INTERNATIONAL INDUSTRIES LTD.

Promising Reliability, For Now and Tomorrow

A part of our lives

annual report 2017

Annual Report 2017

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

INTERNATIONAL INDUSTRIES LTD.
Promising Reliability, For Now and Tomorrow

A part of our lives

IIL has been manufacturing pipes and tubes for over 50 years and has an ever increasing range of products that continue to touch our lives in a myriad of ways.

From transporting water and gas to our homes, to being an integral part of the motor vehicles that we drive. From providing the scaffolding that allows us to construct buildings that shape our future to the stainless steel tubes that provide gleaming finishes to these same buildings. From the hollow structural sections (HSS) that support the industrial and commercial structures that drive our economy to the ducting pipe that protects the fiber network that connects us, IIL is and promises to remain, an integral part of our lives.

Contents

A part of Utility

IIL's products play an important practical role in day-to-day lives around the world. IIL's cold rolled steel tubes are widely used for general fabrication and in the forming of gates, railings, staircases, furniture, fans, bicycles and even auto-vehicles. IIL's stainless steel tubes have an array of applications in outdoor and indoor ornamental use. IIL PPRC pipes & fittings and GI pipes provide us fresh water and the gas the lights our stoves. IIL's products are truly a part of our everyday lives.

A part of Industries

IIL's products drive industry in all its forms. Pakistan's industrial landscape would not be the same without IIL's G.I and HDPE pipes that transport gas and water, IIL's API line pipes for the Oil & Gas industry or IIL's HDPE duct pipes that connect Pakistan's industry to the world and facilitate technological advancements within the country.

A part of Art

Pipes are an integral part of sculptures and art installations around the world. IIL's stainless steel tubes lend themselves to a multitude of uses ranging from the practical to the decorative and artistic. Whether used as part of an installation on a city roundabout or artistically molded to form the entrance gate or balcony railing of a house, IIL's stainless steel tubes and cold rolled tubes can be seen as the metaphorical paint brush that allows an artist to transform a blank canvas in to a piece of art.

A part of Architecture

IIL has continued to introduce innovative products that contribute to and transform the architectural industry in Pakistan. From steel hollow structural sections (HSS) that allow architects to design and construct innovative buildings in shorter time spans to the scaffolding pipes that provide the strength to ensure these buildings come to life, to the gleaming SS tubes that provide the modern finish to the spaces in which we live and work, IIL's products are an integral part of architecture in Pakistan and beyond.

A part of living

From the northernmost reaches of the country to its southern tip, IIL's pipes help bring life to those who need it, wherever they may be. Whether through bulk water transmission using IIL's HDPE water pipes or through the pipes that help irrigate and water our fields to the gas pipes that connect the large gas deposits with the towns & villages across the Nation, IIL remains a part of life in all its forms.

A part of the Future

IIL is firmly committed to providing quality products that cater to the ever evolving needs of the market. With a constant eye on the future and an appetite for innovation and entrepreneurship, IIL will continue to introduce products such as its hollow structural sections (HSS) that promise to usher in a new era of construction in Pakistan and by continuing to invest in a culture of continuous improvement and innovation, IIL remains committed to “Promising Reliability, For Now and Tomorrow”.

Company Profile

International Industries Limited (IIL) is Pakistan's largest manufacturer of steel, stainless steel and plastic pipes with an annual manufacturing capacity of 750,000 tons and annual revenues of almost Rs. 17 billion.

IIL was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange, has an equity of over Rs 5 billion and has featured on the Karachi Stock Exchange's listing of the Top 25 Companies consecutively for more than 10 years.

IIL is a part of a group of Companies that 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 over 550,000 tons and annual revenues of over Rs. 33 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 Rs 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, the National Forum for Environment & Health's "Environment Excellence Award" and the Employers Federation of Pakistan's "OHSE award".

IIL also has a credible export pedigree with an ever-expanding footprint in 60 countries across 6 continents. As a result, IIL has been awarded the "FPCCI Export Performance Award" consecutively for 17 years.

With an unshakeable focus on health, safety & environment, IIL is a reputable corporate citizen and signatory to the United Nations Global Compact. The Company is ISO 9001, ISO 14001, OHSAS 18001, API 5L, API 15LE, PSQCA, UL, PNAC/ILAC and CE certified and manufactures its products according to the highest international standards and specifications.

For further information please visit our website, www.iil.com.pk

Company Information

Chairman (Non-Executive)
Mr. Mustapha A. Chinoy

Independent Director
Mr. Tariq Ikram
Mr. Ehsan A. Malik
Mr. Jehangir Shah

Non-Executive Director
Mr. Kamal A. Chinoy
Mr. Fuad Azim Hashimi
Mr. Azam Faruque
Mr. Naveed Kamran Baloch

Managing Director & Chief Executive Officer
Mr. Riyaz T. Chinoy

Advisor
Mr. Towfiq H. Chinoy

Chief Financial Officer
Mr. Nadir Akbarali Jamal

Company Secretary
Ms. Fauzia Noorani

Chief Internal Auditor
Ms. Asema Tapal

Internal Auditors
M/s EY Ford Rhodes

External Auditors
M/s KPMG Taseer Hadi & Co.

Bankers
Allied Bank Ltd.
Askari Bank Ltd.
Bank Al Habib Ltd.
Bank Alfalah 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 Advisor
Mrs. Sana Shaikh Fikree
Mr. Ameen Bandukda

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101, Beaumont Plaza, 10, Beaumont Road,
Karachi – 75530
Telephone Nos: +9221-35680045-54,
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Fax: +9221-35680373, E-mail: fauzia.noorani@iil.com.pk

Lahore Office
Chinoy House, 6 Bank Square, Lahore - 54000
Telephone Nos:+9242-37229752-55,
UAN:+9242-111-019-019
Fax: 9242 37220384 E-Mail: lahore@iil.com.pk

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Office #.2, First Floor, Ahmed Centre,
I-8 Markaz, Islamabad.
Telephone Nos: +9251-4864601-2

Multan Office
1592, 2nd Floor, Quaid-e-Azam Shopping Centre No.1,
Multan Cantt.
Telephone : +9261-4583332

Faisalabad Office
Office No.1/1, Wahab Centre, Electrocity Plaza,
Susan Road, Faisalabad.
Telephone : +9241-8720037

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

Factories
Factory 1
LX 15-16, Landhi Industrial Area, Karachi – 75120
Telephone Nos: +9221-35080451-55,
Fax: +9221-35082403
E-mail: factory@iil.com.pk

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

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

Website
www.iil.com.pk

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

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

Business at a Glance

Steel

IIL Galvanized Iron Pipes
IIL galvanized iron (GI) pipes are corrosion and rust resistant pipes that are ideal for the transmission of potable water, natural gas, oil and other fluids. They are also used in fencing, low cost shelters and general fabrication.

IIL GI pipes are certified as European Conformity Standards (CE) and are manufactured in accordance with the highest international standards (BS EN 10255: 2004, ASTM A53, ASTM A795, EN39, SLS829:2009)

IIL GI pipes are available in nominal diameters of 15mm (1/2”) to 200mm (8”) and in thickness from 1.80mm to 5.40mm

IIL Cold Rolled Steel Tubes
IIL cold rolled (CR) steel tubes are predominantly used in the automotive, motorcycle, bicycle, transformer industries and in the manufacturing of fans, furniture, tents and other mechanical and general engineering items.

IIL CR steel tubes are certified as European Conformity Standards (CE) and are manufactured in accordance with the highest international standards (BS 1717: 1983, BS EN 10305-3: 2010, BS EN 10305-5: 2010 & EN 10296-1:2003)

IIL CR steel tubes are available in round, square, rectangle, oval and elliptical shapes in various sizes with thickness range from 0.6mm to 2.00mm.

IIL 1B Pipes
IIL 1B pipes are ideal for straight use and are most commonly used in the fabrication of gates, grills, railings, charpoys and other furniture.

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

IIL Firefighting Pipes
IIL Firefighting pipes are ideal for specialized water transmission (high pressure, chemical liquids, extreme temperature steam, water and gas)

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

IIL Firefighting pipes are available in nominal diameters of ½” to 12” with thickness range from 2.77mm to 10.31mm

IIL Scaffolding Pipes (Safescaf)
IIL’s high strength scaffolding pipes are sold under the brand name IIL Safescaf and can be applied for scaffolding use in any construction project.

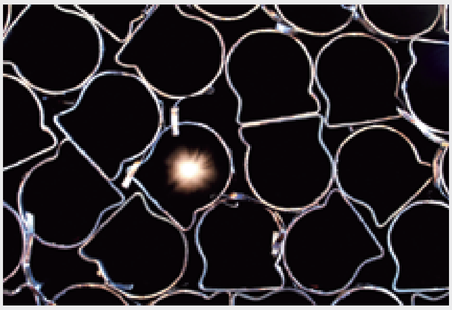
IIL Scaffolding Pipes are manufactured in accordance to BS EN 39:2001 which is the highest international quality standard for such pipes.

IIL Scaffolding Pipes are available in galvanized and black forms with diameter of 48.3mm in Type 2, 3 and 4.

IIL API Line Pipes
IIL API Line pipes are used in distribution of natural gas and petroleum.

IIL API Line pipes are available in PSL1 and PSL2 specification made in accordance with ANSI/API Specification 5L under license: API-0391 and API-1104.

IIL API Line pipes are available in diameter ranging from ¾” to 12 ¾” with the length ranging from 6 meters to 12.20 meters.



IIL LTZD Profiles
IIL LTZD profiles are used in fabrication of doors, windows, gates and railings.

These profiles are available in various sizes with thickness range from 0.70mm to 1.20mm.

Business at a Glance

IIL Hollow Structural Sections
IIL Hollow Structural Sections (HSS) are ideal for construction of buildings, bridges, pedestrian walkways, stadiums and structures of all kinds.

IIL Hollow Structural Sections are made in accordance to the highest relevant international quality standards (BS EN 10219, ASTM A53, A500)

IIL Hollow Structural Sections are available in round, square and rectangle shapes with thickness range from 2.0mm to 12.70mm.

Pre-Galvanized Tubes
IIL Pre-Galvanized Tubes have a variety of uses in general fabrication including fence framework.

IIL Pre-Galvanized Tubes are manufactured in accordance to BS EN 10305-3.

IIL Pre-Galvanized Tubes are available in round, square and rectangle shapes and thickness range from 0.8mm to 1.50mm.

Plastics

IIL PPRC Pipes & Fittings
IIL PPRC Pipes & Fittings are ideal for transmission of hot and cold water in all residential, commercial, and industrial settings.

IIL PPRC Pipes & Fittings are manufactured in accordance to the highest quality international standards (DIN 16962, DIN 8077, DIN 8078).

IIL PPRC Pipes are available in PN-16, PN-20 & PN-25 with diameter range from 20mm to 110mm and wall thickness range of 2.8mm to 18.3mm. IIL's PPRC fittings range is the largest in Pakistan.

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

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

IIL HDPE water pipes are available in Grade-80 (PN 08), Grade-100 (PN 08, PN 10, PN 12.5, PN 16 and PN 20) with diameter range from 20mm to 1600mm and wall thickness of 1.9mm to 94.1mm. At 1600mm in diameter, IIL manufactures the largest HDPE pipe in Pakistan.

IIL MDPE Gas Pipes
IIL MDPE gas pipes are used for distribution of natural gas, liquefied petroleum gas (LPG) and other gaseous fuels.

IIL MDPE gas pipes are made in accordance to the highest quality international standards (API 15LE, BGC/PS/PL2: Part 1, ISO 4437 and ASTM D-2513)

IIL MDPE gas pipes are available in PE-80 and PE-100 and SDR 7-17.6, with diameter range from 20mm to 250mm and wall thickness range from 1.mm to 22.7mm.

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

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

IIL HDPE duct pipes are available in diameter range from 12mm to 250mm with wall thickness range from 1.9mm to 27.9mm.

Stainless Steel

IIL Cosmo (SS Grade 304)
IIL Cosmo is a (SS Grade 304), rust resistant, premium stainless steel tube that can be used in a variety of ornamental applications.

IIL Cosmo (SS Grade 304) are made in accordance to ASTM A240 & A554, JIS G-4305

IIL Cosmo (SS Grade 304) are available in diameter range from 12.7mm to 63.50mm with wall thickness range from 0.8mm to 1.5mm. IIL Cosmo SS Grade 304 are available in bright, satin/euro and hairline surface finish.

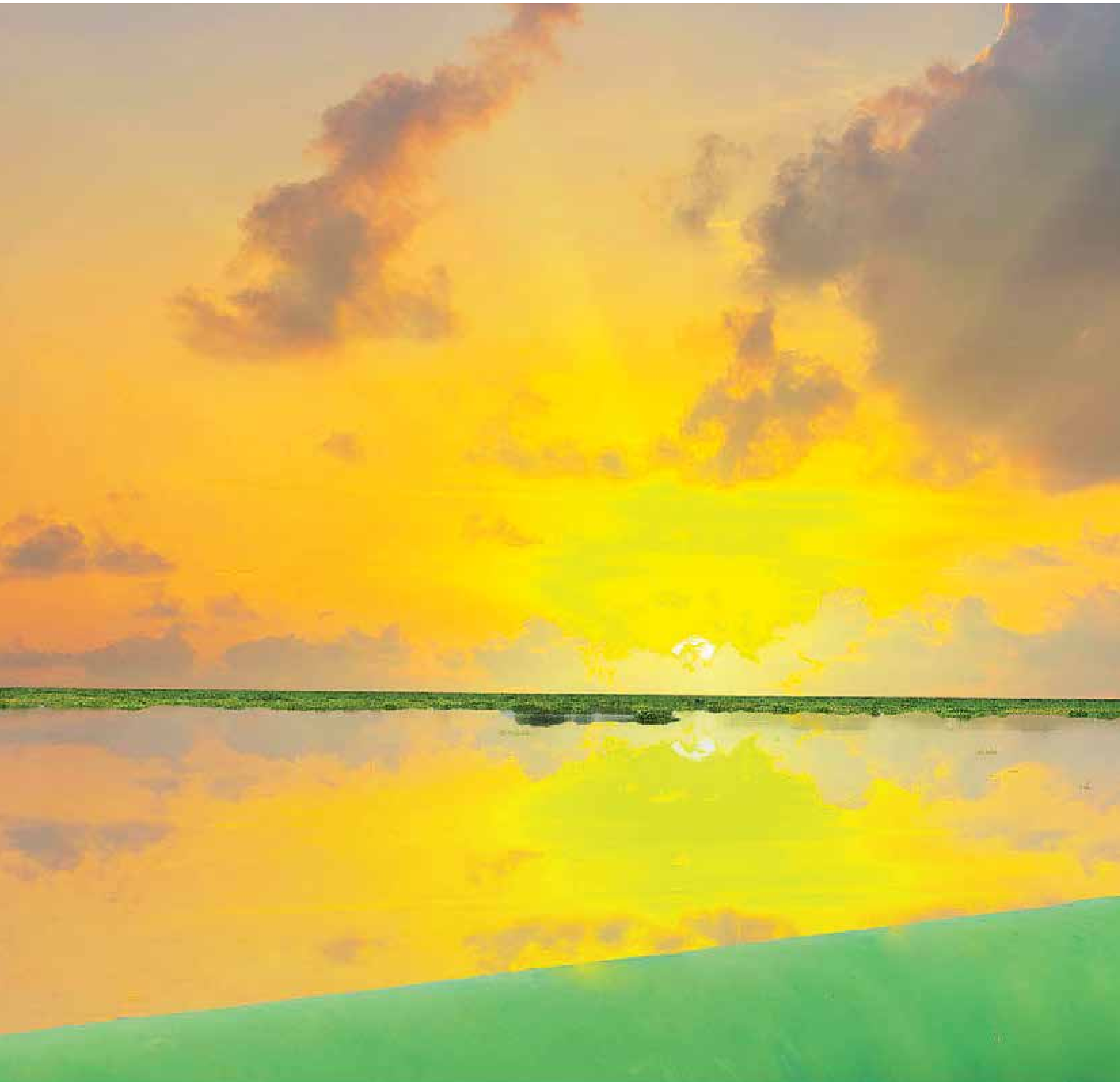
IIL Forza (SS Grade 409)
IIL FORZA is a (SS Grade 409) premium stainless steel tube that is manufactured for use in automotive exhausts, trims & frames, mufflers and home geysers.

