز (ای ووٹنگ) ریگولیشنز 2016، کمپنی کے ممبرز کو الیکٹرانک طریقے سے ووٹ دینے کا آپشن دیتے ہیں اور اس ضمن میں کوئی ممبر، کسی دوسرے ممبر یا نان ممبر کو اپنی طرف سے الیکٹرانک طریقے سے ووٹ ڈالنے کے لیے اپنا پراکسی مقرر کرسکتا/سکتی ہے۔ الیکٹرانک ووٹنگ کو عملی شکل دینے اور نان ممبرز کو الیکٹرانک ووٹنگ کے لیے بطور پراکسی مقرر کرنے کے لیے شیئرز ہولڈرز کی اجازت حاصل کی جارہی ہے تاکہ آرٹیکل آف ایسوسی ایشن آف کمپنی میں ترمیم کی جاسکے۔

مذکورہ بالا مقصد کے لیے مطلوبہ قرارداد کا ذکر سالانہ اجلاس عام کے نوٹس میں کیا گیا ہے، اس میں قرارداد پیش کی جائے گی اور اسے خصوصی قرارداد کے طور پر منظور کیا جائے گا۔

مذکورہ بالا خصوصی کاروائی میں کمپنی کے کسی ڈائریکٹر کا کوئی بالواسطہ یا بلاواسطہ مفاد نہیں ہے۔

ای-ڈیویڈنڈ

سیکیوریٹیز اینڈ ایکسچینج سرکلر نمبر 8(4) SM/CDC 2008 مورخہ 5 اپریل 2013 پر عمل کرتے ہوئے شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ نقد منافع منقسمہ کی ادائیگی کے عمل کو زیادہ بہتر بنانے کے لیے ای-ڈیویڈنڈ میکنزم تیار کیا گیا ہے، جس سے شیئر ہولڈرز، اپنے منافع منقسمہ کی رقم کسی تاخیر کے بغیر الیکٹرانک طریقے سے اپنے اپنے بینک اکاؤنٹ میں وصول کرسکتے ہیں اس طریقے سے منافع منقسمہ فوری طور پر اکاؤنٹ میں کریڈٹ ہوجاتا ہے۔ شیئر ہولڈرز اپنے شراکت داروں کے ذریعے یا متعلقہ لسٹڈ کمپنیوں / شیئر رجسٹرار کو اپنے سی ڈی ایس اکاؤنٹس میں ڈیویڈنڈ مینڈیٹ فراہم کرکے ای-ڈیویڈنڈ میکنزم سے فائدہ اٹھا سکتے ہیں۔

اجلاس اور سالانہ اکاؤنٹس کے نوٹس کا سرکولیشن

بحوالہ، ایس ای سی پی کی طرف سے جاری کردہ ایس آر او(I/2014)787 مورخہ 8 ستمبر 2014 شیئر ہولڈرز کے پاس یہ اختیار موجود ہے کہ وہ سالانہ آڈٹ شدہ فائنانشل اسٹیٹمنٹس اور اجلاس عام کے نوٹس ای میل کے ذریعے وصول کریں۔ کمپنی کے شیئر ہولڈرز سے گزارش ہے کہ وہ مقررہ طریقہ کار کے مطابق ہمارے شیئر رجسٹرار، میسرز سی ڈی سی پاکستان لمیٹڈ، سی ڈی سی ہاؤس، 99-B، بلاک-S.M.C.H.SB، شاہراہ فیصل، کراچی، کو اپنی رضامندی سے آگاہ کریں، تاکہ اگر وہ سالانہ آڈٹ شدہ فائنانشل اسٹیٹمنٹس اور اجلاس عام کے نوٹس بذریعہ ای میل وصول کرنا چاہتے ہیں تو ان کے ریکارڈ کو اپ ڈیٹ کیا جاسکے۔ تاہم اگر کوئی شیئر ہولڈر آڈٹ شدہ فائنانشل اسٹیٹمنٹس کی ہارڈ کاپی کی درخواست کرے تو درخواست موصول ہونے کے سات یوم کے اندر اسے یہ بلا معاوضہ فراہم کردیئے جائیں گے۔

انٹرنیشنل انڈسٹریز لمیٹڈ

"میں ـــــــــ ساکن ـــــــــ ضلع ـــــــــــــــــ، انٹرنیشنل انڈسٹریز لمیٹڈ کے ممبر کی حیثیت سے بذریعہ ہذا ـــــــــ کے ـــــــــ کو بتاریخ ـــــــ یا اس کے کسی التوا پر ہونے والے کمپنی کے اجلاس عام (سالانہ یا غیر معمولی، جو بھی صورت ہو) میرے لیے اور میری جانب سے ووٹ ڈالنے کے لیے پراکسی مقرر کرتا ہوں۔

دستخط ــــــــ تاریخ ــــــــ"

مذکورہ بالا کے باوجود، الیکٹرانک طریقے سے ووٹنگ کی صورت میں، ڈیفالٹ میں، پراکسی کے انسٹرومنٹ کو کارآمد نہیں مانا جائے گا۔ الیکٹرانک طریقے سے ووٹنگ کے مقصد کے لیے پراکسی کے تقرر کا انسٹرومنٹ اس شکل میں ہوگا اور اسی طرح سے کمپنی کو فراہم کیا جائے گا جس کی صراحت قابل اطلاق قوانین میں کی گئی ہے"۔

خصوصی کاروائی کے ضمن میں، جس پر اجلاس عام میں غور کیا جانا ہو ایک اسٹیٹمنٹ جیسا کہ کمپنیز آرڈیننس 1984 کے سیکشن 160(1)(b) کا تقاضا ہے، اس نوٹس کے ساتھ منسلک ہے۔

بحکم بورڈ
انٹرنیشنل انڈسٹریز لمیٹڈ

یاسر علی قریشی
کمپنی سیکرٹری

کراچی
مورخہ: 18 اگست 2016

نوٹس

1. کمپنی کی شیئر ٹرانسفر بکس 22 ستمبر 2016 سے 30 ستمبر 2016 تک (بشمول دونوں دن) بند رہیں گی۔
2. کوئی بھی ممبر جو عام اجلاس میں شرکت، اظہار خیال کرنے اور ووٹ ڈالنے کا مجاز ہے، کسی دوسرے ممبر کو اپنی جانب سے اجلاس میں شرکت، اظہار خیال کرنے اور ووٹ ڈالنے کے لیے اپنا پراکسی مقرر کرنے کا / کی مجاز ہے۔
3. پراکسی مقرر کرنے کا انسٹرومنٹ اور پاور آف اٹارنی، یا کوئی دوسری ایسی اتھارٹی جس کے تحت اس پر دستخط کیے گئے ہوں یا پاور آف اٹارنی کی نوٹریائی تصدیق شدہ کاپی اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں پیش کرنا لازمی ہے پراکسی کا فارم اس کے ساتھ منسلک ہے۔

سی ڈی سی اکاؤنٹ ہولڈرز کو ذیل میں درج رہنما اصولوں پر بھی عمل کرنا ہوگا، جیسا کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے 26 جنوری 2016 کو جاری کیے جانے والے سرکلر میں طے کیا گیا ہے

a) برائے شرکت سالانہ اجلاس عام

افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جن کی سیکیورٹیز اور رجسٹریشن کی تفصیلات ضابطوں کے مطابق اپ لوڈ ہیں، اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) دکھا کر اپنی شناخت کی تصدیق کریں گے / گی۔

کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نامزد کردہ فرد کے دستخط نمونہ (اگر یہ اس سے قبل پیش نہیں کیے گئے) اجلاس میں شرکت کے وقت پیش کرنا ہوں گے۔

b) برائے تقرر پراکسی

افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جن کی سیکیورٹیز اور رجسٹریشن کی تفصیلات ضابطوں کے مطابق اپ لوڈ ہیں، اجلاس میں شرکت کے وقت مندرجہ بالا شرط کے مطابق پراکسی فارم پیش کریں گے۔

بینی فیشل اونرز اور پراکسی کی تصدیق شدہ سی این آئی سی کی کاپیاں پراکسی فارم کے ساتھ پیش کی جائیں گی۔

اجلاس کے وقت پراکسی اپنا اصل سی این آئی سی پیش کرے گا۔

c) برائے سی این آئی سی اور زکوٰۃ

4) ممبرز سے درخواست کی جاتی ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی پیش کریں تاکہ ان کے ریکارڈ کو اپ ڈیٹ کیا جا سکے۔ CNIC (کاپی) پیش نہ کرنے کی صورت میں مستقبل میں تمام ڈیویڈنڈ وارنٹس روک لیے جائیں گے۔

5) ممبرز سے درخواست کی جاتی ہے کہ وہ زکوٰۃ سے استثنا کے لیے زکوٰۃ اینڈ عشر آرڈیننس 1980 کے مطابق ڈیکلریشن داخل کریں اور اگر پتے میں کوئی تبدیلی ہوئی ہو تو اس سے مطلع کریں۔

نوٹس برائے سالانہ اجلاسِ عام

برائے 30 جون 2016 کو ختم ہونے والے مالی سال کے لیے

ممبرز کو بذریعہ ہذا اطلاع دی جاتی ہے کہ کمپنی کا 68 واں سالانہ اجلاس عام 30 ستمبر، 2016 کو صبح 11.00 بجے پیچ لگژری ہوٹل، آف ایم ٹی خان روڈ، کراچی کے جیسمین ہال میں منعقد ہوگا، جس میں درج ذیل امور نمٹائے جائیں گے۔