IIL Forza (SS Grade 409) is manufactured in accordance to ASTM A240 & A554.

IIL Forza (SS Grade 409) are available in diameter range from 12.7mm to 63.50mm with wall thickness range from 0.8mm to 1.5mm.

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 & 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.

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.

Calendar of Major Events

Q1

Annual General Meeting (AGM) held in Karachi

Inauguration of HDPE 1600mm pipe extruder

American Petroleum Institute (API) certification (PSL 1 & PSL 2) for up to 12” diameter pipes

Received Corporate Report Award by ICAP & ICMAP

Participated in ‘ABAD International Building Expo’ in Karachi

Stainless Steel fabricators event in Karachi

315th Board of Directors Meeting, August 8, 2016

Distribution of ‘Long Service Awards’ to IIL employees

Q2

IIL welcomes new Chairman and Board members

Inauguration of new HR slitter

Inauguration of IIL-SINA Healthcare Center in Landhi

Received FPCCI ‘Export Performance Award’ for the 17th time

Participated in ‘Big Five International Building & Construction Show’ in Dubai

Participated in ‘The Saudi Build Expo 2016’ in Riyadh

Participated in JETRO (Japan External Trade Organization) Expo in Karachi

“Bananistan” theatre night for IIL and ISL employees, Directors and their spouses

IIL’s sales in the North region break the record for ‘highest ever sales in a month’

316th Board of Directors Meeting, September 30, 2016

317th Board of Directors Meeting, October 20, 2016

Payment of final cash dividend of 35% for the year 2015-16

Q3

Participated in ‘The Single Country Exhibition’ in Colombo, Sri Lanka

IIL receives ‘AA-’ credit rating from JCR-VIS

Participated in the ‘Pak Water Expo’ in Karachi

Participated in the ‘Pakistan Auto Show’ in Karachi

Stainless Steel dealers event in Karachi

Four new regional offices opened in North Region

318th Board of Directors Meeting, January 25, 2017

Payment of interim half yearly cash dividend of 25%

Q4

Won 2nd prize for ‘Best Customized Stall’ at IAPEX Karachi

Group Corporate Day out in Karachi and Lahore

Dealers ‘Gala Night’ in Karachi

Annual Sales Conference

Inauguration of Factory 3 and Sheikhupura Office

IIL receives UL certification for ERW and galvanized pipe

IIL receives PNAC/ILAC Certification

IIL receives Bureau Veritas Certification for Polyethylene pipes

Awarded 1st position in ‘OHSE Best Practice Award’ by Employers Federation of Pakistan

319th Board of Directors Meeting, April 17, 2017

320th Board of Directors Meeting, April 21, 2017

321st Board of Directors Meeting, May 26, 2017

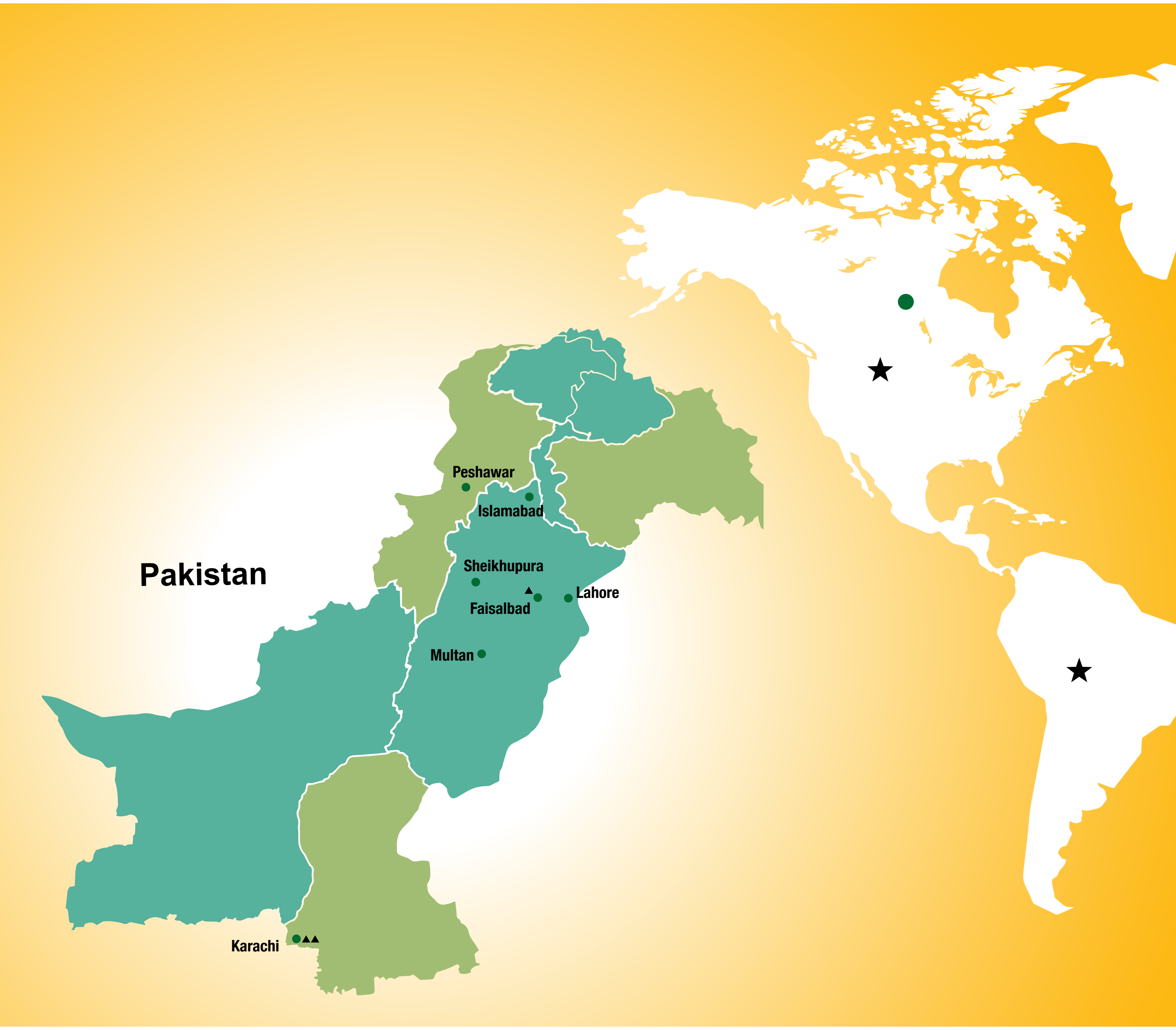
322nd Board of Directors Meeting, June 2, 2017

Payment of second interim cash dividend of 45%

Geographical Presence

IIL is the market leader in Pakistan with production facilities in Karachi and Sheikhupura and regional offices in key locations across the country.

IIL's highly valued commercial and institutional customer base is spread across Pakistan



★ Sales Regions ▲ Factories

As a truly international Company with an ever-expanding global footprint, IIL has an on-the-ground presence in Australia, Sri Lanka, Afghanistan and Canada and an export network that spans 60 countries across 6 continents with over 800,000 of sale till date.

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 him self/ 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. All employees shall avoid any kind of bribery, extortion and all other forms of corruption.

vi. 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 strict 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 arise.

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 and a serious breach – 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 Company 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. The Board monitors the findings of this certification on annual basis.

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

Our Milestones

1948
Established as Sir Sultan Chinoy & Company

1949
- Incorporated as International Industries Limited (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

2007

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

2013

Turnover crossed Rs. 20 billion

2015

- Incorporated IIL Stainless Steel Pvt. Ltd.
- Completed 50 years of pipe manufacturing
- Inaugurated 15-acre warehouse facility in Sheikhupura

2016

- Inaugurated large diameter tube mill for hollow structural sections and API line pipe up to 12”
- Commissioned 1600mm HDPE extruder allowing IIL to produce the largest HDPE pipe in Pakistan

2017

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

Group Structure

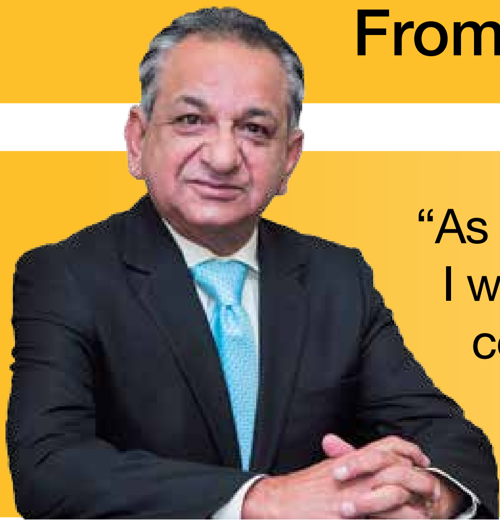
- International Industries Ltd. — Promising Reliability, For Now and Tomorrow
  - Subsidiaries
    - International Steels Limited — Shaping Tomorrow
    - IIL Australia Pty Limited — Promising Reliability, for Now and Tomorrow
    - IIL Stainless Steel Pvt. Ltd. — Stainless Reliability
  - Associated Companies
    - Pakistan Cables — Trusted not to compromise
    - Intermark (Private) Ltd.

Certifications

Standard	Description	Certified by	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 2016	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)	October 2011	CNC/EEC/4112/11
	CE Mark for ERW Tubes from Cold Rolled Carbon Steel		October 2011	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)	February 2015	CSDC/L-171/2015(R)
				CSDC/L-170/2015(R)
				CSDC/L-169/2015(R)
				CSDC/L-168/2015(R)
EN 12201-2, ISO 4427-2 & NSF/ANSI-61	Manufacturing and Testing Facilities of Polyethylene pipes as per Standards	Bureau Veritas	March 2017	BV# PAK-BV-17-0160
ASTM 795 UL-852	UL certification for ERW & Galvanised Pipes (size 1/2” - 12”) (ASTM 795) and (Grade A&B). UL 852, Metallic Sprinkler Pipe for Fire Protection Service.	Underwriters Laboratories, UL	April 2017	CERTIFICATE OF COMPLIANCE
ISO / IEC 17025	Certificate of Accreditation as per ISO / IEC 17025	Pakistan National Accreditation Council	April 2017	ISO-17025-Certificate

Chairman's Review

From the Chairman's Desk



"As the newly elected Chairman I would like to reaffirm our commitment to quality, business sustainability and duties as a responsible corporate citizen."

As the newly elected Chairman of The Board of Directors, I feel immense pride in presenting the financial performance of the Company for this year. I would also like to take this opportunity to extend my gratitude to the outgoing Chairman, Mr. Zaffar A. Khan, for his unparalleled stewardship of the Company. On behalf of the Board, I wish him the very best in his future endeavors.

Pakistan witnessed a ten-year record growth of 5.3% in GDP during FY 2016-17; the iron and steel sector in particular, posted growth of 16.6%. Expectations of further improving conditions for the industry are not unrealistic in light of the extensive undertakings under the China Pakistan Economic Corridor (CPEC) portfolio. CPEC will accelerate growth via investments in energy, road & rail connectivity and industry; such broad-based investments in infrastructure development are expected to bring about a manifold increase in the demand for steel and allied products in the short to medium term. Given these developments, I am confident that the industry is now set to 'take-off' after a prolonged period of stagnation, and that your Company is well-placed to seize the opportunities ahead.

By the Grace of Allah I am pleased to report that your Company has achieved an all-time record Profit after Tax (PAT) of Rs. 1,842 million, which is 134% greater than the previous year. Overall sales volume was also up 2% year on year.

I am pleased to announce that your Company has been awarded contracts for supply of 1,550 Km of API line pipes, to be executed InshAllah in FY 2017-18, by Sui Northern Gas Pipe Line Company (SNGPL). This is the single largest order of API line pipes in our Company's history. In continuation to our commitment to quality, your Company further added to its list of international certifications this year; our largest production line commissioned last year, is now certified by the American Petroleum Institute (API). Such initiatives will allow your Company to play an important role in meeting Pakistan's energy needs for years to come.

We have evolved over the decades from a company focused entirely on traditional steel pipes, to a company also focused on integrated piping solutions, polyethylene pipes, stainless steel pipes, PPRC pipes & fittings, hollow structural sections (HSS) and drip irrigation systems among others. To this end we successfully commissioned a state-of-the-art HDPE extruder during the outgoing year. This will enable us to produce up to 1600mm diameter HDPE pipe to be sold under the IIL Megaflo™ brand name, certified by PSQCA, PCSIR, SIRIM and The Plastics Technology Centre.

We are further in the final stages of launching an integrated PPRC pipe and fittings solution under the IIL PPRC™ brand name. This will be the first of its kind solution made available in the local market by IIL and a valuable addition to our existing portfolio. Our PPRC range of products is PSQCA certified and of the highest quality.

In order to further enhance our export footprint, we obtained the Underwriters Laboratories (UL) Certification for ERW & Galvanized Pipes and the Bureau Veritas certification for polyethylene pipes during the year.

The Company's two wholly owned subsidiaries, IIL Australia (Pty.) Ltd. and IIL Stainless Steel (Pvt.) Ltd. turned in remarkable results during the outgoing year. I am confident that both these subsidiaries will build on the success of the outgoing year with the guidance of dedicated, competent and highly qualified professionals.

We were successful in fully overturning the 64.61% Countervailing Duty (CVD) imposed by US Department of Commerce (USDOC) on the Government of

Pakistan and IIL during the year. Currently, our appeal against the final determination of Anti-Dumping Duty (ADD) is in process; based on the merits of the case we are positive that this shall also be overturned.

IIL's subsidiary, International Steels Limited (ISL), has now been reporting its business results separately for 6 years. ISL reported PAT of Rs. 3,044 million, which is 158% greater than the previous year. By early 2018, with a further investment of Rs. 5.6 billion, ISL aims to enhance its Cold Rolling Capacity to 1,000,000 metric tons (MT) per annum. After this expansion the country will have sufficient capacity to meet domestic demand for cold rolled (CRC) and hot dipped galvanized (HDGC) sheets and coils. Furthermore, domestic industry has successfully lobbied the National Tariff Commission (NTC) of Pakistan to impose anti-dumping duties (ADD) of up to 19.04% on CRC from China and Ukraine, and up to 41% on HDGC from China; a step which will provide a firm footing for the country's nascent cold-rolling and galvanizing industry to expand upon in the coming years.

The Company has an independent Internal Audit department, which leads the Internal Audit function together with an External firm.

This was the fifth year that the Board carried out its Self-Evaluation, 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.

The Board of Directors completed its term on the day of the 68th AGM of the Company and the following directors and myself were elected for a term of 3 years commencing September 30, 2016:

Mr. Riyaz T. Chinoy, Mr. Kamal A. Chinoy, Mr. Fuad Azim Hashimi, Mr. Azam Faruque, Mr. Tariq Ikram, Mr. Ehsan Malik, Mr. Jehangir Shah, Ms. Nargis Ghaloo.
A casual vacancy was created during the year by the resignation of NIT's nominee, Ms. Nargis Ghaloo that was filled by Mr. Naveed Kamran Baloch also a nominee of the NIT.

Apart from the Board Audit Committee (BAC) and Board Human Resources Remuneration Committee (HRRC), the Board met eight (8) 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.

The Company, in keeping with tradition was the proud recipient of the FPCCI Best Export Performance Award 2017 for the 17th time. In addition, IIL was also the proud recipient of the best Corporate Report Award by ICAP and ICMAP.