عمومی کاروائی

1. 30 جون، 2016 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالی حسابات اور اس بارے میں ڈائریکٹرز کی رپورٹ اور آڈیٹرز کی رپورٹ کی وصولی، غور وخوض اور منظوری۔
2. بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 30 جون، 2016 کو ختم ہونے والے مالی سال کے لیے 3.50 روپے فی شیئر یعنی 35 فیصد حتمی نقد منافع منقسمہ کی ادائیگی پر غور وخوض اور منظوری۔ یہ منافع پہلے سے اداشدہ 10 فیصد عبوری منافع منقسمہ کے علاوہ ہے جیسے شامل کرتے ہوئے سال 16-2015 کا کل منافع منقسمہ 45% یعنی 4.5 فیصد روپے فی شیئر بنتا ہے۔
3. اگلے تین سال کی مدت کے لیے 9 ڈائریکٹر صاحبان کا انتخاب۔

جیسا کہ سیکشن (I)178 کے تحت صراحت کی گئی ہے، بورڈ آف ڈائریکٹرز کی مقررہ تعداد 9 ڈائریکٹرز پر مشتمل ہوگی جو منتخب ہوں گے۔ سبکدوش ہونے والے ڈائریکٹرز مندرجہ ذیل ہیں۔

جناب ظفر اے خان، جناب ریاض ٹی چنائے، جناب مصطفیٰ اے چنائے، جناب کمال اے چنائے، جناب فواد عظیم ہاشمی۔ جناب طارق اکرام،
جناب اعظم فاروق، جناب علی نور محمد رتنسی، اور محترمہ نرگس گھالو

4. سال 17-2016 کے لیے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین۔
5. دوسرا کوئی ایسا معاملہ جو سالانہ اجلاس عام میں چیئر کی اجازت سے نمٹایا جاسکتا ہو۔

خصوصی کاروائی

6. ای ووٹنگ میں سہولت پیدا کرنے کے لیے آرٹیکلز آف ایسوی ایشن میں تبدیلی کی منظوری۔ اس ضمن میں غور وخوض اور اگر مناسب سمجھا گیا تو خصوصی قرارداد کی حیثیت سے درج ذیل قرارداد کی منظوری۔

"سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے SRO43(I)/2016 مورخہ 22 جنوری، 2016 کے حوالے سے جاری کردہ کمپنیز (ای ووٹنگ) ریگولیشنز 2016 کے پیش نظر کمپنی کے ارکان سے ذیل میں درج کمپنی کے آرٹیکلز آف ایسوی ایشن میں ترمیم کو منظور کرنے کی سفارش کی جاتی ہے اور یہ کہ اس مقصد کے لیے مندرجہ ذیل قرارداد، خصوصی قرارداد کی حیثیت سے منظور کرنے کی سفارش کی جاتی ہے:

یہ عزم کیا جاتا ہے کہ خصوصی قرارداد کی حیثیت سے آرٹیکلز آف ایسوی ایشن میں درج ذیل کے مطابق ترمیم کردی جائے:

(a) آرٹیکل 52 کے فوری بعد ایک نیا آرٹیکل 52A شامل ہوگا، جس میں کہا گیا ہے کہ:

"52A کسی قسم کے قواعد یا ضابطوں کے باوجود جو اس ضمن میں کمیشن کی طرف سے بنائے جائیں گے، اگر کمپنی کو قابل اطلاق قوانین کے مطابق انتخاب کے لیے مطلوبہ ڈیمانڈ موصول ہوتی ہے تو اجلاس عام میں ارکان الیکٹرانک طریقے سے ووٹ کا اپنا حق استعمال کرسکیں گے۔ کمپنی، کمیشن کے مقرر کردہ تقاضوں اور طے شدہ طریقوں کے مطابق الیکٹرانک طریقے سے ووٹنگ میں سہولت پیدا کرے گی"۔

(b) آرٹیکل 58 کی جگہ درج ذیل نیا آرٹیکل 58 لے گا:

پراکسی کے تقرر کی دستاویز تحریری طور، تقرر کرنے والے یا اس کے اٹارنی، جسے اس کا اختیار ہوگا، کے دستخط سے ہوگا اور اگر تقرر کنندہ کارپوریشن ہے تو پھر کسی افسر یا مجاز اٹارنی کی مہر یا دستخط سے ایسا ہوگا۔ پراکسی کو اس کمپنی کا ممبر ہونا چاہیئے: مذکورہ بالا سے قطع نظر، الیکٹرانک طریقے سے ووٹنگ کی صورت میں ممبرز ز اور نان ممبرز، دونوں کو پراکسی کی حیثیت سے مقرر کیا جاسکتا ہے۔

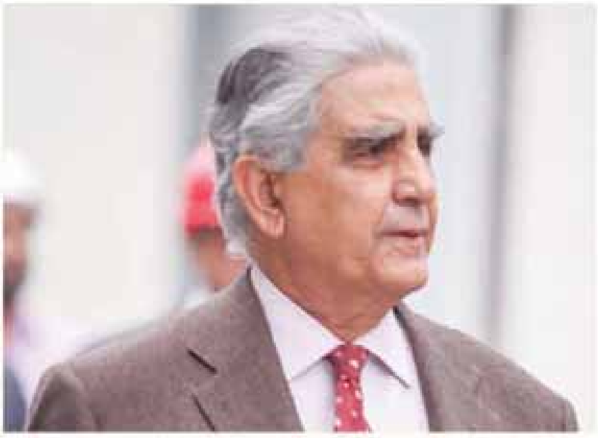
(c) آرٹیکل 60 کی جگہ مندرجہ ذیل نیا آرٹیکل 60 لے گا

60، پراکسی کے تقرر کی دستاویز درج ذیل شکل میں یا کسی دوسری ایسی شکل میں ہوگا جس کی ڈائریکٹر صاحبان منظوری دیں گے۔

آپ کی کمپنی 1953 میں قائم ہونے والی پاکستان کیبلز لمیٹڈ (PCL) کی 8.5% سیئر ہولڈنگ رکھتی ہے۔ پی سی ایل ایک پبلک لمیٹڈ کمپنی ہے جو کہ کاپر راڈز، تار اور کیبلز بنانے اور بیچنے کا کاروبار کرتے ہیں۔ مزید یہ کہ کمپنی ملک کی پہلی کاپر کیبلز اور وائرنگ بنانے والی کمپنی ہے۔

ریٹائر ہونے والے چیئر مین کو خراج تحسین

جناب ظفرا ے خان، جنھوں نے تین مسلسل ادوار تک بحیثیت آزاد ڈائریکٹر خدمت کی جو کہ ملک میں کارپوریٹ گورننس کے بڑے داعی ہیں۔ انھوں نے اعلیٰ گورننس کے اصولوں کو مدنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز کے انتخابات میں حصہ نہ لینے کا فیصلہ کیا ہے۔



سبکدوش ہونے والے چیئر مین کل آٹھ سالوں پر مشتمل تین ادوار تک منسلک رہے، جس میں پانچ سال بحیثیت چیئر مین رہنمائی کی۔ اس موقع پر تمام ڈائریکٹرز IIL ٹیم کی طرف سے بے حد شکر گزار ہیں کہ انھوں نے اپنی روشن سوچ، رہنمائی اور حوصلہ افزائی سے ہمیں اس قابل بنایا کہ ہم اپنے کاروبار میں متفرقات آسٹریلین ذیلی کمپنی، اسٹین لیس اسٹیل کاروبار اور حالیہ بڑے ڈایا میٹر کے اسٹیل اور پلاسٹک پائپ کی صورت میں لا سکے۔

جناب ظفرا ے خان کا وسیع تجربہ، کاروباری معاملات میں روشن خیالی اور IIL انتظامی ٹیم کے لیے اعتماد سازی کی قابلیت نے کمپنی کی مسلسل کامیابیوں میں اہم کردار ادا کیا۔ انھوں نے کامیابی سے مختلف شعبوں کے ماہرین پر مشتمل بورڈ آف ڈائریکٹرز کو اکٹھا کیا اور ان کے تجربات کی روشنی میں ایک اعتدال پسند رہنمائی کی۔

کمپنی کی موثر کارپوریٹ گورننس کی پالیسیاں اور کنٹرول جناب ظفرا ے خان کی رہنمائی اور سپورٹ کا نتیجہ ہیں اور ہم امید کرتے ہیں کہ ظفر صاحب کیر ہنما اصولوں سے آئندہ بھی بہتری لاتے رہیں گے۔ ان کے بورڈ آف ڈائریکٹرز میں آخری سال میں IIL ریکارڈ آپریشنل منافع کمانے میں کامیاب رہی۔

بورڈ آف ڈائریکٹرز اور انتظامیہ، ایک مرتبہ پھر تہہ دل سے خان صاحب کی صلاحیتوں کے معترف اور شکر گزار ہیں اور ان کے روشن مستقبل کے لیے دعا گو ہیں۔