We continued our efforts to promote our products at local and international forums in order to further strengthen our brand. Notable exhibitions in which we participated during the year included:

1. ABAD International Expo 2016, held at The Expo Center, Karachi.
2. Saudi Build Expo 2016, held in Riyadh, Saudi Arabia.
3. Big Five 2016, held at the Dubai World Trade Center.
4. Single Country Exhibition 2017 in Colombo, Sri Lanka.
5. Pakistan Auto Show 2017 held at The Expo Center, Karachi.
6. IAPEX 2017, where IIL was awarded 2nd place for "The Best Customized Stall".

In addition to the above, your Company has made significant efforts to increase nationwide brand visibility through enhanced branding at the retail market level. We also continued to recognize and appreciate our commercial and institutional relationships by hosting a variety of events, gatherings and foreign trips for our domestic and foreign customers.

A strong focus of our marketing activities has been on our hollow structural sections (HSS) and stainless steel products. These initiatives have started to bear fruit and we look forward to enhancing these activities in the years to come.

Thanks to the tireless efforts of the SINA & Child life Foundation teams, The SINA-CLF Clinic - IIL Centre, is now fully operational and has been serving residents of Majid Colony, Landhi, since September 2016. We are grateful to have had the opportunity to fund this project.

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 stakeholders for their confidence and support.

The Board looks forward with confidence to the year ahead.

Mustapha A. Chinoy
Chairman
August 17, 2017

سرگرم عمل ہے اور ستمبر 2016 سے مجید کالونی لانڈھی کے رہائشیوں کی خدمت کر رہے ہیں۔ ہمیں اس منصوبے کیلئے فنڈ مہیا کرنے کا موقع دینے پر شکر گزار ہیں۔

آخر میں بورڈ کی جانب سے میں کمپنی کی کامیابی کیلئے تمام ملازمین کی خدمات کا اعتراف کرتا ہوں۔ میں اپنے شیئر ہولڈرز، کسٹمرز، سپلائرز، بینکرز اور دیگر اسٹیک ہولڈرز کا ہم پر اعتماد کرنے اور سپورٹ کرنے پر ان کا بے حد شکر گزار ہوں۔

بورڈ آنے والے سال میں مزید کامیابیوں کیلئے نہایت پر امید ہے۔

مصطفےٰ اے چنائے

چیئرمین

کراچی 17 اگست 2017

بورڈ آف ڈائریکٹرز نے کمپنی کے 68ویں سالانہ اجلاس عام کے دن اپنی مدت پوری کر لی اور مندرجہ ذیل ڈائریکٹرز کو اور مجھے 3 سال کی مدت کے لئے منتخب کر لیا گیا جو 30 ستمبر 2016 سے شروع ہوگی۔

جناب ریاض ٹی چنائے	جناب کمال اے چنائے
جناب فواد عظیم ہاشمی	جناب اعظم فاروق
جناب طارق اکرام	جناب احسان ملک
جناب جہانگیر شاہ	مس نرگس گھالو

سال کے دوران میں ایک عارضی اسامی تخلیق ہوئی جو این آئی ٹی کی نامزد کردہ مس نرگس گھالو کے استعفیٰ سے خالی ہوئی تھی اور اس اسامی پر جناب نوید کامران بلوچ کا تقرر کیا گیا اور وہ بھی این آئی ٹی کے نامزد کردہ ہیں۔

بورڈ آڈٹ کمیٹی (BAC) اور بورڈ ہیومن ریسورسز ریمونیریشن کمیٹی (HRRC) کے علاوہ سال میں بورڈ کی 8 میٹنگ ہوئیں۔ بورڈ کی عام طور پر ہر سہ ماہی میں کم از کم ایک مرتبہ میٹنگ ہوتی ہے جس میں آپریشنز کے نتائج پر غور کیا جاتا ہے، سال میں ایک مرتبہ اگلے سال کے بجٹ پر غور و خوض کیا جاتا ہے جب کہ ایک میٹنگ میں حکمت عملی پر توجہ دی جاتی ہے۔

اس بار بھی کمپنی کی قابل فخر روایت برقرار رہی اور 17ویں مرتبہ FPCCI کا بہترین کارکردگی کا ایوارڈ 2017 حاصل کیا۔ IIL کو بھی ICAP اور ICMAP کی جانب سے بہترین کارپوریٹ رپورٹ ایوارڈ ملا۔

ہم مقامی اور بین الاقوامی فورم پر اپنی پروڈکٹس کو پروموٹ کرنے کی کوششیں جاری رکھتے ہیں۔ اپنے برانڈ کو مزید تقویت دینے کیلئے ہم نے اس سال جن مشہور نمائشوں میں شرکت کی، ان میں شامل ہیں:

۱۔ ABAD انٹرنیشنل ایکسپو 2016، منعقدہ ایکسپو سینٹر کراچی

۲۔ سعودی بلڈ ایکسپو 2016، منعقدہ ریاض، سعودی عرب

۳۔ بگ فائیو 2016، منعقدہ دبئی ورلڈ ٹریڈ سینٹر

۴۔ ایک ملکی نمائش 2017، منعقدہ کولمبو، سری لنکا

۵۔ پاکستان آٹو شو 2017، منعقدہ ایکسپو سینٹر، کراچی

۶۔ IAPEX 2017، جس میں IIL کو "The Best Customized Stall" میں 2nd قرار دیا گیا۔

درج بالا کے علاوہ آپ کی کمپنی نے ملک بھر میں برانڈ کی پہچان کو مزید فروغ دینے کیلئے نمایاں کوششیں کیں جن میں ریٹیل مارکیٹ کی سطح پر برانڈنگ میں اضافہ کیا گیا۔ ہم نے اپنے تجارتی اور ادارے کے تعلقات کی مضبوطی کیلئے مختلف تقریبات اور اجتماعات کا انعقاد کیا اور اپنے ملکی اور غیر ملکی صارفین کیلئے بیرون ممالک کے دورے کئے۔

ہماری مارکیٹنگ کی سرگرمیوں میں اپنے ہالو اسٹرکچرل سیکشن (HSS) اور اسٹین لیس اسٹیل پروڈکٹس پر گہری توجہ مرکوز رکھی۔ ان اقدامات کے نتائج آنا شروع ہوگئے ہیں اور ہم آنے والے سال میں ان سرگرمیوں میں اضافہ کے خواہاں ہیں۔

SINA اینڈ چائلڈ لائف فاؤنڈیشن کی ٹیموں کی انتھک محنت کیلئے شکریہ The SINA-CLF Clinic-IIL Centre اب پوری طرح

اس سے ہم 1600mm قطر کے HDPE پائپ تیار کریں گے جو IIL Megaflo برانڈ کے نام سے فروخت ہوں گی۔ اس کو SIRIM, PSQCA, PCSIR اور دی پلاسٹک ٹیکنالوجی سینٹر نے سرٹیفائی کیا ہے۔

اس وقت ہم مستحکم PPRC پائپ اور فٹنگز پروڈکٹس کی تیاری کے آخری مراحل میں ہیں جو IIL PPRC برانڈ کے نام سے دستیاب ہوں گی۔ یہ IIL کی جانب سے مقامی مارکیٹ میں پیش کی جانے والی اس نوعیت کی پہلی پروڈکٹ ہوگی اور ہمارے موجود پورٹ فولیو میں یہ ایک اہم اضافہ ہوگا۔ ہماری PPRC رینج کی پروڈکٹس PSQCA سے تصدیق شدہ اعلیٰ ترین معیار کی حامل ہیں۔

اپنی برآمدات کے سلسلے میں اضافہ کیلئے اس سال ہم نے انڈر رائیٹرز لیبارٹریز (UL) کی سرٹیفکیشن برائے ERW اور گیلونائزڈ پائپس اور بیورو ویریٹاس کی جانب سے پولیتھین پائپس کی سرٹیفکیشن حاصل کرلی ہے۔

کمپنی کے دوکل ملکیتی ذیلی اداروں IIL آسٹریلیا (پرائیویٹ) لمیٹڈ اور IIL اسٹین لیس اسٹیل (پرائیویٹ) لمیٹڈ نے گزرے سال میں شاندار نتائج فراہم کئے ہیں۔ مجھے یقین ہے کہ یہ دونوں ذیلی ادارے، مخلص، اہل ترین اور انتہائی قابل پروفیشنلز کی رہنمائی میں اس سال بھی کامیابی کا یہ سفر جاری رکھیں گے۔

ہم نے اس سال کے دوران میں یوایس ڈپارٹمنٹ آف کامرس (UNDOC) کی جانب سے حکومت پاکستان اور IIL پر عائد کی گئی 64.61% کاؤنٹر ویلنگ ڈیوٹی کو کامیابی کے ساتھ حذف کرادیا۔ اس وقت اینٹی ڈمپنگ ڈیوٹی (ADD) کے حتمی تعین کے خلاف ہماری اپیل شنوائی کے مرحلے میں ہے اور ہمیں پوری امید ہے کہ میرٹ کی بنیاد پر یہ بھی واپس لے لی جائے گی۔

IIL کا ذیلی ادارہ انٹرنیشنل اسٹیلز لمیٹڈ (ISL) گزشتہ 6 سال سے اپنے کاروباری نتائج کے بارے میں علیحدہ رپورٹ پیش کررہا ہے۔ ISL نے اس سال 3,044 ملین روپے منافع بعد از ٹیکس (PAT) حاصل کیا ہے جو گزشتہ سال کے مقابلے میں 158% زیادہ ہے۔ 2018 کے آغاز میں ISL مزید 5.6 بلین روپے کی سرمایہ کاری سے اپنی کولڈ رولنگ کی گنجائش کو 1,000,000 میٹرک ٹن (MT) سالانہ تک بڑھانے کا ارادہ رکھتا ہے۔ اس توسیع کے ساتھ یہ ملک کی کولڈ رولڈ (CRC) اور ہاٹ ڈپڈ گیلونائزڈ (HDGC) شیٹس اور کوائلز کی مقامی مانگ پوری کرنے کیلئے کافی ہوگی۔ اس کے علاوہ ہمارے کامیابی سے باور کروانے پر نیشنل ٹیرف کمیشن (NTC) کی جانب سے چین اور یوکرین سے درآمد شدہ CRC پر 19,04% اور چین سے درآمد شدہ HDGC پر 41% تک اینٹی ڈمپنگ ڈیوٹی (ADD) نافذ کی گئی۔ جس سے آنے والے سالوں میں ملک میں نوخیز کولڈ رولنگ اور گیلونائزڈ کی صنعت کو فروغ حاصل ہو۔

کمپنی کا ایک اپنا خودمختار اندرونی آڈٹ ڈپارٹمنٹ ہے جو بیرونی فرم کے ساتھ مل کر آڈٹ کے امور انجام دیتا ہے۔

یہ پانچواں سال تھا جب بورڈ نے خود تشخیص کے طریقے پر عمل کیا اور ان پہلوؤں کی نشاندہی کی جہاں عالمی بہترین طرز عمل کی مطابقت کیلئے بہتری لائی جاسکتی ہے۔ اس سلسلے میں مرکزی توجہ کلیدی نمو، کاروباری مواقع، رسک منیجمنٹ، بورڈ کی تشکیل اور منیجمنٹ کو غلطیوں کے بارے میں آگاہ کرنے پر تھی۔

چیئرمین کی ڈیسک سے

"ایک نئے منتخب شدہ چیئرمین کی حیثیت سے میں معیار، کاروبار کے استحکام اور بطور ایک ذمہ دار کارپوریٹ شہری اپنی ڈیوٹی انجام دینے کے عزم کی تجدید کرتا ہوں"

ایک نئے منتخب چیئرمین کی حیثیت سے مجھے فخر ہے کہ میں کمپنی کی اس سال کی مالیاتی کارکردگی کی رپورٹ پیش کررہا ہوں۔لیکن اس سے پہلے میں سبکدوش ہونے والے چیئرمین جناب ظفراے خان کوخراج تحسین پیش کرتا ہوں جنہوں کمپنی کیلئے بے مثال خدمات انجام دیں اور بورڈ کی جانب سے میں ان کے ایک خوشیوں سے بھرپور مستقبل کیلئے دعا گو ہوں۔

پاکستان نے مالی سال 2016-17 میں GDP میں 5.3% اضافہ کا دس سالہ ریکارڈ قائم کیا؛ اور خاص طور پر لوہے اور اسٹیل کی صنعت میں 16.6% کا نمایاں اضافہ حاصل کیا۔چائنا پاکستان اکنامک کوریڈور (سی پیک) کے پورٹ فولیو کے تحت وسیع منصوبوں کے پیش نظر صنعت میں مزید بہتری کی توقعات رکھنا ایک حقیقت ہے۔سی پیک کے ذریعہ توانائی، سڑک اور ریل کے رابطوں اور صنعت کے مختلف شعبوں میں سرمایہ کاری سے معیشت کی ترقی میں تیزی کے امکانات موجود ہیں؛ مثال کے طور پر بڑی سرمایہ کاری کی بنیاد پر قائم ہونے والے انفرااسٹرکچر کی ڈیولپمنٹ سے اسٹیل اور اس سے متعلقہ پروڈکٹس کی قلیل المدت اور طویل مدت کی طلب میں بے پناہ اضافہ کی توقع ہے۔ترقی کے ان امکانات کی روشنی میں، مجھے قوی امید ہے کہ طویل عرصہ کے جمود کے بعد اب ہماری صنعت تیزی سے ترقی کی منزلوں کی جانب بڑھے گی اور آپ کی کمپنی بھی ان مواقع کو حاصل کرنے کیلئے پوری طرح تیار ہے۔

اللہ کے فضل سے میں یہ رپورٹ پیش کرتے ہوئے خوشی محسوس کررہا ہوں کہ آپ کی کمپنی نے اب تک کا سب سے زیادہ منافع بعد از ٹیکس (PAT) حاصل کرنے کا ریکارڈ قائم کیا ہے جو کہ 1,842 ملین روپے ہے اور یہ گزشتہ سال کے مقابلے میں 134% زیادہ ہے۔مجموعی طور پر اس سال سیلز کے حجم میں 2% سالانہ کا اضافہ ہوا۔

مجھے آپ کو یہ بتاتے ہوئے بے حد مسرت ہے کہ آپ کی کمپنی کو 1,550 Km کی API لائن پائپ کی فراہمی کا کنٹریکٹ حاصل ہوا ہے اور انشااللہ مالی سال 2017-18 میں سوئی ناردرن گیس پائپ لائن کمپنی (SNGPL) کو اس کی فراہمی پر عمل درآمد ہوگا۔یہ ہماری کمپنی کی تاریخ میں API لائن پائپ کا پہلا سب سے بڑا آرڈر ہے۔کمپنی نے اپنے اعلیٰ معیار کی بناء پر اس سال کئی بین الاقوامی سرٹیفکیٹس بھی حاصل کئے ہیں۔ہماری سب سے بڑی پروڈکشن لائن نے گزشتہ سال کام شروع کردیا ہے اور اسے امریکن پیٹرولیم انسٹی ٹیوٹ (API) کی جانب سے سٹیفکیٹ دیا گیا ہے۔اس طرح کے اقدامات سے آپ کی کمپنی آنے والے سالوں میں پاکستان کی معیشت میں اہم کردار ادا کرے گی۔

ہم نے ان دہائیوں میں روایتی اسٹیل پائپ کی پیداوار سے لے کر متحکم استعمال کے پائپس، پولیتھین پائپس، اسٹین لیس اسٹیل پائپس، PPRC پائپس اور فٹنگز، کھوکھلے (Hollow) اسٹرکچرل سیکشن (HSS) اور ڈرپ کے ذریعے آبپاشی کے نظام اور کئی دوسری متعلقہ استعمال کی پروڈکٹس پیش کی ہیں۔گزشتہ سال میں ہم نے اسٹیٹ آف دی آرٹ HDPE ڈھلائی کی مشین (Extruder) کا کامیابی سے آغاز کیا۔

Directors' Review

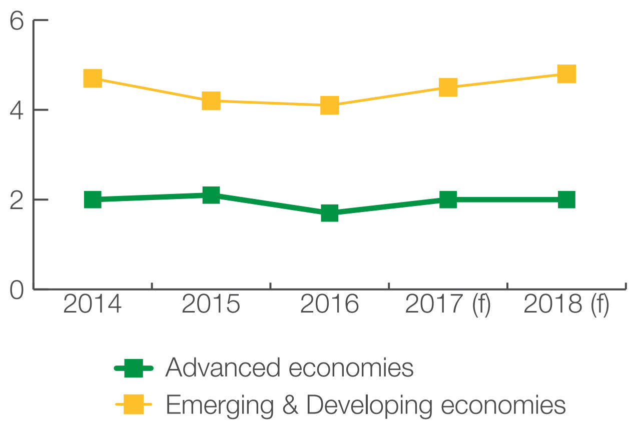
Directors' Report

I am pleased to present the CEO's Performance Review as part of our 69th Annual Report, along with the audited financial statements for the year ended June 30, 2017.

GLOBAL MACROECONOMIC OUTLOOK

The global economy grew by 3.1% during 2016, noticeably below the rate of growth in 2015. **Growth is however projected to touch 3.5% in 2017** and sustain this momentum into 2018 on the back of improving economic conditions in emerging and developing markets, coupled with higher projected growth in the United States.

GDP Growth (%)
Advanced vs. Emerging & Developing
2014 – 2018 (f)



Source: IMF World Economic Outlook, April 2017

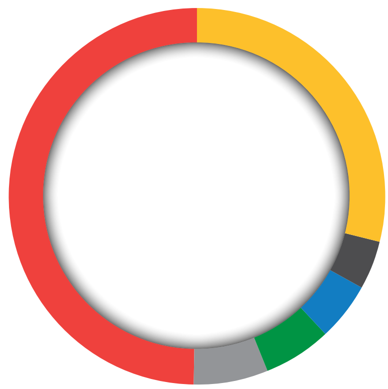
It is pertinent to mention that although it has almost been a decade since the global financial crisis, key risk factors to sustainable global economic growth remain. Growth in advanced economies is still primarily driven by the United States and a meaningful recovery is yet to be seen in other advanced economies. Shifts towards inward-looking policies in the United States may result in reduced international trade and stifle global growth. Furthermore, premature monetary tightening by the US Federal Reserve may lead to far-ranging financial repercussions around the world, provoking capital outflows, sudden US dollar appreciation and increased burden of US dollar denominated debts on governments and corporates in fragile economies. On the other hand, energy exporting developing and emerging markets are still adjusting to lower oil revenues and the resulting budgetary constraints in these economies are expected to keep growth prospects in check.

GLOBAL STEEL SCENARIO

World crude steel production touched 1.63 billion metric tons (MT) in 2016, which is almost 1% higher than last year. In terms of market share, the **Chinese steel industry accounted for 808 million MT, which is roughly 50% of global crude steel output.** Other major players include Japan (105 million MT), India (96 million MT), United States (79 million MT) and Russia (71 million MT).

Share of Global Crude Steel Production (%)
2016

China	50%
Japan	6%
India	6%
USA	5%
Russia	4%
Others	29%



Source: World Steel Association

Although global steel overcapacity concerns remain, it is encouraging to note that efforts to moderate steel production in China are slowly picking up pace. There is renewed interest to consolidate production and phase out inefficient supply. The merger of two large steel groups in China substantiated this during 2016, resulting in the creation of the world's second largest steelmaker. Concerns about pollution and poor air quality are also providing much needed impetus to restrict oversupply. To add to this, antidumping duties and other trade measures to limit imports have also come into effect in numerous countries, including Pakistan, which have countered the dumping of steel products and helped support indigenous industry. As the Chinese infrastructure and housing boom gradually subsides and the economy rebalances, the steelmaking industry must also become leaner and more efficient.

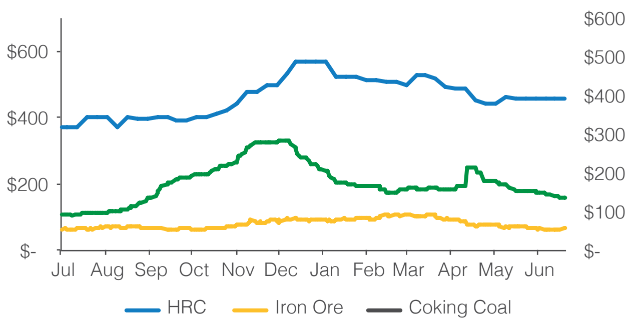
Rising demand from expected fiscal stimulus and related infrastructure spending projects in the United States is projected to further support the recovery in steel prices, whereas demand from emerging and developing economies, excluding China, remains strong as well.

Short term volatility in steel prices has now become more pervasive with the growth of the paper market in steel products; steel futures are now widely traded on global commodity exchanges and remain correlated with the price of physical steel products to a large extent.

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 $370 and $570 per MT over the course of the outgoing financial year.

Iron Ore, Coking Coal and Hot Rolled Steel Coil Price

July 2016 – June 2017, USD per Ton



Source: Metal Bulletin

Steel Tube & Pipe Industry

The global steel tube and pipe industry manufactures a broad range 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.

World production of tubes and pipes remained flat compared to the previous year. Global exports of steel tube & pipes declined primarily due to Anti-dumping and countervailing investigations in the United States and Europe.

On the domestic front, expansion of natural gas distribution and transmission network is underway and tenders by gas utility companies are being floated at regular intervals. I am delighted to announce that due to the 500,000 tons per annum API mill installed by us last year we are well placed to meet all the gas companies demand for gas distribution pipe in the coming months and years.

Stainless Steel

Global production of stainless steel was approximately 46 million MT in 2016 compared to 41.5 million MT in 2015. Industry output has been growing aggressively at a CAGR of 6.4% over the last 5 years.

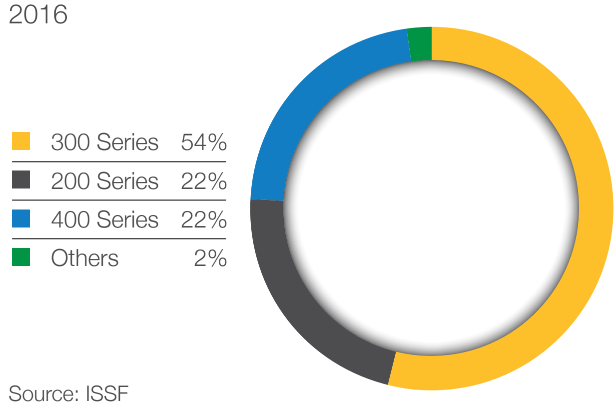
Stainless steel pipes are typically suited for end uses that require high corrosion and temperature resistance, and aesthetic appeal. Major end uses of stainless steel pipes and tubes include:

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

300 Series stainless steel and its constituent grades comprise 54% of global stainless steel production and are widely used in various applications due to high Nickel content, which reduces corrosion rate. 300 Series pipe is the flagship product in your Company's stainless steel pipe product range.

Stainless melt shop production by grade

2016



Source: ISSF

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 witnessed a broad based recovery in FY

Directors' Report

2016-17, posting real GDP growth of 5.3% against 4.7% in FY 2015-16. Inflation and fiscal deficit have remained at manageable levels, monetary policy has been accommodative and PKR to USD parity has remained relatively stable.

The pace of projects under China Pakistan Economic Corridor (CPEC) has been picking up and visible developments are now materializing. Energy, road & rail infrastructure, fiber optic connectivity, industrial park and port projects under the CPEC portfolio will bring massive investment and opportunities into the country for which your company is well equipped.

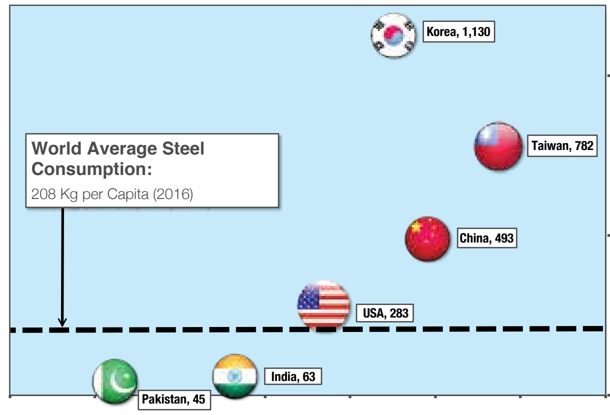
The large scale industrial manufacturing sector performed well with LSM registering growth of 5.1% against 4.7% last year. **Iron and steel products in particular recorded growth of 16.6%** compared to negative growth of 7.5% in FY 2015-16. The ongoing construction and infrastructure boom is a key factor stimulating demand for iron and steel products, and we expect to see this trend continuing in the coming years with CPEC related mega projects in the pipeline.

It is encouraging to note that measures to protect local industry in the form of anti-dumping duties (ADD) were aggressively pursued by the National Tariff Commission (NTC). This has brought much needed relief to local steel manufacturers, especially the cold-rolling and galvanizing industry, and will help provide a sound footing for the industry to mature in the coming years.

A major cause for concern during the year was the country's higher than expected current account deficit. Although the overall balance of payments position was within manageable levels due to financial account inflows, policies to enhance exports must be prioritized for long term sustainability.

The World Steel Association's assessment of per capita finished steel consumption for 2016 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 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

Objectives and strategies

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

The Company continuously strives to modernize and grow our business to ensure continued profitability and maximum return to shareholders.

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

IIL produces a broad range of products, which meets a diverse set of market needs and continuously searches for new geographies, markets and products.

The Company continuously benchmarks itself against leading international players and constantly strives to retain a diversified portfolio of international certifications of quality and reliability.

IIL strives to ensure ready access to high quality and low cost raw material by leveraging volumes, a diversified supplier base and backward integration.

Furthermore, the Company continuously strives to implement and improve our human resource policies and standard operating procedures.

We endeavor to achieve zero accidents at our production facilities and offices and through extensive employee training in order to create a culture of involvement and responsibility.

The company improves the quality of products year on year and provides quality as per specifications to ensure customer satisfaction.

Significant changes in objectives and strategies from previous periods
There are no material changes in the company's objectives and strategies from the previous year.

Relationship between company's result and managements objectives
The management's objective is defined in our mission statement. Our results are carefully evaluated against their respective objectives to confirm achievements.

Critical performance indicators
Following are some of the critical performance indicators against the company's objectives:

- Increasing shareholders wealth
- Improvement in operational performance
- Increasing installed capacity
- Diversified product portfolios
- Increase in employee retention

The company believes that the current critical performance measures continue to be relevant in the future as well.

Market Share
Your Company is the leading tube and pipe manufacturer in the domestic market for GI Pipes, CR Tubes, Black Pipe, API Line Pipe, Stainless Steel Tubes, Scaffolding Pipe and Hollow Structural Sections (HSS) and has the largest product range in its relevant segments. The company enjoys continuing loyalty from its customers, dealers and business partners. Our Plastics segment caters to water & gas transmission and duct applications, and is continuously evolving to meet the demands of its customers.

Consumer Protection Measures
IIL sells all its products in the domestic market at a standard pricelist, which is valid all over the country. Our company continues to rely on economies of scale as we continue to endeavor to keep the product affordable by selling higher volumes at lower margins.

Gross Sales
Your Company's achieved gross sales volume of 207,678 MT during the outgoing financial year, with gross turnover of Rs. 19.8 billion.

SEGMENT REVIEW

Domestic Steel Sales
Overall domestic sales volume was up 8% year on year on account of strong demand for our flagship line of GI pipes and CR tubing. Sales of our CR tubing in particular remained strong on account of healthy demand from the automotive sector. Sales of our scaffolding and API range of products remained flat, however upcoming capacity enhancements and API tenders for both steel and plastic will add to volumes in the following year.

Plastics Sales
The company's plastics sales volume declined more than 6% over the previous year. Sales volume of our gas pipes were down more than 14% due to the tender based nature of the business. We have however entered the New Year with large orders of MDPE gas pipe due to the easing of gas supplies and ensuing funding. Being one of a handful of API certified plastic mills in the world today 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 way of procuring only API certified plastic pipe in line with best practices. Sales volume of our HDPE brand of water pipe were up 4% year on year whereas volumes in the duct pipe business remained at par with last year.

Directors' Report

The proliferation of inferior quality plastic products in Pakistan makes sales and marketing of premium quality products to customers with little or no product knowledge a formidable challenge. The management is however making concerted efforts to create awareness about quality standards and the long-term health implications of using sub-standard plastic pipe systems. 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 second full year of operations this year. Despite teething problems and challenges being faced from commercially available substandard product, the company posted net turnover of Rs. 216 million, which is 60% higher than last year.

IIL Australia Pty Ltd

IIL Australia Pty Ltd. posted stellar results for the year. Volume growth of 197% and healthy margins have positioned our brand as one of the most reliable in Australia. Net turnover increased 205% year on year to Rs. 1.1 billion.

Export Sales

Export sales volume contracted more than 9% over the previous year as we decided to divert capacity to domestic sales over exports. We are however committed to reclaim lost volumes and have made significant inroads into new markets during the year. We have exported our products to more than 60 destinations worldwide covering 6 continents.

PRODUCTION

Our pipe galvanizing operations became a bottleneck in the later part of the year due to the large quantum of domestic pipe demand which came unexpectedly thereby reversing the decline in GI pipe demand which we have been facing for the last several years. This situation was magnified due to the gas load shedding on weekends. All other production plants operated under capacity.

FINANCIAL REVIEW

Company Results

The Company posted net sales of Rs. 16,707 million, which were 13% higher than last year, earning Gross Profit of Rs. 2,840 million, Profit before Tax of Rs. 2,393 million and Profit after Tax of Rs. 1,842 million. Earnings per Share for the year were Rs. 15.37.

Operating Profit for the year increased by 19% 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. 13,867 million was 12% higher than last year, which was in line with the turnover.

Selling and Distribution Expenses of Rs. 873 million were 12% higher than last year mainly on account of higher freight charges.

Administrative Expenses of Rs. 297 million were 3% higher than last year.

Other Operating Charges of Rs. 180 million were 55% higher than last year primarily on account of higher allocation towards Workers Profit Participation Fund (WPPF) and Workers Welfare Fund (WWF). Other Income showed an increase of Rs. 971 million mainly due to dividend income from International Steels Limited.

Financial Charges during the year decreased by Rs. 110 million which is 33% lower than last year, primarily due to reduced borrowing rates.

Revenue from the Steel segment stood at Rs. 15,460 million, yielding Gross Profit of Rs. 2,741 million. Gross profit margin from the Steel segment showed improvement as compared to last year's

Revenue from Plastic Segment was Rs. 1,247 million with a Gross Profit of Rs. 99 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 2016-17, the weighted average cost of borrowing, including exchange losses, was 29% less than last year.

Capital Structure

Debt to equity ratio on 30 June 2017 was 57:43 compared to 48:52 as on 30 June 2016.

APPROPRIATION

The Board of Directors of the company had approved a 70% interim cash dividend and keeping in view the financial results of the Company for the year ended June 30, 2017, the Board of Directors have recommended a 20% final cash dividend, bringing the total cash dividend to 90% for the financial year.

AUDITORS

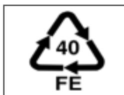
The present auditors M/S KPMG Taseer Hadi & Co., Chartered Accountants retire and offer themselves for re-appointment. They have confirmed achieving satisfactory rating from Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of International 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, 2018, at a fee to be mutually agreed.

CORPORATE SUSTAINABILITY

For the first time we have created a detailed **Group Sustainability Report.** The same has been printed and circulated and is available on our website.

Energy Conservation

	Steel is one of the world's most recycled materials
	CO2 emissions from steel production are half of what they were in the 1960's
	Steel has a potentially infinite lifecycle
	Steel is environmentally friendly

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, its 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 towards alleviation of chronic power shortages faced by the country.