اظہار تشکر

میں آئی آئی ایل کی پوری ٹیم اور بالخصوص انتظامی کمیٹی کا تہہ دل سے شکریہ ادا کرتا ہوں۔ سینئر انتظامیہ نے اپنا زیادہ وقت افرادی قوت کے انتخاب اور ان کی تربیت پر صرف کیا تاکہ وہ اس قابل ہو سکیں کہ آنے والے دنوں میں زیادہ سیلز کا حجم حاصل کر سکیں۔ ہماری ٹیم کی سخت محنت کے باعث ہم اس قابل ہوئے کہ ایک اچھا منافع حاصل کر سکیں باوجود اس کے کہ بین الاقوامی مارکیٹ میں چیلنجز درپیش رہے۔ میں اپنی CBA کا بھی شکر گزار ہوں، جنھوں نے پچھلے سال کمپنی کو موثر زیادہ پیداوار کے لیے انتظامیہ کی مدد کی۔ جبکہ ہم محنت کے معاوضہ کے اصول پر عمل کرتے رہے۔ ہم اپنے ملازمین کے ساتھ آنے والے وقتوں میں مزید کامیابیاں حاصل کرنے کی امید کرتے ہیں۔

برائے اور ازطرف بورڈ آف ڈائریکٹرز

ریاض ٹی چنائے
چیف ایگزیکٹو آفیسر

کراچی
مورخہ: 18 اگست 2016

لاہور کے مضافات کے قریب ہماری نئی فیکٹری کا ابتدائی تعمیراتی کام مکمل ہو چکا ہے فی الوقت اس جگہ کو وئیر ہاؤس کے طور پر استعمال کیا جا رہا ہے تاکہ اہم داخلی مارکیٹوں کی ضروریات کو بہتر طریقے سے پورا کیا جائے۔

واٹر پائپ سیگمنٹ میں اپنی ممتاز پوزیشن کو نمایاں کرنے کے لیے آپ کی کمپنی نے شیخوپورہ میں PPRC فٹنگز تیار کرنے میں سرمایہ کاری کر کے اپنی PPRC پائپ مینوفیکچرنگ فیسلٹی میں اضافے کا فیصلہ کیا ہے تاکہ کسٹمرز کو مکمل سلوشنز فراہم کرنے کے قابل ہوں سکیں۔ تعمیراتی کام تقریباً مکمل ہو چکا ہے اور امید ہے کہ جنوری 2017 تک تجارتی پیمانے پر کام شروع ہو جائے گا۔

ہم سری لنکا میں ایک مینوفیکچرنگ فیسلٹی کے قیام کے آپشن پر غور کر رہے ہیں تاکہ یہاں ہماری مارکیٹ کو تحفظ حاصل ہو۔ ہم ایک ڈرپ اریگیشن پائپ پلانٹ کے قیام کے لیے ایک چینی مینوفیکچرر کے ساتھ بھی فنی تعاون پر غور کر رہے ہیں۔

کمپنی نے آنے والے برسوں میں اپنی پہنچ بڑھانے اور اپنی پراڈکٹس کی رینج کو وسیع کرنے کی بھی تفصیلی منصوبہ بندی کی ہے تاکہ کسٹمر کی وسیع ضروریات کو پورا اور یہ ویژن حاصل کیا جا سکے کہ "2020 تک اسے بین الاقوامی، متنوع پسند کاروباری، بلین ٹن اسٹیل پروسیسر بنانا ہے"۔

کاروباری خطرات

کمپنی کے مینوفیکچرنگ پروسیسز میں استعمال ہونے والے خام مال میں اسٹیل اور زنک دو بنیادی میٹریل ہیں۔ ایک قابل انحصار اور کافی ملکی سپلائی کی غیر موجودگی میں کمپنی اپنا خام مال بین الاقوامی مارکیٹ سے حاصل کرنے پر مجبور ہے۔ بڑی مقدار میں اس خام مال کی درآمد کی وجہ سے ہمیں اسٹیل اور زنک کی بین الاقوامی قیمت میں اتار چڑھاؤ اور زرمبادلہ کی قیمتوں میں کمی بیشی کا سامنا رہتا ہے۔ اس قسم کے ماحول میں منافع کمانے کی کلید موثر انوینٹری مینجمنٹ اور سیلز کا صحیح اندازہ لگانا، موثر خریداری اور تسلسل کے ساتھ مضبوط سیلز ہوتی ہے۔

لاگت کو ایک حد میں رکھنا، اچھے انتظام والے آپریشنز، مسلسل جدت طرازی اور اپ گریڈنگ، ہماری کمپنی کی کاروباری حکمت عملی کے اہم اجزا ہیں تاکہ اسٹیک ہولڈرز کو اچھا منافع مل سکے۔

سرمایہ کاری

کمپنی کی اس کے ذیلی ادارے، انٹرنیشنل اسٹیلز لمیٹڈ (آئی ایس ایل) میں خاطر خواہ سرمایہ کاری ہے جو فلیٹ اسٹیل پراڈکٹس کی پروسیسنگ کا بزنس کرتی ہے۔ آئی ایس ایل نے MT 364.000 کے سیلز حجم، 24 بلین روپے کی مجموعی سیلز اور 1,179 ملین روپے کے بعد از ٹیکس منافع کے ساتھ اپنا مالی سال ختم کیا۔

آئی ایس ایل نے گزشتہ سال کے دوران اپنی استعداد میں اضافہ کو کامیابی کے ساتھ مکمل کیا، اس نے اپنی کمپیکٹ کولڈ رولنگ مل کو ٹوئن اسٹینڈ ریورسنگ مل پر کنورٹ کیا، دوسری گیلوینائزڈ لائن اور ایک کلر کوٹنگ اسٹیل لائن نے کام شروع کر دیا۔ یہ توسیع اندازاً 3 بلین روپے کی لاگت سے کی گئی اور اس سے آئی ایس ایل کی گنجائش سالانہ 500,000 ٹن تک بڑھ گئی ہے۔

پچھلے سال آئی آئی ایل اور آئی ایس ایل نے گروپ کے طور پر MT 571,000 کا سیلز حجم، 39 بلین روپے سے زیادہ کی مجموعی سیلز اور 2.7 بلین روپے کا قبل از ٹیکس منافع حاصل کیا۔

آپ کی کمپنی آئی آئی ایل آسٹریلیا پرائیویٹ لمیٹڈ کی 100% ملکیت رکھتی ہے، جس نے 395 ملین روپے کی سیلز، 14 ملین روپے کے مجموعی منافع اور ایک معمولی بعد از ٹیکس منافع کے ساتھ اپنے سال کا اختتام کیا۔

تربیت

سال کے دوران 1006 ملازمین مسلسل تربیتی عمل میں شامل رہے۔ 6,189 ملازمین کو مینوفیکچرنگ پروسیسز اور OHSE سمیت مختلف فنی عنوانات پر 568 داخلی تربیت دی گئی۔ 60 ملازمین نے بیرونی (مقامی اور غیر ملکی) پروگراموں میں شرکت کی، جن کا انتظام اچھی شہرت کے حامل مختلف اداروں نے کیا تھا، جن میں پی آئی سی جی، لمز، آئی بی اے، آئی سی اے پی، ایم اے پی، پی ایس ٹی ڈی، پی آئی ایم اور ای ایف پی وغیرہ شامل تھے۔

قومی خزانے میں حصہ

آپ کی کمپنی لارج ٹیکس پیئر یونٹ (LTU) کی حیثیت سے رجسٹرڈ ہے اور اس نے مالی سال کے دوران انکم ٹیکس، سیلز ٹیکس، دیگر ٹیکسوں ڈیوٹیوں اور لیویز کی شکل میں قومی خزانے میں 2.7 بلین روپے جمع کرائے۔

کارپوریٹ سماجی ذمہ داری (CSR) اور کمیونٹی ویلفیئر اسکیمیں

آئی آئی ایل CSR سرگرمیوں پر اپنے بعد از ٹیکس منافع کا تقریباً 2.5% فیصد خرچ کرتی ہے۔ وہ آئی آئی ایل کے قریب سٹیزن فاؤنڈیشن (TCF) پرائمری اسکول کے تمام انتظامی اخراجات اور لانڈھی میں فیکٹری ون کے سامنے ایک مسجد کا انتظام چلانے کے لیے فنڈز مہیا کرتی ہے۔

پچھلے سال ہم نے انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن (IBA) مین کیمپس میں امیر سلطان چنائے (ASC) ایمفی تھیٹر کی بھی سرپرستی کی۔

اس کے علاوہ آئی آئی ایل نے SINA ہیلتھ ایجوکیشن اینڈ ویلفیئر فاؤنڈیشن کے ساتھ مل کر ایک ہیلتھ کلینک قائم کرنے کی کوشش بھی کی ہے۔ یہ کلینک غریب لوگوں کو مفت طبی سہولتیں فراہم کرے گا۔

آئی آئی ایل نے اس کلینک کے لیے زمین کی خریداری اور تعمیر کی خاطر فنڈز فراہم کیے ہیں اور اس کے انتظام کے لیے بھی پیسہ دے گی۔ اس کلینک کا افتتاح ستمبر 2016 میں متوقع ہے۔

انفارمیشن سسٹمز اور ری انجینئرنگ

ہم اپنے آئی ٹی انفرااسٹرکچر کو اپ گریڈ کرنے اور ایک بڑے آٹومیشن اور کاغذ سے پاک ماحول کی طرف بڑھنے کے لیے پرعزم ہیں۔ اس کے علاوہ ہم ملازمین کی روزمرہ سرگرمیوں کا مطالعہ کرنے اور مختلف کاموں کو خودکار اور مزید بہتر بنانے کے لیے کوشاں ہیں۔ اس ضمن میں کاروباری صارفین کے ساتھ مذاکرات کے ایک سلسلے کے بعد بزنس پروسیسز کا تجزیہ کرنے اور EPR سسٹم میں خامیوں کی اطلاع دینے کی بھرپور کوشش کی گئی۔ ایپی اور ریکل ای آر پی بزنس سوٹ انسٹالیشن کو اپ گریڈ کرنے اور آگے بڑھانے کی کوشش کے لیے یہ ایک بنیاد ہے۔

مستقبل کا منظر

کمپنی ایک پرجوش اور نئے چیلینجنگ مرحلے میں داخل ہو رہی ہے، کیونکہ متعدد نئے پراجیکٹس تکمیل پا چکے ہیں اور تجارتی بنیاد پر پیداوار شروع کر چکے ہیں۔

آئی آئی ایل اسٹین لیس اسٹیل (پرائیویٹ) لمیٹڈ نے اپنے آپریشنز کا سال مکمل کیا۔ ہم نے اس نئے سیگمنٹ میں نئے اور اہم رجحان بنائے ہیں۔ تعمیراتی کاموں کے عروج اور اور زیادہ خوشنما اور پائیدار پائپس اور ٹیوبس کو ترجیح دینے کے بڑھتے ہوئے رجحان کے باعث ہمیں یقین ہے کہ اگلے سالوں میں یہ بزنس بہت اوپر جائے گا۔

ہماری نئی پائپ مل کی کمیشنگ 27 جنوری 2016 کو ہوئی۔ اندازاً 700 ملین روپے کی لاگت سے یہ سرمایہ کاری کی گئی۔ یہ اضافہ کمپنی کو "12 قطر کے پائپ تیار کرنے اور تیل، گیس اور پانی کی تقسیم کے لیے X70 اے پی آئی گریڈ تک کور کرے گا۔ اس کے علاوہ یہ پلانٹ ہولو اسٹرکچرل سیکشنز تیار کرنے کی اہلیت بھی رکھتا ہے جو بہت زیادہ طاقت والی تعمیرات اور انجینئرنگ ایپلیکیشنز میں استعمال کیے جاتے ہیں۔ جس سے تعمیراتی صنعت میں جدت پیدا ہوگی۔ بین الاقوامی معیار کے مطابق تیار شدہ ہولو اسٹرکچرل سیکشن (HSS)، چوکور، مستطیل اور گول شکل میں دستیاب ہیں اور کسی بھی طرح کے عمارتی ڈھانچے جیسے کہ پل، عمارات، اور سڑک پار کرنے کے پل وغیرہ کے لیے استعمال ہو سکتے ہیں۔ اس سے ہمارے لیے مارکیٹ کا ایک نیا سیگمنٹ بھی کھلا ہے اور توقع ہے کہ آنے والے برسوں میں اس سے نئی کامیابیاں حاصل ہوں گی۔

پائپنگ سسٹم کا انتخاب کرتے وقت ہم اس بارے میں اپنے کسٹمرز کی حوصلہ افزائی کرتے ہیں کہ وہ مختلف مصنوعات کی اصل قیمت کا تعین کرنے کے لیے "زندگی بھر کی لاگت" کا اندازہ لگائیں۔ کسی سسٹم کی پوری زندگی کی لاگت میں آلات، تنصیب اور ملکیت، سب کچھ شامل ہوتا ہے۔ ہمارے ایچ ڈی پی ای واٹر پائپس کی تنصیب پر کم لاگت آتی ہے اور ان کا ہمیشہ کے لیے لیک پروف ہونا ان کی پائیداری کو بڑھاتا ہے اور استعمال کرنے والے کو حقیقی ذہنی سکون رہتا ہے۔

کمپنی، وسائل کے موثر استعمال کے عہد پر عمل کرتے ہوئے تمام خارج ہونے والی حرارت کو یخ پانی تیار کرنے کے لیے استعمال کرتی ہے، جس سے فیکٹری کی واٹر کولنگ اور ائر کنڈیشننگ کی ضروریات پوری ہوتی ہیں۔ اس کے علاوہ اس کا حال ہی میں نصب کیا جانے والا ریورس اوسموسس پلانٹ فیکٹری کے احاطے میں پانی کی اضافی ضروریات کی تکمیل میں مدد دیتا ہے۔

آئی آئی ایل مخلوط پیداوار کے ذریعے بجلی پیدا کرتا ہے۔ اس جنریشن سے اس کی اپنی ضروریات پوری ہوتی ہیں اور فاضل بجلی کے۔ الیکٹرک کے گرڈ میں منتقل کر دی جاتی ہے۔ اس طرح بجلی پیدا کرنے کی گنجائش کو پوری طرح استعمال کیا جاتا ہے۔ فاضل بجلی سے آمدنی بھی ہوتی ہے اور دوسری طرف ملک کو درپیش بجلی کی شدید قلت کو کسی حد تک کم کرنے میں بھی مدد ملتی ہے۔

ہیومن ریسورس مینجمنٹ

پیشہ وارانہ، ہیلتھ، تحفظ اور ماحول

سال کے پورے عرصہ میں ماحولیاتی اعتبار سے ذمہ داری پر توجہ دی گئی، کولنگ واٹر سے زیادہ سے زیادہ حرارت الگ کرنے، کچرے کو ٹھکانے لگانے کے موثر انتظام، پیپر ری سائیکلنگ، آلودہ پانی کے ٹریٹمنٹ پلانٹ کے استعمال fume scrubbers کے استعمال، sludge کو ماحول دوست طریقے سے ٹھکانے لگانے، کچرے میں کمی، وقفے وقفے سے اخراج اور آلودہ پانی کی کسی تیسری پارٹی سے جانچ اور فیکٹری کے احاطے کے اندر اور باہر شجر کاری کے لیے بھرپور کوششیں کی جارہی ہیں۔

ماحولیاتی اثرات کو کم کرنے کی کوششوں کے حصے کے طور پر، کچرا پیدا ہونے کا قریب سے جائزہ لیا گیا اور اسٹیل اسکریپ ویسٹ، زنک ڈراس، اسکمڈ آئل، اور سالڈ ویسٹ میں خاطر خواہ کمی لائی گئی۔ اس کے علاوہ بجلی، گیس اور پانی کی کھپت بھی کم کی گئی۔

سال کے دوران ضائع ہونے والے وقت کا فریکوئنسی ریٹ 1.82 فی دس لاکھ فرد گھنٹے رہا، اس سے پچھلے سال یہ شرح 2.0 تھی۔

دوران سال 525 سیفٹی ٹریننگز کرائی گئیں، اور ہر ملازم نے 5 تربیتی کورسز کی سیریز مکمل کی جبکہ مجموعی شرکت 5,631 رہی۔ اس تربیت میں محفوظ کرین آپریشنز، ہینڈ سیفٹی، آگ پر قابو پانے کے آپریشنز، ورک سسٹم کا پرمٹ، صنعتی نقصانات، ابتدائی طبی امداد اور ریسکیو، محفوظ ڈرائیونگ، الیکٹرک سیفٹی، اور بلندی پر کام کرنا شامل تھا۔

میسرز لائیڈز (برطانیہ کی ایک سرٹیفکیشن باڈی) کی طرف سے دو آڈٹ۔ ایک سرویلنس آڈٹ اور دوسرا مکمل ری سرٹیفکیشن آڈٹ کیا گیا تاکہ یہ یقین حاصل کیا جا سکے کہ QA&HSE مینجمنٹ سسٹم & ISO 9001, ISO-14001 OHSAS 18001 عالمی اسٹینڈرڈز کے مطابق ہے۔ کوئی بڑی عدم مطابقت دیکھنے میں نہیں آئی۔

آئی آئی ایل نے بہترین OHSE طور طریقوں کے تعین کے لیے ایمپلائرز فیڈریشن آف پاکستان کے زیر انتظام ملک گیر مقابلے میں حصہ لیا، اور دوسری پوزیشن حاصل کی۔

صنعتی تعلقات

ستمبر 2015 میں سی بی اے کے ساتھ مذاکرات کے ذریعے آخری تصفیہ ہوا اور سی بی اے کی مدت پوری ہوگئی۔ حکومت سندھ کے لیبر ڈیپارٹمنٹ کے طریقہ کار میں تاخیر کی وجہ سے نئی سی بی اے کے لیے ریفرنڈم 4 فروری 2016 تک نہ ہو سکا۔ نئی سی بی اے اور انتظامیہ دونوں کی طرف سے یکم مارچ 2016 کو تازہ منشور مطالبات پیش کیے گئے۔ مذاکرات مارچ 2016 میں شروع ہوئے اور 16 اگست 2016 کو مکمل ہوئے۔ یہ مذاکرات مثبت اور تعمیری ماحول میں ہوئے۔

گریجوئٹی اسکیم اور پراویڈنٹ فنڈز

کمپنی اپنے ملازمین کو ریٹائرمنٹ کے فوائد مہیا کرتی ہے۔ ان میں غیر شرکتی گریجوئٹی اسکیم برائے تمام ملازمین اور صرف ان لوگوں کو چھوڑ کر جو یونین میں شامل ہیں سب کے لیے شرکتی پراویڈنٹ فنڈ شامل ہے۔ یہ دونوں منصوبے ٹیکس حکام کے تسلیم شدہ ہیں۔