Further details of the measures we are taking to conserve energy are included in our Group Sustainability Report which is also available on our website.

Directors' Report

Environmental Protection Measures

All 3 of our factories are compliant with environmental rules and regulations. All plant and equipment installed include machinery to ensure National Environmental Quality Standard (NEQS) requirements are always met. We have acid fume scrubbers and effluent treatment plants installed in our factories. Further details can be obtained from our Group Sustainability Manual which is also on our website.

IIL participated in a country wide OHSE Best Practices 2016 competition organized by the Employers' Federation of Pakistan and was awarded the first position in the overall category.

During the year a total of 585 trainings were conducted resulting in 2.84 training hours per employee. The OHSE trainings included Safe Crane Operations, Hands Safety, Fire Fighting Operations, Permit to Work System, Industrial Hazards, First Aid & Rescue, Defensive Driving, Electric Safety and Working at Heights.

Two surveillance audits, conducted by M/S Lloyds (a UK-based certification body) to provide assurance that IIL's QA & HSE Management System complies with ISO 9001, ISO-14001 & OHSAS 18001 global standards, found IIL to be compliant with no major non-conformity observed.

Corporate Social Responsibility (CSR): Community Investment and Welfare Schemes, Rural Development Programs and National Cause Donations

- IIL contributes approximately 2.5% of its Profit after Tax towards CSR activities.
- Our social investments included **donations to national causes** like SIUT, LRBT, Baitul Sukoon Cancer Hospital, LHWS, Indus Hospital, MALC, etc.
- Our donations towards rural development programs include donations to LRBT and Al-Rehmat Hospital in Pasrur and water hand pump in Tharparkar.

- IIL has developed and continues to maintain the **community surrounding our factories.** IIL has built and continues to fund a mosque with a capacity for 1500 worshippers. Additionally, IIL has funded the TCF-IIL campus school which has a current enrollment of 600 students and operates at over 100% capcity. Most recently the IIL SINA – CLF Clinic has been set up to provide heavily subsidized medical care to the community. We are proud to report that of the 26,000 people treated in this clinic last year only 460 were employees of our Group.

HUMAN RESOURCE MANAGEMENT

Occupational Health, Safety & Environment (OHSE)

Throughout the year, we remained committed to providing an injury free work environment in which our employees can strive to achieve the Company's mission and targets in a safe, sustainable and risk free manner. This is evident as our lost time injury frequency rate (LTIFR) achieved was 0.87 per one million worked hours which is lower than the global average of 1.2 for world steel organizations.

Industrial Relations

The bilateral negotiation settlement 2015 – 2017 was reached in August 2016 and as a first for IIL, this settlement was achieved without any breakdown of negotiations or referral to the Labor Department. Subsequently, industrial peace was maintained and work relations with the CBA remained at mutually satisfactory levels throughout the year. WPPF dues for 2015 – 2016 were distributed in June 2017.

Long Service Awards

In January 2017, 30 management employees and 46 non-management employees were acknowledged and awarded for their long services with the Company.

Apprenticeship Training Program

This program was restarted with induction of 27 apprentices. Selection process for available training slots is in progress.

Annual Corporate Day Out

Corporate Day Out events were arranged for management staff and the families of IIL and ISL in Lahore and Karachi at a Farm House in Lahore on April 9, 2017, and Dream World Resort & Golf Course, in Karachi on April 30, 2017. The event was fairly attended and the families enjoyed the arranged activities, refreshments and gifts.

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 and the Gratuity Funds at the year-end were Rs. 296 million and Rs. 398 million respectively.

Employment of Special Persons

Complying with the legal requirement to hire physically handicapped persons, IIL's workforce has 20 such special people.

Trainings

During the year, over 45 in-house sessions were conducted for 657 employees on various technical topics including special processes (Galvanizing, Extrusion, HF Welding etc) and other important trainings such as Pipe and Tube Welding Defects, Basic Quality Tools, Eddy Check System etc. 66 employees attended external (local & foreign) programs arranged by various well-reputed institutes including Harvard Business School, PICG, IBA, Terrabiz, ICAP, MAP, PSTD and EFP etc. At Harvard, one of our General Managers attended the Advanced Management Program.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company is registered with the Large Taxpayers Unit (LTU) and contributed over Rs. 3.4 billion towards the national exchequer in the form of Income Tax, Sales Tax, Custom Duties and other taxes, duties & levies during the financial year.

Directors' Report

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.

RISK AND OPPORTUNITY REPORT

Business Risks

Steel, zinc and polyethylene are the primary raw materials consumed in the Company's manufacturing processes. The absence of a reliable and adequate domestic supply source of hot rolled coil compels the company to procure raw material for its GI, Black and API Line Pipes 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.
There has however been a significant reduction in the above risks in the procurement of cold rolled coils (CRC) for our line of CR Tubing. With the domestic cold rolling industry fully servicing the local market we now have the ability to procure CRC locally on a just-in-time basis, thereby mitigating international price volatility and exchange rate risk.

The key to profitability to counter the above risks is efficient inventory management and sales forecasting, as well as effective strategic procurement and consistently strong sales.

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

Future Outlook

With most of our new business ventures now having come to fruition and some in the final stages of completion we expect the months ahead to reflect the culmination of our teams' dedicated efforts.

Our new Hollow Structural Sections (HSS) and API pipe mill is operational and I feel great pride in announcing that it will be fully booked and servicing API orders for local gas utility companies during the first half of FY 2017-18. Our forays in to the HSS segment are also yielding encouraging feedback and we expect to complete our first large international order of HSS during the coming year.

The official inauguration of our new factory near the outskirts of Lahore was held in May 2017. Initially to be used as a warehouse, the facility will allow quick deliveries in the northern regions of the country. In addition, to accompany the expansion in the north we also officially launched sales offices in Islamabad, Faisalabad, Multan and Peshawar. Promising results of the expanded network have begun to emerge and we expect this trend to accelerate in the future.

Our two wholly owned subsidiaries, IIL Stainless Steel (Pvt) Ltd. and IIL Australia Pty Ltd. have now been operational for more than two years. Both companies are now turning over robust volumes and are being managed by independent and competent professionals. We are confident that growth prospects for both these new ventures will remain bright in the foreseeable future.

The commissioning of our new 1600mm HDPE extruder in September 2016 was a momentous occasion for the company. With this investment the company now possesses the largest HDPE pipe product range in Pakistan. We are hopeful that this addition will bring significant institutional business in to our portfolio. I am also happy to announce that our

PE division is also heavily booked and servicing API orders for local gas utility companies during the first half of FY 2017-18.

We are aiming to finish commissioning of our PPRC pipe and fittings manufacturing facility in Sheikhupura during FY 2017-18. With our PPRC line of pipes and fittings we aim to provide customers with a complete and integrated solution for their commercial water supply needs. The vast market for commercial PPRC pipes and fittings will allow us to offer the most efficient and economical product in Pakistan.

The Company has planned extensively to enhance its reach and expand its line of products in the coming years so as to cater to a wider customer base and achieve its Group vision, “two million ton steel processor by the year 2020”. In line with this objective your Company is in the process of acquiring further land in Punjab.

INVESTMENTS

The Company holds 56.33% ownership interest 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 491,000 MT, Gross Sales of Rs. 39,537 million and PAT of Rs. 3,044 million.

After completing its first major expansion in FY 2015-16, whereby ISL enhanced its capacity to 550,000 MT per annum, the company announced its second phase of expansion during the outgoing year. ISL will InshAllah almost double its capacity to over 1 million MT per annum by early-mid 2018. The project will add a second cold rolling mill and pickling line at an estimated cost of Rs. 5.6 billion.

As a group, we closed the year with sales volume in excess of 698,000 MT, Gross Sales of Rs. 52 billion and Profit before Tax of Rs. 6.1 billion.

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, and is the country’s first manufacturer of copper cables and wiring.

WELCOME TO THE NEW CHAIRMAN

I would like to take this opportunity to welcome Mr. Mustapha A. Chinoy as the new Chairman of the distinguished IIL Board of Directors.

Directors' Report

Mr. Mustapha A. Chinoy has served on the Board of IIL since 1998 and has a complete understanding of the business. The Board stands to benefit from his diversified experience in key positions that he has been serving during his career, including Chairman of Pakistan Cables Ltd, Director on the Board of ISL and Union Bank Ltd. In addition, Mr. Mustapha A. Chinoy has served the company as Marketing Manager at the very start of his career.

On behalf of the Board and the management, I would once again like to extend a warm welcome to Mr. Mustapha A. Chinoy as the new Chairman of the Board.

ACKNOWLEDGEMENT

I would like to extend my sincere gratitude to the entire IIL team. The team's hard work has helped the Company achieve record profit this year. With the extensive additions to our product lines now almost complete, I expect our sales team to build on last year's achievement and target aggressive volumetric growth next year and thereafter. I also thank all other stakeholders including our esteemed customers, suppliers and bankers for their commitment to the company and look forward to sharing more successes with them in the coming years.

For and on behalf of the Board of Directors

Riyaz T. Chinoy
Chief Executive Officer

Karachi
Dated: August 17, 2017

نئے چیئرمین کوخوش آمدید

میں اس موقع پر جناب مصطفیٰ اے چنائے کوIIL کے معزز بورڈ آف ڈائریکٹرز کے نئے چیئرمین کا عہدہ سنبھالنے پرخوش آمدید کہتا ہوں۔

جناب مصطفیٰ اے چنائے نے1998 سے IIL کے بورڈ آف ڈائریکٹرز میں نمایاں خدمات انجام دی ہیں اور وہ کاروبار کی بھرپور سمجھ بوجھ رکھتے ہیں۔بورڈ نے ان کے کیریئر میں مختلف کلیدی حیثیتوں میں کام کے تجربہ سے استفادہ کیا ہے جن میں چیئرمین، پاکستان کیبلز لمیٹڈ، ISLاور یونین بینک کے بورڈ آف ڈائریکٹرز کے رکن کی حیثیت سے خدمات شامل ہیں۔ اس کے علاوہ جناب مصطفیٰ اے چنائے نے اپنے کیریئر کے آغاز میں کمپنی کے مارکیٹنگ منیجر کے طور پر بھی خدمات انجام دی ہیں۔

میں بورڈ اور انتظامیہ کی جانب سے جناب مصطفیٰ اے چنائے کو بورڈ کے نئے چیئرمین کی حیثت سے جوائن کرنے پر دل کی گہرائیوں سے خوش آمدید کہتا ہوں۔

اعتراف

میںIIL کی پوری ٹیم کی خدمات کا تہہ دل سے اعتراف کرتا ہوں۔یہ ٹیم کی ان تھک محنت کا ثمر ہے کہ کمپنی نے اس سال بے مثال کامیابی حاصل کی ہے۔اپنی پروڈکٹ لائن میں وسیع اضافہ سے، جواب تقریباً مکمل ہوگیا ہے، مجھے توقع ہے کہ ہماری سیلز ٹیم گزشتہ سال سے بڑھ کر کامیابیاں حاصل کرے گی اور اگلے سال اور اس کے بعد سیلز میں مزید بھرپور اضافہ کرنے میں کامیاب ہوگی۔میں دیگر اسٹیک ہولڈرز کا بھی شکریہ ادا کرتا ہوں جن میں ہمارے معزز صارفین، سپلائرز، بینکرز سب نے ہم پر اعتماد کیا اور ہم سے بھرپور تعاون کیا۔میں آپ سب کے ساتھ مستقبل میں مزید کامیابیوں کے لئے دعا گو ہوں۔

منجانب بورڈ آف ڈائریکٹرز

ریاض ٹی چنائے

چیف ایگزیکیٹو آفیسر

کراچی 17اگست2017

ہماری دوکل ملکیتی ذیلی کمپنیاں IIL اسٹین لیس اسٹیل (پرائیویٹ) لمیٹڈ اور ISL آسٹریلیا پرائیویٹ لمیٹڈ گزشتہ دو سال سے زیادہ عرصہ سے کام کررہی ہیں۔ دونوں کمپنیاں بڑے نتائج فراہم کررہی ہیں اور خودمختار اور قابل پیشہ ورافراد ان کی منیجمنٹ کرتے ہیں۔ ہمیں یقین ہے کہ یہ دونوں نئے وینچر ایک روشن مستقبل کا پیش خیمہ ہیں۔

ستمبر 2016 میں ہمارے 1600mm HDPE extruder کی کمشننگ کمپنی کیلئے ایک پرمسرت لمحہ تھا۔ اس میں سرمایہ کاری کے ذریعہ کمپنی اب پاکستان میں سب سے بڑی HDPE پائپ پروڈکٹ رینج پیدا کرنے والی فیکٹری کی مالک ہے۔ ہمیں امید ہے کہ اس اضافہ سے ہمارے پورٹ فولیو میں نمایاں انسٹی ٹیوشنل کاروبار شامل ہوگا۔ مجھے یہ اعلان کرتے ہوئے بھی خوشی محسوس ہورہی ہے کہ مالی سال 2017-18 کے شروع میں ہمارے PE ڈویژن میں بھی بھرپور بکنگ ہوگئی ہے اور مقامی گیس یوٹیلٹی کمپنیوں کے API کے آرڈر کی تکمیل بھی جاری ہے۔

ہم مالی سال 2017-18 کے دوران میں شیخوپورہ میں اپنی PPRC پائپ اینڈ فٹنگز مینوفیکچرنگ فیکٹری کی فنشنگ مکمل کرنے کا ارادہ رکھتے ہیں۔ PPRC لائن آف پائپس اور فٹنگز کے ساتھ ساتھ ہم صارفین کو تجارتی درجہ کی پانی کی فراہمی کی ضروریات کے مکمل اور پائیدار حل پیش کرنے کا عزم رکھتے ہیں۔ PPRC پائپس اور فٹنگز کی وسیع کمرشل مارکیٹ کے لئے ہم پاکستان میں بہترین اور باکفایت پروڈکٹس پیش کرنے کا شاندار موقع فراہم کرتی ہے۔

کمپنی نے آنے والے سالوں میں اپنی پروڈکٹ لائن کی رسائی اور وسعت میں اضافہ کیلئے غیرمعمولی پلاننگ کی ہے تاکہ اپنا کسٹمرز کی تعداد میں مزید اضافہ کرسکے اور اپنے عظیم مشن کی تکمیل کرسکے: "2020 تک دو ملین اسٹیل پروسیسر بننا"

آپ کی کمپنی نے اس ہدف کو حاصل کرنے کیلئے پنجاب میں مزید زمین حاصل کرنے کا مرحلہ شروع کردیا ہے۔

سرمایہ کاری

کمپنی اپنے ذیلی ادارے انٹرنیشنل اسٹیلز لمیٹڈ (ISL) کے 56.33% ملکیتی انٹرسٹ کی حامل ہے جو فلیٹ اسٹیل پروڈکٹس کی پروسیسنگ کے کاروبار میں مصروف عمل ہے۔ ISL نے مالی سال کے اختتام پر 491,000 MT کے حجم کا مال فروخت کیا جس سے 39,537 ملین روپے کی کل آمدنی اور PAT کی رقم 3,044 ملین روپے حاصل ہوئی۔

مالی سال 16-2015 میں اپنے وسعت کے پہلے بڑے پروگرام کی تکمیل سے ISL کی پیداواری گنجائش 550,000 MT سالانہ تک بڑھ گئی ہے، اور اب کمپنی نے رواں سال کے دوران میں وسعت کے دوسرے مرحلے کا اعلان کیا ہے۔ اس سے 2018 کے وسط کے اوائل میں ان شاءاللہ ISL کی سالانہ پیداواری گنجائش تقریباً دگنی ہوکر ایک ملین میٹرک ٹن سالانہ سے زیادہ ہوجائے گی۔ اس پروجیکٹ میں دوسری کولڈ رولنگ مل اور پکلنگ لائن شامل ہے جس کی لاگت کا تخمینہ 5.6 بلین روپے ہے۔