سال کے اختتام پر پراویڈنٹ فنڈ اور گریجوئٹی اسکیم کی قدر بالترتیب 299.5 ملین اور 346 ملین روپے تھی۔

خصوصی افراد کے لیے ملازمت

طبعی طور پر معذور افراد کو ملازمت دینے کی قانونی ضرورت کی پابندی کرتے ہوئے آئی آئی ایل کی ورک فورس میں 25 ایسے خصوصی افراد شامل ہیں۔

مالیاتی جائزہ

کمپنی نے 14,820 ملین روپے کی نیٹ سیلز کیں، جو پچھلے سال سے 16.1% کم تھیں۔ 2,460 ملین روپے کا مجموعی منافع کمایا قبل از ٹیکس منافع 1,104 ملین روپے اور بعد از ٹیکس منافع 786 ملین روپے رہا۔ فی شیئر آمدنی 6.56 روپے رہی۔

پچھلے سال کے مقابلے میں اس سال کا آپریٹنگ پرافٹ 26 فیصد بڑھ گیا، اس کی بنیادی وجہ خام مال کی بہتر طریقے سے خریداری اور اونچے داخلی مارجن کے باعث انوینٹری gains تھے۔

سال کے دوران فروخت کی جانے والی اشیاء کی لاگت 12,360 ملین روپے رہی، جو پچھلے سال کے مقابلے میں 21.7% کم تھی جو ٹرن اوور کے مطابق ہے۔

824 ملین روپے کے سیلنگ اور ڈسٹری بیوشن اخراجات پچھلے سال سے 40% زیادہ رہے، اس کی بڑی وجہ باربرداری کا زیادہ خرچہ اور امریکہ میں دائر ہمارے اینٹی ڈمپنگ کیس پر اٹھنے والے قانونی اخراجات تھے۔

249 ملین روپے کے انتظامی اخراجات پچھلے سال کے مقابلے میں 32% زیادہ تھے۔

116 ملین روپے کے دوسرے آپریٹنگ چارجز پچھلے سال کے مقابلے میں 42% زیادہ تھے، اس کی بنیادی وجہ ورکرز پرافٹ پارٹیسپیشن فنڈ (WPPF) اور ورکرز ویلفئر فنڈ (WWF) کے لیے زیادہ رقم کی تخصیص تھی۔ متفرق آمدنی میں 234 ملین روپے کی کمی نظر آئی۔ جس کی بنیادی وجہ اس سال میں انٹرنیشنل اسٹیلز لمیٹڈ سے ڈیویڈنڈ انکم کا نہ ہونا ہے۔

سال کے دوران فائنانشل چارجز 153 ملین روپے کم ہوئے۔ اس 31% کمی کی وجہ لوئر اسٹاک ہولڈنگ اور کم شرح سود تھی۔

سیگمنٹ نتائج

اسٹیل سیگمنٹ سے حاصل ہونے والا ریونیو 13,317 ملین روپے رہا جس میں سے 2,248 ملین روپے کا مجموعی منافع تھا۔

اسٹیل سیگمنٹ سے مجموعی منافع میں پچھلے سال کے مقابلے میں بہتری نظر آئی ہے۔ پلاسٹک سیگمنٹ سے ریونیو 1,503 ملین روپے تھا اس میں سے مجموعی منافع 212 ملین روپے تھا۔

کیش فلو مینجمنٹ اور قرض کی حکمت عملی

کمپنی کا کیش فلو مینجمنٹ سسٹم کیش ان فلوز اور آؤٹ فلوز کو باقاعدگی کے ساتھ جانچتا ہے اور کیش کی پوزیشن کو روزانہ کی بنیاد پر مانیٹر کرتا ہے۔

2015-16 کے دوران قرض کی اوسط لاگت بشمول تبادلے کے نقصانات، پچھلے سال کے مقابلے میں 15% کم رہی۔

کیپٹل اسٹرکچر

30 جون 2016 کو ڈیبٹ ایکوئٹی ریشو 48:52 تھا، جبکہ 30 جون 2015 کو 52:48 تھا۔ شرح سود اور ادائیگی قرض کی تناسب بھی بہتر رہی۔

تقسیم منافع

بورڈ آف ڈائریکٹرز نے 10% عبوری منافع منقسمہ منظور کیا تھا اور 30 جون کو ختم ہونے والے سال کے حسابات کو مدنظر رکھتے ہوئے 35% حتمی نقد منافع منقسمہ کی سفارش کی ہے، جسے ملاتے ہوئے کل منافع 45% بنتا ہے۔

آڈیٹرز

موجودہ آڈیٹرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹینٹ ریٹائر ہو رہے ہیں اور انھوں نے دوبارہ تعیناتی کے لیے رضامندی ظاہر کی ہے۔ یہ یقین دہانی کرائی ہے کہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹ (ICAP) کی طرف سے انھیں تسلی بخش درجہ بندی عطا کی گئی ہے اور کوڈ آف ایتھیکس آف انٹرنیشنل فیڈریشن آف اکاؤنٹینٹ (IFAC) جو کہ (ICAP) نے اختیار کیے ہیں سے بھی مطابقت کی تصدیق کی ہے۔

بورڈ آف ڈائریکٹرز نے آڈیٹرز کے دوبارہ تعیناتی کی باہمی رضامندی سے طے ہونے والے مشاہرے پر تعیناتی کی برائے مالی سال 2016-17 سفارش کی ہے۔

کارپوریٹ پائیداری

توانائی کی بچت اور ری سائیکلنگ

اسٹیل سو فیصد ری سائیکل ایبل ہے، یعنی اس کو بار بار اسی میٹیریل میں ری پروسیس کیا جا سکتا ہے۔ ری سائیکلنگ سے توانائی اور خام مال میں خاصی بچت ہوتی ہے۔ ایک ٹن اسٹیل اسکریپ کو نئے اسٹیل میں ڈھالنے سے 1,400 کلوگرام خام لوہا، 740 کلوگرام کوئلہ اور 120 کلوگرام چونے کے پتھر کی بچت ہوتی ہے۔

Steel is one of the world's most recycled materials

CO^2 emissions from steel production are half of what they were in the 1960's

Steel has a potentially infinite lifecycle

Steel is environmentally friendly

مجموعی فروخت

آپ کی کمپنی نے گزشتہ مالی سال کے دوران تقریباً 204,000MT کی مجموعی سیلز کا حجم حاصل کیا جبکہ مجموعی آمدنی 17.6 ارب روپے تھی۔

اسٹیلو کی داخلی سیلز

ملکی سیلز کا مجموعی حجم تقریباً پچھلے سال کے برابر رہا۔ پچھلے سال کے مقابلے میں GI پائپ کی سیلز 10% کم رہیں۔ تاہم بلڈنگ اینڈ کنسٹرکشن انڈسٹری کی بھرپور مانگ پر بلیک اینڈ تعمیراتی پائپ کی مانگ بھی زیادہ رہی۔ جبکہ موٹر گاڑیوں کی صنعت کی مانگ کی وجہ سے ہی آرٹیو بز کے لیے بھی جان نظر آئی۔

انٹرنیشنل اسٹیل سیلز

بین الاقوامی فروخت کا حجم پچھلے سال کے مقابلے میں 24% کم رہا جس کی بنیادی وجہ ہماری برآمدات پر امریکہ میں CVD اور اینٹی ڈمپنگ ڈیوٹی کا لاگو ہونا تھا۔ گزرے سال کے پہلے چھ مہینوں میں ماہ بہ ماہ گرتی ہوئی قیمتوں اور پھر ایک ریکارڈ کم سطح پر ٹھہر جانے کے باعث، فروخت کے لیے بین الاقوامی ماحول مشکل رہا کیونکہ خریدار گریزاں رہے اور انھوں نے اپنے اسٹاک کم کر دیے ریکارڈ کم قیمتوں نے تحفظ پسندی میں بھی اضافہ کیا، جس نے سال کے دوران آپ کی کمپنی کو براہ راست متاثر کیا۔ کچھ بھی ہو آپ کی کمپنی نے کھوئی ہوئی گنجائش دوبارہ حاصل کرنے کا تہیہ کر رکھا ہے اور وہ نئی مارکیٹوں میں سرایت کر رہی ہے۔ اس وقت ہم دنیا کے پانچ براعظموں کے 55 سے زیادہ مقامات کو اپنا مال برآمد کرتے ہیں۔

polyethylene سیلز

کمپنی کے polyethylene سیگمنٹ نے پچھلے سال کے مقابلے میں 57% سے زیادہ کا اضافہ دکھایا دنیا میں آج چند اے پی آئی سرٹیفائیڈ پلاسٹک ملز میں سے ایک ہونے کی حیثیت سے ہمارے ایم ڈی پی اے برانڈ پائپس کی فروخت میں زبردست اضافہ ہوا، اس کی وجہ گیس سپلائرز میں آسانی اور فنڈنگ کا یقینی ہونا تھا۔ ہم کوشش جاری رکھے ہوئے ہیں اور گیس کمپنیوں کو اس بات پر آمادہ کرنے کی کوشش کر رہے ہیں کہ وہ اے پی آئی سرٹیفائیڈ پلاسٹک پائپ کی خریداری کو یقینی بنائیں۔ جیسا کے وہ اسٹیل پائپ کے معاملے میں کرتے ہیں۔ ہمارے ایچ ڈی پی ای برانڈ کے واٹر اینڈ ڈکٹ پائپ کی فروخت بھی حوصلہ افزا رہی۔

پاکستان میں گھٹیا معیار کی مصنوعات کا پھیلاؤ کسٹمرز کو اعلیٰ معیار کی مصنوعات کی فروخت کو بہت مشکل بنا دیتا ہے، کیونکہ انھیں مصنوعات کے بارے میں یا تو بہت کم معلومات ہوتی ہیں یا سرے کچھ معلوم نہیں ہوتا۔ انتظامیہ، کوالٹی اسٹینڈرڈز اور اس بارے میں شعور بیدار کرنے کے لیے بھرپور کوشش کر رہی ہے کہ گھٹیا معیار کے پلاسٹک پائپ سسٹم کے استعمال سے کیا طویل المدت پیچیدگیاں پیدا ہوتی ہیں۔ ہم اپنے اہم اداراتی کلائنٹس کو اعلیٰ معیار کے واٹر اینڈ ڈکٹ پائپ سپلائی کر رہے ہیں؛ تاہم کمرشل مارکیٹ بدستور ایک چیلنج ہے، جہاں کسی روک ٹوک کے بغیر سستی اور گھٹیا معیار کی مصنوعات دستیاب ہیں۔

اسٹین لیس اسٹیل سیلز

آئی آئی ایل اسٹین لیس اسٹیل (پرائیویٹ) لمیٹڈ نے اس سال اپنا پہلا مکمل سال پورا کیا۔ مقابلہ کرنے والی سستی کمرشل درآمدات کی وجہ سے اپنی پراڈکٹ فروخت کرنے میں مسائل کا سامنا کرنے کے باوجود کمپنی نے 155 ملین روپے سے زیادہ کی بھرپور آمدنی کی۔ آئی آئی ایل اسٹین لیس اسٹیل (پرائیویٹ) لمیٹڈ نے خود کو ملک کا صف اول کا اسٹین لیس اسٹیل ٹیوب مینوفیکچرر بنانے کا تہیہ کر رکھا ہے۔

پیداوار

آپ کی کمپنی نے کامیابی کے ساتھ اپنی مہنگی ترین پائپ مل لگائی، جو اپنی مثال آپ cold saw سے مزین اور "12 قطر کے پایپ تیار کرنے کی استعداد رکھتی ہے۔ یہ پراجیکٹ جنوری 2016 میں مکمل ہوا اور اے پی آئی سرٹیفائیڈ ہے۔ یہ 700 ملین کی سرمایہ کاری، ہمیں، آئل، گیس اور پانی کی تقسیم کے لیے X70 API گریڈنگ پیداوار کا اہل بنائے گی۔ تنصیب پر سکون طریقے سے مکمل ہوئی اور کمرشل پیداوار ہو رہی ہے۔ تاپی (ترکمانستان، افغانستان، پاکستان، انڈیا) پراجیکٹ اور دوسرے گیس پائپ لائن پراجیکٹس سے فائدہ اٹھانے کے لیے کمپنی کو بروقت موقع ملا ہے۔

بڑی دھاتوں کی مجموعی سالانہ افزائش

1980 - 2015

پاکستان میں اسٹین لیس اسٹیل کی فی کس اوسط کھپت 0.5 kg ہے جبکہ عالمی اوسط کھپت تقریباً 5.7 kg ہے، اس سے ظاہر ہوتا ہے کہ اس میدان میں افزائش کا وسیع امکان موجود ہے۔

ملکی معیشت

2015-16 کے مالی سال میں پاکستان کی مجموعی قومی پیداوار میں 4.71% کی اصل افزائش ہوئی۔ افراطِ زر، مالیاتی خسارے، کرنٹ اکاؤنٹ بیلنس اور دوسرے اہم اشاروں میں بھی بہتری نظر آئی۔

دنیا بھر میں خام تیل کی قیمتوں پر دباؤ کی وجہ سے تیل کے کم درآمدی اخراجات، ترسیلِ زر کا کسی خلل کے بغیر بہاؤ اور غیر ملکی زرِ مبادلہ کے ذخائر میں اضافے کے باعث خارجی سیکٹر میں بھی استحکام رہا، جس نے امریکی ڈالر کے مقابلے میں پاکستانی روپے کو مضبوط قدموں پر کھڑے رہنے میں مدد دی۔

ایم ایس سی آئی کی جانب سے ملک کی ایمرجنگ مارکیٹ کی حیثیت سے درجہ بندی بھی حوصلہ افزا ہے جس سے حالات مزید موافق ہوں گے۔
صنعتی شعبے نے اچھی کارکردگی دکھائی اور 6.8 فیصد کی افزائش ہوئی۔ تاہم لارج اسکیل مینوفیکچرنگ (LSM) میں افزائش کی شرح کم یعنی 4.7 فیصد رہی مگر یہ پچھلے سال کے مقابلے میں زیادہ تھی۔ گزرے سال میں کنسٹرکشن اور انفرااسٹرکچر ایکٹیویٹی میں خاطر خواہ اضافہ ہوا اور اس میں 13.1 فیصد افزائش دیکھی گئی۔ توقع ہے کہ ہاؤسنگ اور انفرا اسٹرکچر میں تیز رفتار سرمایہ کاری اور پاک چین اقتصادی راہداری سے جڑے ہوئے منصوبوں کی وجہ سے یہ رجحان برقرار رہے گا۔

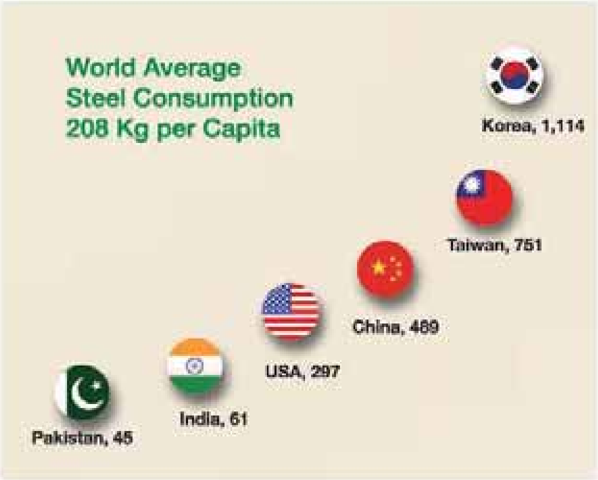
ملک کی برآمدی کارکردگی توقع سے پیچھے رہی اور برآمدات میں 12.9% کمی آئی۔ اس کی جزوی وجہ خام مال کی گرتی ہوئی قیمتیں، مجموعی عالمی مانگ میں کمی اور تجارتی تنازعات جیسے خارجی محرکات ہیں۔ انجینیئرنگ سیکٹر کی برآمدات پچھلے سال کے مقابلے میں 20.9% کم رہیں

پاکستان اور چین کے درمیان تجارتی پابندیوں کو نرم بنانے کے دوسرے مرحلے پر بات چیت جاری ہے اور توقع ہے کہ حکومت پاکستان ملکی صنعت کے اندیشوں کو مدنظر رکھے گی۔ اس بات کے پیش نظر کہ پاکستان دنیا کے ان تین ملکوں میں سے ایک ہے جسے چینی اسٹیل کی درآمدات کے خلاف کوئی تحفظ نہیں ہے اور چین کی اسٹیل کی صنعت کے عظیم حجم کے پیش نظر ناگزیر ہے کہ حکومت پاکستان ایک ایسے متوازن اور منصفانہ سمجھوتے پر بات چیت کرے، جس کے نتیجے میں اسٹیل کی داخلی صنعت کو نقصان نہ پہنچے۔

2015 کے لیے، فنشڈ اسٹیل کی فی کس عالمی کھپت کے بارے میں ورلڈ اسٹیل ایسوسی ایشن کا اوسط تخمینہ اندازاً 208kg ہے۔ پاکستان میں اسٹیل کی فی کس کھپت کا تخمینہ 40-45 کلوگرام فی کس ہے، جو عالمی اوسط سے بہت کم ہے اور یہ ملک کی اسٹیل مینوفیکچرنگ اور پروسیسنگ انڈسٹری کی افزائش کے وسیع امکان کو ظاہر کرتا ہے۔

اسٹیل کی فی کس کھپت

kg فی کس



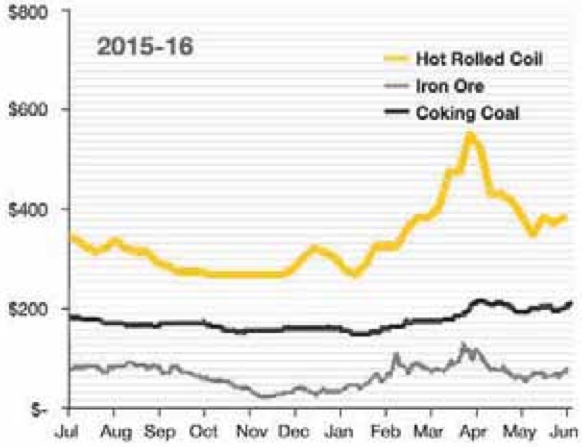
کمپنی آپریشنز

مارکیٹ شیئرز

آپ کی کمپنی GI پائپس، سی آر ٹیوبس، اور بلیک اینڈ scaffolding پائپ کی ملکی مارکیٹ میں ٹیوب اور پائپ تیار کرنے والی ایک بہت بڑی کمپنی ہے اور اپنے متعلقہ شعبوں میں مصنوعات کی وسیع رینج رکھتی ہے۔ اسے مسلسل اپنے کسٹمرز، ڈیلرز اور بزنس پارٹنرز کا بھروسہ حاصل ہے۔ کمپنی کا پلاسٹک سیگمنٹ واٹر اینڈ گیس ٹرانسمشن کی ضروریات اور اور ڈکٹ ایپلیکیشنز کو پورا کرتا ہے اور اپنے کسٹمرز کی مانگ پوری کرنے کے لیے مسلسل آگے بڑھ رہا ہے۔