ایک گروپ کی حیثیت سے سال کے اختتام پر ہماری سیلز کا حجم 698,000 MT تھا جب کہ کل سیلز 52 بلین روپے اور منافع قبل از ٹیکس 6.1 بلین روپے حاصل ہوا۔

آپ کی کمپنی 1953 میں قائم ہونے والی کمپنی پاکستان کیبلز لمیٹڈ (PCL) میں 8.5% ملکیتی انٹرسٹ کی حامل ہے۔

PCL ایک لسٹڈ کمپنی ہے اور یہ کاپر راڈز، وائرز اور کیبلز کی مینوفیکچرنگ کے کاروبار میں مصروف عمل ہے اور یہ کاپر وائر اور کیبل تیار کرنے والی ملک کی سب سے پہلی کمپنی ہے۔

LTU-Uni Taxpaying میں ہوتا ہے۔ہم نے موجودہ مالی سال کے دوران میں انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹیز اور دیگر ٹیکسز، ڈیوٹیز اور محصولات کی شکل میں قومی خزانے میں 3.4 بلین سے زیادہ کی رقم جمع کرائی ہے۔

معلومات کے نظام اور ری انجینیئرنگ

ہم آئی ٹی انفرااسٹرکچر اور وسیع پروسیس آٹومیشن اور بنا کاغذ ماحول کو مسلسل اپ گریڈ کرنے اور ان میں اضافہ کیلئے پرعزم ہیں۔اس کے علاوہ ہم اپنی ورک لائن پر بھی پوری توجہ مرکوز رکھتے ہیں جس میں کارندوں کی روز بروز کی سرگرمیوں کا جائزہ شامل ہے۔اس کیلئے مختلف امور کی خودکار طریقہ اور روانی سے انجام دہی کے مواقع کی تلاش میں رہتے ہیں۔اس سلسلے میں ہم نے کاروبار سے منسلک افراد کے ساتھ گفت وشنید کی نشستوں کے ذریعہ ERP سسٹم میں موجود کاروباری پروسیس کے جائزے اور رپورٹنگ کے وقفوں (Gaps) کو دور کرنے کی کوششیں کی گئی ہیں۔

کاروباری خدشات

کمپنی کے مینوفیکچرنگ کے پروسیس میں تین بنیادی خام مال یعنی اسٹیل، زنک اور پولی ایتھیلین استعمال ہوتے ہیں۔ہاٹ رولڈ کوائل کے بااعتماد اور موزوں مقامی سپلائیر نہ ہونے کے سبب کمپنی اپنے جی آئی، بلیک اور اے پی آئی لائن پائپس کے لئے بین الاقوامی مارکیٹ سے خام مال خریدنے پر مجبور ہے۔اتنی بڑی مقدار میں خام مال کی درآمد سے بین الاقوامی مارکیٹ میں اسٹیل اور زنک کی قیمتوں اور زرمبادلہ کی شرح میں اتار چڑھاؤ کی وجہ سے اثر پڑتا ہے۔تاہم ہماری سی آر ٹیوبنگ کی لائن کیلئے کولڈ رولڈ کوائیلز (CRC) کی خریداری میں درج بالا خدشات میں نمایاں کمی ہوئی ہے۔مقامی کولڈ رولنگ کی صنعت مقامی مارکیٹ کی ضرورتیں پوری کررہی ہے اور اب ہم مقامی ذریعہ سے بروقت خریداری کی بنیاد پر سی آر سی خرید رہے ہیں اور اس طرح بین الاقوامی قیمتوں کے اثر اور زرمبادلہ کی شرح کے خدشہ کو ختم کرنے میں مدد ملی ہے۔

درج بالا خدشات سے مقابلے کے ساتھ منفعت کی بنیاد انونٹری مینجمنٹ اور سیلز کی پیش بینی کے علاوہ خریداری کی موثر حکمت عملی اور مسلسل بھرپور سیلز ہے۔

قیمتوں پر کنٹرول، آپریشنز کی بہترین مینجمنٹ اور مسلسل جدت اور اپ گریڈنگ آپ کی کمپنی کی کاروباری حکمت عملی کی بنیاد ہیں جس سے اسٹیک ہولڈرز کو بھاری منافع حاصل ہوتا ہے۔

مستقبل کا منظرنامہ

کئی نئے کاروباری وینچرز میں سے اکثر طے ہو گئے ہیں اور ان میں سے بعض تکمیل کے مراحل میں ہیں۔توقع ہے کہ اگلے چند ماہ میں ہماری ٹیموں کی مخلصانہ کاوشوں کے مثبت نتائج سامنے آئیں گے۔

ہماری نئی ہالو اسٹرکچرل سیکشنز (HSS) اور API پائپ ملوں میں کام جاری ہے اور مجھے یہ اعلان کرتے ہوئے بہت فخر محسوس ہو رہا ہے کہ مالی سال 18-2017 کے ابتدائی مہینوں میں ہی مقامی گیس کی یوٹیلٹی کمپنیوں کے API کے آرڈرز کی بکنگ مکمل ہوچکی ہے۔ہماری HSS کے شعبہ میں بھی کوششیں رنگ لارہی ہیں اور بہت حوصلہ افزاء فیڈ بیک حاصل ہوا ہے اور ہمیں امید ہے کہ اگلے سال ہم HSS کا پہلا بڑا بین الاقوامی آرڈر پورا کردیں گے۔

لاہور کے مضافات میں واقع ہماری نئی فیکٹری کا باقاعدہ افتتاح مئی 2017 کو ہوا۔ابتدا میں اسے وئیر ہاؤس کے طور پر استعمال کیا جائے گا اور یہاں سے ملک کے شمالی علاقہ جات کو زیادہ تیزی سے سپلائی کی جاسکے گی۔ہم نے اسلام آباد، فیصل آباد، ملتان اور پشاور میں اپنے سیلز آفسز کا باقاعدہ آغاز کردیا ہے۔اس توسیعی نیٹ ورک کے نہایت موثر نتائج سامنے آئے ہیں اور امید ہے کہ ان میں مزید تیزی آئے گی

صنعتی تعلقات

دوطرفہ گفت وشنید کے تصفیہ2017 - 2015 کی تکمیل اگست 2016 میں ہوئی اور IIL میں پہلی بار یہ تصفیہ بغیر گفت وشنید میں وقفہ کے یا لیبر ڈپارٹمنٹ تک پہنچے بغیر طے ہوگیا۔اس کے نتیجے میں صنعتی امن قائم رہا اور پورے سال CBA کے ساتھ کام کے تعلقات خوشگوار اور دونوں کے لئے اطمینان بخش رہے۔

WPPF کے واجبات برائے2016-2015 کی ادائیگی جون2017 میں کردی گئی۔

طویل مدت کی ملازمت کا ایوارڈ

جنوری2017 میں انتظامیہ کے 30 اور غیر انتظامی شعبوں کے 46 افراد کو کمپنی میں طویل مدت تک خدمات انجام دینے کے اعتراف میں ایوارڈ دیئے گئے۔

اپرنٹس شپ ٹریننگ پروگرام

اس پروگرام کو حال ہی میں 27 نئے افراد کی شمولیت سے دوبارہ شروع کیا گیا ہے۔ان کے علاوہ مزید دستیاب ٹریننگ پروگرام کے لئے امیدواروں کے انتخاب کا پروسیس جاری ہے۔

سالانہ کارپوریٹ ڈے آؤٹ

IIL اور ISL کی انتظامیہ کے عملے اور ان کی فیملی کیلئے لاہور میں ایک فارم ہاؤس میں 9 اپریل 2017 کو اور کراچی میں ڈریم ورلڈ ریزورٹ اور گولف کورس میں 30 اپریل 2017 کو ڈے آؤٹ پروگرام کا انعقاد کیا گیا۔ان تقریبات میں بڑی تعداد میں لوگ شریک ہوئے اور انہوں نے فیملی کے ساتھ بھرپور تفریح،لذیذ کھانوں اور تحائف کا لطف اٹھایا۔

گریجوئٹی اسکیم اور پراویڈنٹ فنڈ

کمپنی اپنے ملازمین کو ریٹائرمنٹ پر کئی فوائد پیش کرتی ہے۔ان میں تمام ملازمین کو،سوائے یونینائزڈ ملازمین کے ان کے کنٹریبیوشن کے بغیر گریجوئٹی اسکیم اور کنٹریبیوشن کے ساتھ پراویڈنٹ فنڈ کی سہولت فراہم کی جاتی ہے۔یہ دونوں پلان،فنڈ کی گئی اسکیموں پر مبنی ہیں جو اتھارٹیز سے تسلیم شدہ ہیں۔

سال کے آخر میں پراویڈنٹ اور گریجوئٹی کی کل رقم بالترتیب 296 ملین روپے اور 398 ملین روپے تھی۔

خصوصی افراد کیلئے ملازمت

مقامی ضروریات کی مناسبت سے جسمانی طور پر معذور افراد کو ملازمت کی فراہمی کے سلسلے میں IIL میں 20 خصوصی افراد کام کررہے ہیں۔

ٹریننگ

سال کے دوران میں 45 سے زیادہ ان ہاؤس پروگراموں میں کمپنی کے 657 ملازمین کو مختلف ٹیکنیکل شعبوں میں ٹریننگ دی گئی جن میں خصوصی پروسیس (گیلونائزنگ، ایکسٹروژن، HF ویلڈنگ وغیرہ) اور دیگر اہم ٹریننگ جیسے پائپ اور ٹیوب کی ویلڈنگ میں نقائص، بنیادی معیاری اوزار، Eddy (دھوئیں کا چکر) چیک کا نظام وغیرہ شامل تھے۔66 ملازمین نے بیرونی (ملکی اور غیرملکی) پروگراموں میں شرکت کی جن کا اہتمام مختلف معروف اداروں نے کیا تھا جن میں شامل ہیں: ہارورڈ بزنس اسکول، IBA, PICG، ٹیرابز، ICAP MAP، PSTD اور EFP وغیرہ۔ہارورڈ یونیورسٹی میں ہمارے ایک جنرل منیجر نے ایڈوانسڈ منیجمنٹ پروگرام میں شرکت کی۔

قومی خزانہ میں حصہ

آپ کی کمپنی کا شمار بڑے ٹیکس دہندگان کے یونٹ Large

ٹریٹمنٹ کے پلانٹ موجود ہیں۔مزید تفصیلات ہماری ویب سائٹ پر موجود ہمارے گروپ سسٹین ایبلٹی مینوئیل سے حاصل کی جاسکتی ہیں۔

IILنے ایمپلائز فیڈریشن آف پاکستان کے منعقد کردہ OHSE Best Practices 2016کے مقابلے میں حصہ لیا اور تمام کیٹگریز میں اول پوزیشن حاصل کی۔

اس سال کے دوران میں کل585 ٹریننگ پروگرام ترتیب دیئے گئے جس کے مطابق ہر ملازم نے2.84 گھنٹے ٹریننگ حاصل کی۔

OHSEٹریننگ میں محفوظ کرین آپریشنز، ہاتھوں کی حفاظت، آگ بجھانے کے طریقے، کام کے طریقہء کار، صنعتی عمل میں رکاوٹیں، ابتدائی طبی امداد اور بچاؤ، محتاط ڈرائیونگ، بجلی کے استعمال میں حفاظت اور اونچی جگہوں پر کام میں احتیاط شامل ہیں۔

M/s. Lloyds (یوکے میں قائم سرٹیفکیشن کا معروف ادارہ) نے دونگرانی کے آڈٹس کا اہتمام کیا تاکہ IILکے QA & HSE مینجمنٹ کے نظام کو ISO 9001, ISO 14001اور OHSAS 18001 کے عالمی معیارات کی مطابقت سے پرکھا جائے اس رپورٹ میں ان معیارات کے لئے کوئی بڑی غیر مطابقت ظاہر نہیں ہوئی۔

اجتماعی سماجی ذمہ داری(CSR)

کمیونٹی کی سرمایہ کاری کی اسکیمیں، دیہی ترقی کے پروگرام اور قومی مقاصد کیلئے عطیات:

- IILاپنے منافع بعد از ٹیکس کا تقریباً2.5%، CSR کی سرگرمیوں کیلئے استعمال کرتی ہے۔
- ہمارے عطیات قومی مقاصدکی سرمایہ کاری میں شامل ہیں اورLRBT, SIUT، بیت السکون کینسر ہسپتال، LHWS، انڈس ہسپتال، MALC جیسے اداروں کو دیئے جاتے ہیں۔
- دیہی ترقی کے پروگراموں کیلئے ہمارے عطیات پسرور میں LRBTاور الرحمت ہسپتال اور تھرپارکر میں پانی کے ہینڈ پمپ کیلئے دیئے گئے ہیں۔

IILاپنی فیکٹری کے سامنے آباد کمیونٹی کیلئے مستقل طور پر فلاح کے کام انجام دیتا ہے۔ہم نے یہاں1500 نمازیوں کیلئے ایک مسجد تعمیر کی اور پھر TCF IIL کیمپس اسکول قائم کیا جہاں علاقے کے600 طلبہ تعلیم حاصل کررہے ہیں۔ حال ہی میں سڑک کے اس پار SINA IIL CLF کلینک کا قیام عمل میں آیا ہے جہاں علاقہ مکینوں کو بہت کم خرچ پر علاج کی سہولت مہیا کی جاتی ہے۔ہمیں یہ بتاتے ہوئے فخر محسوس ہوتا ہے کہ گزشتہ ایک سال کے عرصہ میں یہاں26,000 لوگوں کا علاج کیا گیا جن میں ہمارے گروپ کے ملازمین کے صرف460 افراد شامل تھے۔

انسانی وسائل کی مینجمنٹ

اکوپیشنل سیفٹی، ہیلتھ اینڈ انوائرنمنٹ(OHSE)

ہم پورے سال کسی بھی ضرر سے محفوظ کام کے ماحول کی فراہمی کے عزم پر کاربند رہے ہیں جس میں ہمارے ملازمین کو محفوظ، مستحکم اور رسک فری صورتحال میں کمپنی کے مشن اور اہداف حاصل کرنے کی کوششوں میں مدد ملتی ہے۔اس کی تصدیق ہمارے لوسٹ ٹائم انجری کے تواتر کے ریٹ(LTIFR) کی شرح سے ہوتی ہے جو0.87 فی ملین ورکنگ آورز ہے جو کہ دنیا کی اسٹیل کے اداروں کے عالمی اوسط1.2% سے بھی کم ہے۔

ہمارے تحفظ کے اقدامات کی تفصیلات ہماری ویب سائٹ پر موجود ہمارے گروپ سسٹین ایبلٹی مینوئیل سے حاصل کی جاسکتی ہیں۔

کیپٹل اسٹرکچر

30 جون 2017 کو قرضہ : ایکوئٹی کی شرح **57:43** تھی جب کہ 30 جون 2016 یہ شرح **48:52** تھی۔

منافع کی تقسیم

کمپنی کے بورڈ آف ڈائریکٹرز نے 70% عبوری نقد منافع منقسمہ کی منظوری دی اور 30 جون 2017 کو ختم ہونے والے سال پر مالیاتی نتائج کو مدنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے 20% حتمی نقد منافع کی سفارش کی ہے جس سے مالیاتی سال کے کل نقد منافع منقسمہ کی شرح 90% ہوجائے گی۔

آڈیٹرز

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہورہے ہیں اور انہوں نے خود کو دوبارہ تقرر کیلئے پیشکش کیا ہے۔ انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) سے تصدیق شدہ اطمینان بخش ریٹنگ حاصل کی ہے اور انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) سے ICAP کی اختیار کردہ کوڈ آف ایتھکس کی پیروی کی ہے۔

بورڈ آف ڈائریکٹرز نے 30 جون 2018 کو ختم ہونے والے مالی سال کے لئے ان کو دوبارہ کمپنی کا آڈیٹر مقرر کرنے کی سفارش کی ہے جس کے مشاہرے کا تعین باہمی گفت وشنید سے کیا جائے گا۔