آئرن ore، کوکنگ کول اور ہاٹ رولڈ اسٹیل کوائل پرائس

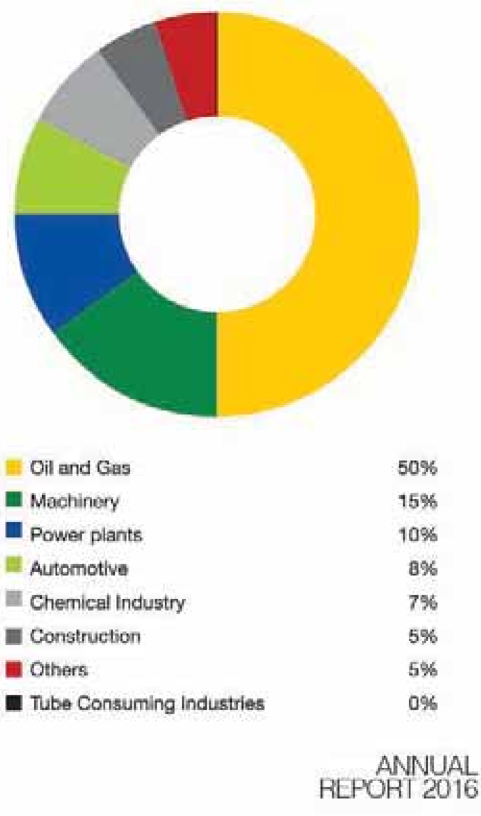
2015-16، امریکی ڈالر فی ٹن



اسٹیل ٹیوب اینڈ پائپ انڈسٹری

گلوبل اسٹیل ٹیوب اینڈ پائپ انڈسٹری ویلڈیڈ اور سیم لیس پائپس اینڈ ٹیوبس کا ایک وسیع مکس تیار کرتی ہے۔ اسٹیل پائپ بنیادی طور پر آئل اینڈ گیس، واٹر اینڈ سیوریج ٹرانسمشن اور فیبریکیشن سے متعلق انڈسٹریز میں استعمال ہوتے ہیں۔ اسٹرکچرل پائپس اینڈ سیکشنز تعمیراتی صنعت میں ہائی اسٹرینتھ ایپلیکیشنز کے لیے استعمال کیے جاتے ہیں، جبکہ کولڈ رولڈ اسٹیل ٹیوبنگ کو automotive، ہوم اپلائنس مینوفیکچرنگ اور مختلف قسم کے فرنیچر اور فیبریکیشن سے متعلق مقاصد میں استعمال کیا جاتا ہے۔

پائپ اینڈ ٹیوب ایپلیکیشنز

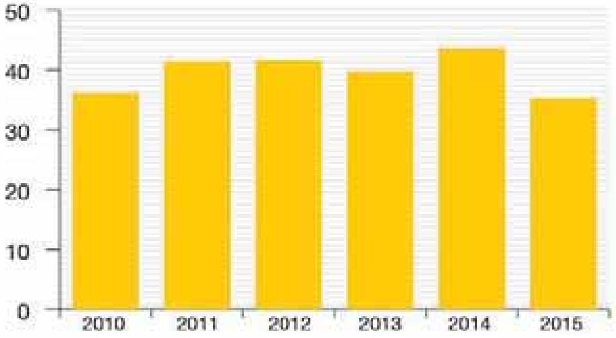


2015 میں ٹیوبس اور پائپس کی عالمی پیداوار 137 ملین MT تھی۔ جو خام اسٹیل کی عالمی پیداوار کا اندازاً 8% ہے۔ ویلڈیڈ ٹیوبس اور پائپس کی پیداوار، سیم لیس ٹیوبس اور پائپس کے مقابلے میں تقریباً دوگنا تھی، اس کی وجہ ان کا محدود استعمال ہے۔ انھیں ڈرلنگ ایکسپلوریشن اور دیگر خصوصی مقاصد کے لیے استعمال کیا جاتا ہے۔

اسٹیل ٹیوبس اور پائپس کی عالمی برآمدات 35 ملین MT رہیں، جو اس سے پچھلے سال کی برآمدات 44 ملین MT سے کم تھیں۔ اس کی وجہ اسٹیل کی گرتی ہوئی قیمتیں اور اس کے نتیجے میں پیدا ہونے والے تجارتی تنازعات ہیں۔

ورلڈ اسٹیل ٹیوب اینڈ پائپ ایکسپورٹس

2015 - 2010، میٹرک ٹن (MT) ملین میں



اسٹین لیس اسٹیل

2015 میں اسٹین لیس اسٹیل کی عالمی پیداوار اندازاً 42 ملین MT تھی۔ ایک انتہائی اسپیشلائزڈ پراڈکٹ کی حیثیت سے اس صنعت کا حجم، کاربن اسٹیل کے مقابلے میں بہت چھوٹا ہے۔ دوسری جانب زیادہ نکل اور کروم کے نتیجے میں جو زنگ اور دوسرے نقصان دہ اجزا کی مزاحمت کے لیے اس میں شامل کیے جاتے ہیں، اسٹین لیس اسٹیل کی قیمتیں، کاربن اسٹیل کے مقابلے میں 6-7 گنا زیادہ ہیں۔

اسٹین لیس اسٹیل پائپس ایسی جگہوں پر استعمال کے لیے انتہائی موزوں ہیں جہاں زنگ اور درجہ حرارت کے خلاف مزاحمت اور خوبصورتی کی شدید ضرورت ہوتی ہے۔ اسٹین لیس اسٹیل پائپس اور ٹیوبس زیادہ تر درج ذیل استعمال میں لائی جاتی ہیں۔

- کیمیکل اینڈ پیٹروکیمیکل پروسیسنگ
- لیکوئیڈ نیچرل گیس پائپنگ
- خودحرکی ایگزاسٹ سسٹمز
- تعمیرات۔ آف شور اور مرطوب ماحول میں
- فوڈ اور فارماسیوٹیکل پروسیسنگ
- پانی کو میٹھا بنانے اور گندے پانی کو ٹھکانے لگانے کے منصوبے

ڈائریکٹرز کی رپورٹ

جون 2016 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالی حسابات کے ساتھ ہماری 68ویں سالانہ رپورٹ کے حصے کے طور پر چیف ایگزیکٹو آفیسر کی پرفارمنس ریویو پیش کرتے ہوئے ہمیں خوشی محسوس ہو رہی ہے۔

عالمگیر میکرو اکنامک حالات

2015 کے دوران عالمی معیشت میں 3.1 فیصد اضافہ ہوا جو 2014 کے مقابلے میں معمولی سا کم تھا۔ توقع ہے کہ 2016 میں یہ افزائش 3.2 فیصد ہو جائے گی اور 2017 میں مزید بہتر ہو گی، اس کی بنیادی وجہ ابھرتی ہوئی اور ترقی پذیر منڈیاں ہیں اور ترقی یافتہ معیشتوں میں معتدل معاشی سرگرمیاں ان کی مدد کر رہی ہیں۔

عالمی جی ڈی پی افزائش

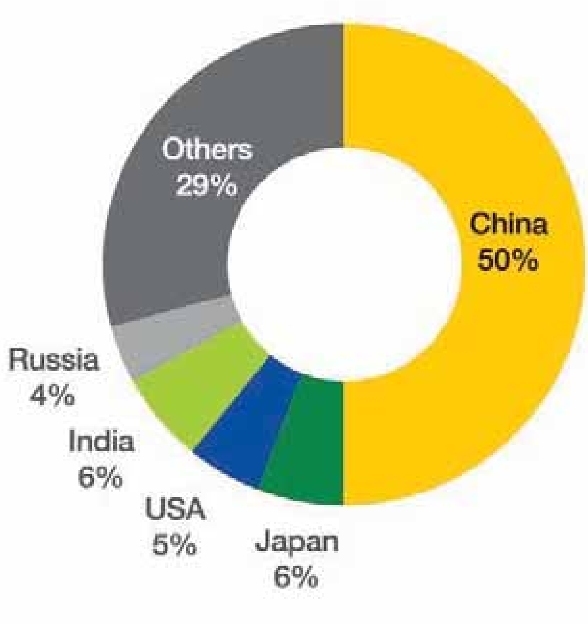
2014 - 2017 (f)

اگرچہ چین اور بھارت میں افزائش، بڑی حد تک توقعات کے مطابق رہی ہے مگر دوسری ترقی پذیر اور ابھرتی ہوئی منڈیوں میں خطرات کے اہم عوامل موجود رہے جو غیر یقینی پیدا کرتے ہیں اور افزائش کے امکانات کو نقصان پہنچاتے رہے۔ ان میں سیکیورٹی سے متعلق چیلنجز خصوصی اہمیت کے حامل ہیں۔ مشرق وسطیٰ کی جغرافیائی و سیاسی صورت حال اور بحر جنوبی چین سے ابھرنے والی کشیدگی کے باعث معاشی سرگرمیوں پر غیر یقینی کے سائے منڈلا رہے ہیں۔ خام مال کی قیمتوں پر دباؤ کا نتیجہ برازیل اور روس میں مندی کی شکل میں نکلا اور پوری دنیا میں حفاظت پسندی کو فروغ دیا، اس کے نتیجہ میں تجارتی سرگرمیاں سست پڑ گئیں۔ دوسری جانب ترقی یافتہ معیشتیں، 2008 کے عالمی مالیاتی بحران کے اثرات سے ابھی تک پوری طرح باہر نہیں نکل سکیں اور انھیں سرمایہ کاری کے ناموافق امکانات اور ڈیموگرافک رجحانات کا سامنا ہے۔

اسٹیل کا عالمی منظرنامہ

2015 میں خام اسٹیل کی عالمی پیداوار 1.62 بلین میٹرک ٹن (MT) رہی، جو 2014 کے مقابلے میں 3% کم تھی۔ اس میں سے اسٹیل کی چینی صنعت کی پیداوار 804 ملین MT تھی، جو خام اسٹیل کی کل عالمی پیداوار کا لگ بھگ نصف ہے۔ دوسرے اہم ملکوں کی اسٹیل کی پیداوار اس طرح رہی۔ جاپان (105 ملین MT)، بھارت (89 ملین MT)، امریکہ (79 ملین MT) اور روس (71 ملین MT) یہاں یہ بات قابل ذکر ہے کہ 2015 کے دوران بھارت، امریکہ کی جگہ خام اسٹیل پیدا کرنے والا دنیا کا تیسرا سب سے بڑا ملک بن گیا۔

خام اسٹیل کی عالمی پیداوار میں حصہ 2015



فروخت کی گنجائش سے زیادہ پیداوار، اسٹیل تیار کرنے والی صنعت کے لیے ایک سنجیدہ مسئلہ بنا ہوا ہے۔ چین کی اسٹیل کی صنعت کے بارے میں بین الاقوامی تشویش بڑھ رہی ہے کیونکہ چین کی ضرورت سے زیادہ پیداوار نے پوری دنیا میں اسٹیل کی صنعت کے منافع کو کم کیا ہے۔ پچھلے دو سال کے دوران تجارتی تنازعات میں بھی بہت اضافہ ہوا ہے کیونکہ ترقی پذیر ملکوں سے اسٹیل کی درآمدات، ترقی یافتہ ملکوں میں اسٹیل کی ملکی پیداوار کے مقابلے میں بڑی حد تک رعایتی قیمت پر فروخت کی جاتی ہیں۔ پچھلے سال ایک اور محرک جو سامنے آیا، وہ چین میں اسٹیل کی جارحانہ ٹریڈنگ تھی۔ اس کی وجہ سے سال گزشتہ کے دوران اسٹیل کی قیمتوں میں اتار چڑھاؤ بڑھ گیا اور اس کا نتیجہ یہ نکلا کہ چار سے چھ ہفتے کے مختصر سے وقفے کے لیے ہاٹ رولڈ کوائل (HRC) کی قیمت 200 ڈالر فی میٹرک ٹن پر آ گئی جو کہ جون 2016 میں 370 ڈالر فی میٹرک ٹن پر آ گئی۔

پندرہ ماہ کی مسلسل گراوٹ کے بعد اسٹیل کی قیمتیں اوپر کی طرف آنے لگیں اور سال کے باقی عرصہ میں مستحکم رہیں۔ اسٹیل کی قیمتوں کا زیادہ تر تعین آئرن ore، کوکنگ کول، اور مختلف فیرس دھاتوں کی قیمتوں سے ہوتا ہے۔ 2015-16 کے مالی سال کے دوران ہاٹ رولڈ کوائل اسٹیل کی قیمتیں 515 سے 270 امریکی ڈالر فی میٹرک ٹن کے درمیان اوپر نیچے ہوتی رہیں۔

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Dear Shareholder(s)

The securities & Exchange Commission of Pakistan (SECP) through its Notification (SRO 787(I) 2014) dated 8 September 2014 has allowed the circulation of Company's annual balance sheet and profit and loss account, auditor's report and directors' report etc. (Audited Annual Financial Statements) to shareholders along with notice of Annual General Meeting (AGM) through e-mail.

Therefore, if you wish to receive company's (Audited Annual Financial Statements) along with notice of (AGM) via - email, you are requested to provide this letter duly filled and signed to us or our Share Registrar at their below address:

ای میل کے ذریعے AGM کے نوٹس کے ساتھ ساتھ کمپنی کے آڈٹ کے سالانہ مالیاتی بیانات حاصل کرنے کے لئے، اس خط کو پر کریں، دستخط کریں اور ذیل ایڈریس پر ہمیں یا ہمارے رجسٹرار کو بھیج دیں۔

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FOLIO / CDS ACCOUNT # ________________________

____
SIGNATURE OF
SHAREHOLDER

Share Registrar:
Central Depository Company of Pakistan Limited
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Main Shahra-e-Faisal
Karachi.
Customer Support Service: 0800-CDCPL (23275) &
021- 111-111-500
Email: info@cdcpak.com
Website: www.cdcpakistan.com

Yours faithfully,
For INTERNATIONAL INDUSTRIES LTD.,
YASIR ALI QURAISHI
Company Secretary

Proxy Form

INTERNATIONAL INDUSTRIES LTD.
Promising Reliability, For Now and Tomorrow

I / We ______________________________

of ______________________________

being a member of INTERNATIONAL INDUSTRIES LIMITED and holder of ______________

ordinary shares as per Share Register Folio No. ______________ and / or CDC Participant I.D.

No. ______________ and Sub Account No. ______________

hereby appoint ______________________ of ______________

______________ or failing him ______________________

of ______________________________

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on September 30, 2016 and at any adjournment thereof.

Signed this ______________ day of ______________ 2016

WITNESS:

1 Signature ______________________
Name ______________________
Address ______________________
NIC or ______________________
Passport No. ______________________

Signature

Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

2 Signature ______________________
Name ______________________
Address ______________________
NIC or ______________________
Passport No. ______________________

Note: Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy must a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.

INTERNATIONAL INDUSTRIES LTD.
Promising Reliability, For Now and Tomorrow

تشکیلِ نیابت داری

میں / ہم ____

ساکن ____________________ بحیثیت انٹرنیشنل انڈسٹریز لمیٹڈ ____________________ کے

رکن وحامل ____________________ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ____________________

اور / یا سی ڈی سی کے شراکتی آئی ڈی نمبر ____________________ اور ذیلی کھاتہ نمبر ____________________

محترم / محترمہ ____________________ ساکن ____________________

یا بصورتِ دیگر محترم / محترمہ ____________________ ساکن ____________________

کو اپنی جگہ بروز جمعہ مورخہ 30 ستمبر، 2016 بوقت 11:00 بجے صبح بمقام بیچ لگژری ہوٹل مولوی تمیزالدین خان روڈ کراچی میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:

1 دستخط ____________________

نام ____________________

پتہ ____________________

____

سی این آئی سی یا پاسپورٹ نمبر ____________________

ریونیوٹکٹ چسپاں کریں۔

____
دستخط

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہئے)

2 دستخط ____________________

نام ____________________

پتہ ____________________

____

سی این آئی سی یا پاسپورٹ نمبر ____________________

نوٹ: پراکسیز کے موثر ہونے کے لیے ضروری ہے کہ ان کی تفصیل اجلاس شروع ہونے سے 48 گھنٹے قبل کمپنی کو موصول ہو جائے۔

سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی کمپنی کو پیش کرنے سے قبل اس پراکسی کے ساتھ منسلک کریں۔

INTERNATIONAL INDUSTRIES LTD.

Promising Reliability, For Now and Tomorrow

HEAD OFFICE
101 Beaumont Plaza,
10 Beaumont Road,
Karachi - 75530
UAN: (92 21) 111 019 019

DISPLAY OUTLET
Shop # 225, 2nd Floor,
IBL Building Center,
Off Shahrah-e-Faisal, Karachi
Tel: (92 21) 3236 8019

LAHORE OFFICE
Chinoy House, 6-Bank
Square, Lahore - 54000
UAN: (92 42) 111 019 019

ISLAMABAD OFFICE
Office No. 2, First Floor,
Ahmed Centre,
I-8 Markaz, Islamabad
Tel: (92 51) 4864601-2

PESHAWAR OFFICE
Office No.1 & 2, First Floor,
Hurmaz Plaza Opp. Airport
Main University Road, Peshawar
Tel: (92 91) 5845068

FACTORY 1
LX 15 -16, Landhi Industrial Area,
Karachi - 75120 Tel: (92 21) 3508 0451-55

FACTORY 2
Survey # 405 - 406 Rehri Road, Landhi,
Karachi - 75160 Tel: (92 21) 3501 7027-28

FACTORY 3
22 KM, Sheikhupura Road, Lahore
Tel: (92 42) 3719 0492-3

SALES INQUIRIES
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International Clients: inquiries@iil.com.pk

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ThinkTank