کارپوریٹ استحکام

ہم نے پہلی مرتبہ گروپ استحکام کی تفصیلی رپورٹ تشکیل دی ہے۔ یہ شائع ہوچکی ہے اور اس کی ترسیل کی جاچکی ہے اور ہماری ویب سائٹ پر دستیاب ہے۔

توانائی کی بچت

> اسٹیل دنیا کا سب سے زیادہ ری سائیکل ہونے والا میٹریل ہے۔

> اسٹیل کی پیداوار کے عمل سے CO2 کا اخراج 1960 میں ہونے والے اخراج سے نصف ہوتا ہے۔

> اسٹیل کی پائیداری کی مدت لامحدود ہے۔

> اسٹیل ماحول دوست ہے۔

کمپنی وسائل کے بہترین استعمال کے عزم کے ساتھ ویسٹ ہیٹ کو یخ پانی پیدا کرنے کیلئے استعمال کرتی ہے جو فیکٹری کی واٹر کولنگ اور ائیرکنڈیشننگ کی ضروریات پوری کرنے کے کام آتا ہے۔ اس کے علاوہ اس کا ریزرواوسموسیس پلانٹ فیکٹری میں پانی کی اضافی ضروریات کو پورا کرتا ہے۔

IIL اپنی بجلی پیدا کرتا ہے۔ اس پیداوار سے اس کی اپنی ضروریات پوری ہوتی ہیں اور اضافی بجلی کے الیکٹرک کو فراہم کی جاتی ہے۔ اس لحاظ سے نصب شدہ پیداواری گنجائش کا بھرپور استعمال کیا جاتا ہے جس سے اضافی آمدنی حاصل ہوتی ہے اور اس کے ساتھ ساتھ ملک میں بجلی کی کمی کے پرانے مسئلے کے حل میں مدد ملتی ہے۔

ہمارے توانائی کی بچت کے دیگر اقدامات کی مزید تفصیلات گروپ سسٹین ایبلٹی رپورٹ میں شامل ہیں جو ہماری ویب سائٹ پر بھی دستیاب ہیں۔

ماحول کے تحفظ کے اقدامات

ہماری تینوں فیکٹریاں ماحول کے تحفظ کے قواعد اور ضوابط پر عمل پیرا ہیں۔ تمام پلانٹس اور ان میں نصب آلات ومشینری مکمل طور پر نیشنل انوائرنمنٹل کوالٹی اسٹینڈرڈ (NEQS) کی شرائط کے مطابق ہیں۔ ہماری فیکٹریوں میں ایسڈ کے دھوئیں کو ختم کرنے والے اور فضلہ کے اخراج کی

کے 6 براعظموں میں 60 سے زیادہ مقامات پر اپنی پروڈکٹس برآمد کی ہیں۔

پیداوار

سال کے آخری حصہ میں ہماری پائپ گیلونائزنگ کے آپریشن میں خاصی مشکلات پیش آئیں جب غیر متوقع طور پر پائپ کی مقامی طلب بہت زیادہ بڑھ گئی۔ اس کے ساتھ ہفتہ کے آخر میں گیس کی لوڈشیڈنگ کی وجہ سے یہ صورتحال مزید گھمبیر ہوگئی۔ دیگر تمام پلانٹس اپنی گنجائش کے مطابق کام کر رہے ہیں۔

مالیاتی جائزہ

کمپنی کے نتائج

کمپنی کی سیلز 16,707 ملین روپے کی رہیں جو گزشتہ سال کے مقابلے میں 13% زیادہ ہے اور اس سے کل منافع 2840 ملین روپے حاصل ہوا۔ منافع قبل از ٹیکس 3 9 3 , 2 ملین روپے اور منافع بعد از ٹیکس 1,842 ملین روپے حاصل ہوا۔ اس سال کیلئے فی شیئر آمدنی 15.37 روپے رہی۔

اس سال آپریٹنگ منافع میں گزشتہ سال کے مقابلے میں 19% اضافہ ہوا جو کہ خام میٹریل کی دانشمندانہ خریداری اور مقامی مارکیٹ میں زیادہ مارجن سے فائدہ کا حصول تھا۔

اس سال فروخت ہونے والے مال کی لاگت 13,867 ملین روپے تھی جو گزشتہ سال کے مقابلے میں 12% زیادہ ہے جو کہ فروخت کی مناسبت سے ہے۔

اس مرتبہ فروخت اور تقسیم کاری کے اخراجات 873 ملین روپے ہوئے جو گزشتہ سال کے مقابلے میں 12% زیادہ ہیں اور یہ ترسیل کے زیادہ اخراجات کی بناء پر ہوئے۔

انتظامی اخراجات 297 ملین روپے ہوئے جو گزشتہ سال کے مقابلے میں 3% زیادہ ہیں۔

دیگر آپریٹنگ چارجز 180 ملین روپے کے ہوئے جو گزشتہ سال کے مقابلے میں 5 5 % زیادہ ہے۔ اس کی وجہ ورکرز پرافٹ پارٹیسپیشن فنڈ (WPPF) اور ورکرز ویلفیئر فنڈ (WWF) کیلئے زیادہ رقم مختص کرنا تھی۔ دوسرے ذرائع سے 971 ملین روپے آمدنی حاصل ہوئی جس کا بڑا حصہ انٹرنیشنل اسٹیلز لمیٹڈ کے ڈیویڈنڈ سے حاصل ہوا۔

سال کے دوران میں فنانشل چارجز میں 110 ملین روپے کی کمی آئی جو گزشتہ سال کے مقابلے میں 33% کم ہے اور اس کی بنیادی وجہ قرضہ جات کا کم شرح پر حصول تھا۔

اسٹیل کے شعبہ سے 15,460 ملین روپے کی آمدنی حاصل ہوئی جس کے نتیجے میں کل منافع 2,741 ملین روپے ہوا۔ اسٹیل کے شعبہ سے کل منافع کے مارجن میں گزشتہ سال کے مقابلے میں بہتری آئی۔

پلاسٹک کے شعبہ سے 1,247 ملین روپے کی آمدنی اور 99 ملین روپے کا کل منافع حاصل ہوا۔

نقد رقم کے بہاؤ کا مینجمنٹ اور قرضہ جات کی حکمت عملی

کمپنی کا نقد رقم کے بہاؤ کا نظام متوقع طور پر داخلی اور خارجی بہاؤ ظاہر کرتا ہے اور روزانہ کی بنیاد پر نقد رقم کی پوزیشن کو مانیٹر کرتا ہے۔

سال 17-2016 کے دوران میں قرضہ کی اوسط لاگت بشمول زرمبادلہ کے نقصانات، گزشتہ سال کے مقابلے میں 29% کم رہی۔

کل سیلز کمپنی نے اس گزرتے مالی سال کے دوران میں سیلز کے کل حجم 207,678MT کا ہدف حاصل کرلیا جس سے کل آمدنی 19.8 ملین روپے حاصل ہوئی۔

مقامی اسٹیل کی سیلز

ہماری جی آئی پائپس اور سی آر ٹیوبنگ کی مشہور ترین پروڈکٹس کی بے پناہ طلب کے باعث مقامی طور پر سیلز کے کل حجم میں سال بہ سال 8% اضافہ ہوا۔ آٹوموٹیو شعبہ کی بہت زیادہ طلب کے نتیجے میں ہماری سی آر ٹیوبنگ کی سیل خاص طور پر بہت زیادہ رہی جب کہ تعمیراتی اور اے پی آئی رینج کی پروڈکٹس کی سیل مناسب سطح پر رہی۔

تاہم آئندہ گنجائش میں اضافہ اور اے پی آئی ٹینڈر کی بناء پر اگلے سال سٹیل اور پلاسٹک دونوں کے حجم میں اضافہ ہوگا۔

پلاسٹک سیلز

کمپنی کی پلاسٹک سیلز کا حجم گزشتہ سال کے مقابلے میں 6% سے زیادہ کم رہا۔ ہماری گیس پائپس کی سیلز کا حجم 14% سے زیادہ نیچے آ گیا جس کی وجہ کاروبار کا ٹینڈر کی بنیاد پر حصول تھی۔

تاہم نئے سال کا آغاز MDPE گیس پائپ کے بڑے آرڈر کے ساتھ ہوا ہے جو گیس کی فراہمی میں سہولت اور فنڈز کے یقینی حصول کی بناء پر ممکن ہوا۔ دنیا کی چند اے پی آئی سرٹیفائیڈ پلاسٹک ملز میں شمار ہونے کے باعث آج ہم ایس ایس جی سی اور ایس این جی پی ایل کے ساتھ اس کوشش اور ان کو سجھانے میں مصروف ہیں کہ وہ پلاسٹک پائپس کیلئے بھی سپلائر کی جانچ اور سیفٹی کا وہی طریقہء کار اختیار کریں جو اے پی آئی اسٹیل پائپ کے سلسلے میں اختیار کرتے ہیں یعنی بہترین طرزعمل کے طور پر صرف اے پی آئی سرٹیفائیڈ پلاسٹک پائپس کی خریداری کریں۔ ہمارے پانی کے HDPE برانڈ پائپس کی سیل کے حجم میں 4% سالانہ کی شرح سے اضافہ ہو رہا ہے جب کہ ڈکٹ پائپ کا کاروبار گزشتہ سال کی سطح پر رہا۔

پاکستانی مارکیٹ میں ہر جگہ پلاسٹک کی گھٹیا معیار کی پروڈکٹس کے سبب عام صارفین کے سامنے اعلیٰ معیار کی پروڈکٹ کی سیلز اور مارکیٹنگ ایک چیلنج ہے جن کو پروڈکٹ کے بارے میں بہت کم یا کوئی علم نہیں ہے۔ تاہم انتظامیہ لوگوں کو معیار کی اہمیت اور کم معیار کی پلاسٹک پائپ کے صحت پر مضر اثرات کے بارے میں آگہی فراہم کرنے کی بھرپور کوشش کررہی ہے۔ ہم مختلف اداروں کو پانی اور ڈکٹ کیلئے اعلیٰ معیار کی پائپس فراہم کررہے ہیں۔ تاہم کمرشل مارکیٹ کا چیلنج اپنی جگہ موجود ہے جہاں سستی، کم معیار کی پروڈکٹس کی بھرمار ہے۔

اسٹین لیس اسٹیل کی سیلز

IIL اسٹین لیس اسٹیل (پرائیویٹ) لمیٹڈ نے اس سال اپنے آپریشنز کا دوسرا سال مکمل کرلیا۔ غیر معیاری پروڈکٹس کی تجارتی بنیادوں پر دستیابی کے سبب، شدید ترین مشکلات اور چیلنجز کے باوجود کمپنی کی آمدنی 216 ملین روپے رہی یا جو گزشتہ سال کے مقابلہ میں 60% زیادہ ہے۔

IIL آسٹریلیا پرائیویٹ لمیٹڈ

IIL آسٹریلیا پرائیویٹ لمیٹڈ نے اس سال نہایت شاندار نتائج حاصل کئے۔ سیلز کے حجم میں 197% اضافہ اور بھرپور مارجن کے ساتھ ہمارا برانڈ آسٹریلیا کے سب سے زیادہ با اعتماد برانڈ کے درجہ پر پہنچ گیا ہے۔ اس سال کل آمدنی 205% اضافہ کے ساتھ 1.1 بلین روپے رہی۔

برآمدات کی سیلز

گزشتہ سال برآمدات کی سیل کا حجم 9% کم تھا کیونکہ ہم نے اپنی پروڈکٹ برآمد کے مقابلے میں مقامی مارکیٹ میں پیش کرنے کو ترجیح دی تاہم ہم اپنی کم ہونے والے حجم کو دوبارہ حاصل کرنے کے ساتھ اس سال کے دوران میں نئی مارکیٹس میں راستے تلاش کررہے ہیں۔ ہم نے دنیا بھر

ضروریات پوری کرتی ہیں۔کمپنی مستقل طور پر نئے خطوں، نئی مارکیٹس اور نئی پروڈکٹس پر تحقیق کرتی رہتی ہے۔

کمپنی بڑے بین الاقوامی مینوفیکچررز کے مقابلے میں نئی کامیابیاں حاصل کرنے کے لئے کوشاں ہے اور اپنے متنوع پورٹ فولیو کیلئے معیار اور اعتماد کے بین الاقوامی سرٹیفکیٹس کو برقرار رکھنے میں سرگرم عمل ہے۔

IIL اس بات کیلئے کوشاں رہتی ہے کہ اعلیٰ معیار کا خام مال زیادہ سے زیادہ حجم میں خریدنے کی وجہ سے کم سے کم لاگت میں دستیاب رہے اور جس کیلئے مختلف النوع سپلائرز اور اصل مینوفیکچررز سے رابطہ رہے۔

کمپنی مستقل طور پر افرادی قوت کی بہتر پالیسی اور معیاری آپریٹنگ کے طریقہ ءکار پر عمل درآمد کو بہتر بنانے میں مصروف عمل ہے۔

ہم اپنے پروڈکشن کے مقامات اور دفاتر میں حادثات سے بچاؤ کی حکمت عملی اپناتے ہیں اور ملازمین کی اعلیٰ تربیت اور اقدامات کے ذریعہ اپنائیت اور ذمہ داری کا کلچر تخلیق کرتے ہیں۔

کمپنی سال بہ سال اہداف کے ذریعہ اپنی پروڈکٹس کے معیار کو خوب سے خوب تر بنا کر پیش کرتی ہے جو صارفین کیلئے اطمینان کا باعث ہے

اہداف اور حکمت عملی میں گزشتہ عرصہ سے زیادہ نمایاں تبدیلیاں

کمپنی کے اہداف اور حکمت عملی میں گزشتہ سال کے مقابلے میں کوئی خاص تبدیلی نہیں کی گئی۔

کمپنی کے نتائج اور انتظامیہ کے مقاصد میں تعلق

انتظامیہ کے مقاصد ہمارے مشن اسٹیٹمنٹ میں شامل ہیں۔ہم اپنے نتائج کو احتیاط کے ساتھ ان کے متعلقہ مقاصد کے مطابق جانچتے ہیں تا کہ کامیابیوں کی تصدیق ہو سکے۔

کارکردگی کے لازمی اشاریئے

کمپنی کے مقاصد کے لحاظ سے کارکردگی کے لازمی اشاریئے درج ذیل ہیں:

- شیئر ہولڈرز کی دولت میں اضافہ
- آپریشنل کارکردگی میں بہتری
- موجود گنجائش میں اضافہ
- متنوع پروڈکٹ رینج
- ملازمین کے برقرار رہنے میں اضافہ

کمپنی کو یقین ہے کہ موجودہ لازمی اشاریئے مستقبل میں بھی قائم رہیں گے۔

مارکیٹ میں حصہ

آپ کی کمپنی مقامی مارکیٹ میں ٹیوب اور پائپ تیاری کرنے والی لیڈنگ کمپنی ہے جو جی آئی پائپس، سی آر ٹیوبس، بلیک پائپ، اے پی آئی لائن پائپ، اسٹین لیس اسٹیل ٹیوبس،تعمیراتی پائپ اور کھوکھلے اسٹرکچرل سیکشن (ایچ ایس ایس) تیار کرتی ہے اور متعلقہ شعبوں کیلئے پروڈکٹس کی سب سے وسیع رینج پیش کرتی ہے۔کمپنی کو اپنے صارفین، ڈیلرز،اور کاروباری ساتھیوں کا مکمل تعاون حاصل ہے۔ہمارا پلاسٹک کا شعبہ پانی اور گیس کی ترسیل اور ڈکٹ کے استعمال کی پروڈکٹ پیش کرتا ہے اور اپنے صارفین کی خواہشات کو پورا کرنے کیلئے بہتر سے بہتر کی طرف گامزن ہے۔

صارفین کے تحفظ کے اقدامات

IIL مقامی مارکیٹ میں اپنی تمام پروڈکٹس ایک معیاری قیمت پر فروخت کرتا ہے جو ملک بھر میں یکساں ہوتی ہے۔ہماری کمپنی زیادہ پیداوار پر انحصار کرتی ہے جس کے مطابق ہم اپنی پروڈکٹس کو کم مارجن کے ساتھ زیادہ فروخت کرتے ہیں۔

ملکی معیشت

پاکستان کو مالی سال17-2016میں وسیع پیمانے پر وصولی ہوئی اور GDP میں اضافہ کی شرح%5.3 رہی جو کہ مالی سال16-2015 میں %4.7 تھی۔ افراطِ زر اور مالی خسارہ قابل انتظام سطح پر برقرار رہا، مانیٹری پالیسی بھی موافق رہی اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر بھی نسبتاً مستحکم رہی۔

چائنا پاکستان اکنامک کوریڈور (سی پیک) کے تحت جاری منصوبوں پر کام کی رفتار میں تیزی آ گئی ہے اور ترقی کا عمل واضح طور پر نظر آ رہا ہے۔ سی پیک پورٹ فولیو کے تحت توانائی، سڑک اور ریل انفرااسٹرکچر، فائبر آپٹکس کے کنکشن، صنعتی پارک اور بندرگاہ کے منصوبوں سے ملک میں بڑی تعداد میں سرمایہ کاری اور دیگر مواقع پیدا ہوں گے جن کے لئے آپ کی کمپنی بھی پوری طرح لیس ہے۔

بڑے پیمانے کی صنعتی مینوفیکچرنگ نے عمدہ کارکردگی کا مظاہرہ کیا ہے اور LSM میں گزشتہ سال کے %4.7 کے مقابلے میں اس سال بڑھ کر%5.1 تک اضافہ ہوا۔ لوہے اور اسٹیل کی پروڈکٹس میں خاص طور پر%16.6 کا ریکارڈ اضافہ ہوا جب کہ مالی سال16-2015 میں صرف%7.5 اضافہ ہوا تھا۔ اس وقت جاری تعمیراتی اور انفرااسٹرکچر کے بڑے کاموں کے سبب آئرن اور اسٹیل پروڈکٹس کی طلب میں خاطر خواہ اضافہ ہوا ہے اور ہمیں توقع ہے کہ سی پیک سے متعلق بڑے منصوبوں کے آغاز سے آئندہ سالوں میں بھی یہ رجحان برقرار رہے گا۔

یہ بات حوصلہ افزا ہے کہ مقامی صنعت کے تحفظ کے اقدامات کے سلسلے میں نیشنل ٹیرف کمیشن (NTC) نے بھرپور طریقے سے اینٹی ڈمپنگ ڈیوٹیز(ADD) کا نفاذ کیا ہے۔ اس سے مقامی اسٹیل مینوفیکچررز خصوصاً کولڈ رولنگ اور گیلونائزڈ کی صنعت کو وہ سہولت حاصل ہوگی جس کی شدید ضرورت محسوس کی جا رہی تھی۔ نیز آنے والے سالوں میں صنعت کو ایک مضبوط مقام حاصل کرنے میں مدد ملے گی۔

اس سال کے دوران میں ایک بڑی تشویش ملک کے کرنٹ اکاؤنٹ میں توقع سے زیادہ خسارہ تھی۔ اگرچہ مالیاتی اکاؤنٹ کے ان فلو کی بدولت مجموعی طور پر توازن ادائیگی کی صورتحال قابل انتظام سطح پر رہی۔ اس لئے طویل مدت تک استحکام کیلئے برآمدات کو بڑھانے کی پالیسیوں کو ترجیح دینی چاہئے۔

ورلڈ اسٹیل ایسوسی ایشن کے فی کس فینشڈ اسٹیل کے استعمال کے جائزے 2016 کے مطابق دنیا کا اوسط تقریباً kg/capita 208 ہے۔ پاکستان میں اسٹیل کے فی کس استعمال کی شرح 45-40 Kg/capita رپورٹ کی گئی ہے جو کہ دنیا کے اوسط سے کافی کم ہے اور اس سے ظاہر ہوتا ہے کہ مقامی اسٹیل مینوفیکچرنگ اور پروسیسنگ کی صنعت کیلئے بڑی گنجائش موجود ہے۔

کمپنی آپریشنز

مقاصد اور حکمت عملی

ہمارا بنیادی مقصد عالمی بہترین طرز عمل کے مطابق مقامی اسٹیل کی صنعت کو مثالی قیادت فراہم کرنا ہے۔

کمپنی اپنے کاروبار میں جدت اور ترقی کیلئے مسلسل کوشاں ہے تاکہ منفعت میں اضافہ ہو اور شیئر ہولڈرز کو زیادہ سے زیادہ فائدہ حاصل ہو۔

IIL نے اپنی حکمت عملی برقرار رکھتے ہوئے اپنے اہداف کامیابی سے حاصل کئے ہیں۔ اس حکمت عملی میں اخلاقیات، نمو، معیار، مسابقت، روایت کی پیروی، متنوع پروڈکٹس، مستحکم کاروباری طرز عمل اور اعلیٰ اقدار کی پروڈکٹس میں مسلسل بہتری لانا شامل ہیں۔

کمپنی وسیع رینج کی پروڈکٹس پیش کرتی ہے جو مارکیٹ کی مختلف نوعیت کی

اسٹیل پروڈکٹس میں کاغذی کاروبار کے اضافہ سے کی قیمتوں میں قلیل المدت تیزی اب روایت بنتی جارہی ہے؛ عالمی سطح پر کموڈٹی ایکسچینج میں اسٹیل کی مصنوعات کی وسیع پیمانے پر تجارت ہورہی ہے اوراس کا بڑی حد تک فزیکل اسٹیل پروڈکٹس کی قیمتوں سے تعلق برقرار ہے۔

اسٹیل کی قیمتوں کا تعین خام لوہے، کوکنگ کوئلہ اورمختلف کچی دھاتوں کے لحاظ سے کیا جاتا ہے۔گزشتہ مالی سال کے دوران میں ہاٹ رولڈ اسٹیل کوائل کی قیمتیں370$ سے 570$فی میٹرک ٹن رہیں۔

اسٹیل ٹیوب اور پائپ کی صنعت

عالمی اسٹیل ٹیوب اور پائپ کی صنعت کے مینوفیکچررز ویلڈ کی ہوئی اور بے جوڑ پائپ اورٹیوب کی وسیع رینج تیار کرتے ہیں۔اسٹیل پائپس عام طور پرآئل اینڈ گیس، پانی،نکاسی اورصنعتوں سے متعلق مختلف یونٹس میں استعمال ہوتی ہیں۔اسٹرکچرل پائپس اورسیکشن تعمیراتی شعبہ میں زیادہ مضبوطی اور قوت کیلئے استعمال کئے جاتے ہیں جب کہ کولڈرولڈ اسٹیل ٹیوبنگ کا استعمال آٹوموٹیو، ہوم اپلائنسز کی تیاری اورمختلف فرنیچر اورفیبریکیشن سے متعلق ضروریات میں ہوتا ہے۔

اس سال دنیا بھر میں ٹیوبز اور پائپس کی پیداوارگزشتہ سال کے برابر رہی۔ عالمی سطح پر اسٹیل ٹیوب اور پائپس کی برآمدات میں کمی دیکھنے میں آئی جس کی وجہ یونائیٹڈ اسٹیٹس اور یورپ میں اینٹی ڈمپنگ اور کاؤنٹر ویلنگ کی تحقیقات تھی۔ملک میں قدرتی گیس کی تقسیم اورترسیل نیٹ ورک میں توسیع کا کام جاری ہے اورگیس یوٹیلیٹی کمپنیاں وقفہ وقفہ سے ٹینڈرطلب کررہی ہیں۔مجھے یہ بتاتے ہوئے خوشی محسوس ہورہی ہے کہ500,000ٹن سالانہ پیداوار کے ساتھ ہماری گزشتہ سال نصب کی جانے والی APIمل کی بدولت ہم آنے والے مہینوں اور سالوں میں گیس کمپنیوں کی جانب سے گیس کی تقسیم کیلئے پائپس کی ضروریات پوری کرنے کے قابل ہوں گے۔

اسٹین لیس اسٹیل

2016میں عالمی سطح پراسٹین لیس اسٹیل کی پیداوارتقریباً46ملین میٹرک ٹن ہوئی جب کہ 2015میں یہ مقدار41.5ملین میٹرک ٹن تھی۔گزشتہ 5سال میں صنعتی آؤٹ پٹ نہایت تیزی کے ساتھ CAGRپر6.4% کی شرح سے بڑھ رہی ہے۔

اسٹین لیس اسٹیل پائپ خاص طور پر ان صارفین کیلئے بہترین ہے جن کو زنگ اور بلند ٹمپریچر سے مزاحمت کے ساتھ ایک نفاست کی ضرورت بھی ہوتی ہے۔اسٹین لیس اسٹیل پائپ کے بڑے استعمالات درج ذیل ہیں:

- کیمیکل اور پیٹروکیمیکل پروسیسنگ
- مائع اورقدرتی گیس پائپ کا نظام
- گاڑیوں کے دھوئیں کےاخراج کا نظام
- تعمیرات۔ساحلی اورمرطوب ماحول میں
- فوڈاورفارماسیوٹیکل پروسیسنگ
- ڈی سیلینیشن اورویسٹ واٹر کے منصوبے

300سیریزاسٹین لیس اسٹیل اوراس کے اجزائے ترکیبی عالمی سطح پر اسٹین لیس اسٹیل کی پیداوارکا54%ہیں اورنکل کا زیادہ حصہ ہونے کے باعث وسیع پیمانے پرمختلف نوعیت کے استعمال میں آتے ہیں جس سے زنگ لگنے کی شرح کم ہوتی ہے۔300سیریزپائپ آپ کی کمپنی کے اسٹین لیس اسٹیل پائپ پروڈکٹ رینج کی نمایاں ترین پروڈکٹ ہے۔

پاکستان میں اوسطاًاسٹین لیس سٹیل کی کھپت فی کس تقریباً 0.5 kg/capita ہے جب کہ دنیا میں یہ اوسط 5.7kg/capita ہے۔اس سے پتہ چلتا ہے کہ اس شعبہ میں اضافہ کے بہت زیادہ امکانات ہیں۔

ڈائریکٹرز کی رپورٹ

مجھے سی ای او کی کارکردگی کی رپورٹ، جو 69 ویں سالانہ رپورٹ کا حصہ ہے کا جائزہ مع آڈٹ شدہ مالیاتی گوشوارے برائے سال مختتمہ 30 جون 2017 پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

عالمی میکرو اکنامکس پر ایک نظر

2016 میں عالمی معیشت میں شرحِ نمو 3.1% رہی جو کہ 2015 کی شرح نمو سے نمایاں طور پر کم ہے۔ تاہم 2017 میں یہ شرح 3.5% تک ہونے کے امکانات نظر آ رہے ہیں اور نئی ابھرتی ہوئی اور ترقی کرتی ہوئی مارکیٹ میں معاشی حالات میں بہتری آنے کے علاوہ یونائیٹڈ اسٹیٹس کی معیشت میں تیزی سے ترقی کی وجہ سے توقع ہے کہ 2018 میں یہ رفتار برقرار رہے گی۔

یہ کہنا موزوں ہے کہ اگرچہ عالمی معیشت میں ہنگامی صورت حال کو دس سال سے زیادہ کا عرصہ گزر گیا ہے مگر ایک مستحکم معاشی ترقی ک پچھلے اصرات کا سامنا ہے۔ ترقی یافتہ معیشت میں بلاشبہ یونائیٹڈ اسٹیٹس کا بڑا حصہ ہے اور دیگر ترقی یافتہ ممالک کی معیشت میں ابھی بحالی کی سطح سے کم ہے۔ یونائیٹڈ اسٹیٹس کے عالمی معیشت سے اپنی اندرونی معیشت کی پالیسیوں پر توجہ منتقل کرنے کے نتیجے میں بین الاقوامی تجارت میں کمی اور عالمی معیشت کو نقصان پہنچ سکتا ہے۔ اس کے علاوہ یو ایس فیڈرل ریزرو کی جانب سے قبل از وقت زری سختیوں کے اثرات پوری دنیا کی مالیات پر پڑ سکتے ہیں جن میں سرمایہ کے خارجی بہاؤ میں ہنگامی صورتحال، یو ایس ڈالر کی قیمت میں اچانک اضافہ اور یو ایس ڈالر کے قرضوں تلے دبی کمزور معیشت والی حکومتوں اور اداروں پر مزید بوجھ بڑھنے کے امکانات ہیں۔ دوسری جانب توانائی کی برآمد والی، ترقی پذیر اور نئی مارکیٹس ابھی تیل کے کم ریوینیوز سے سمجھوتہ کرنے کے نتیجے میں ان کی معیشت میں مقابلہ کیلئے بجٹ کی مشکلات ان کی ترقی کی راہ میں حائل ہونے کی توقع ہے۔

اسٹیل کا عالمی منظر نامہ

2016 میں دنیا میں خام اسٹیل کی پیداوار 1.63 بلین میٹرک ٹن (MT) کی سطح تک پہنچ گئی جو گزشتہ سال کے مقابلے میں تقریباً 1% زیادہ ہے۔ مارکیٹ شیئر کے لحاظ سے چین کی اسٹیل کی صنعت نے 808MT بنایا جو کہ دنیا کی خام اسٹیل کی پیداوار کا تقریباً 50% ہے۔ دوسرے بڑے حصہ دار جاپان (105 ملین میٹرک ٹن)، انڈیا (96 ملین میٹرک ٹن)، یونائیٹڈ اسٹیٹس (79 ملین میٹرک ٹن) اور رشیا (71 ملین میٹرک ٹن) ہیں۔

اگرچہ عالمی سطح پر گنجائش سے زیادہ دستیابی کا معاملہ باقی ہے، لیکن یہ بات حوصلہ افزا ہے کہ چین نے اسٹیل کی پیداوار کو رفتہ رفتہ مناسب سطح تک لانے کی کوششیں شروع کر دی ہیں۔ نیا رجحان یہ ہے کہ پیداوار کو یکجا کیا جائے اور اضافی سپلائی کو ختم کیا جائے۔ 2016 کے دوران چین کے دو بڑے اسٹیل گروپس کے انضمام نے اس بات کو ثابت کیا اور وہ دنیا میں ا دوسرا سب سے بڑا اسٹیل بنانے والا ملک بن گیا۔ فضا میں آلودگی اور غیر معیاری فضا کے سبب بھی اضافی سپلائی پر پابندی کی شدید ضرورت محسوس کی جا رہی ہے۔ پاکستان سمیت کئی ملکوں میں اس کی درآمد کو محدود کرنے کیلئے اینٹی ڈمپنگ ڈیوٹیز اور دیگر تجارتی اقدامات کئے گئے ہیں جس سے اسٹیل پروڈکٹس کی ذخیرہ اندوزی پر کنٹرول اور ملکی صنعت کو سپورٹ حاصل ہوئی ہے۔ چینی انفرااسٹرکچر اور ہاؤسنگ رجحان میں رفتہ رفتہ کمی لانے اور معیشت کو دوبارہ متوازن کرنے سے اسٹیل کی صنعت یقینی طور پر زیادہ مناسب حجم اور بہتر استعداد حاصل کرے گی۔ یونائیٹڈ اسٹیٹس میں متوقع مالیاتی محرکات اور متعلقہ منصوبوں پر انفرااسٹرکچر کے اخراجات سے بڑھتی ہوئی طلب کے سبب اسٹیل کی قیمتوں میں بحالی میں مدد ملے گی جب کہ چین کے علاوہ ابھرتی ہوئی اور ترقی پذیر معیشت والے ملکوں میں اس کی مستحکم طلب برقرار ہے۔

Corporate Governance

Profile of the Board of Directors

Mr. Mustapha A. Chinoy
Chairman since: September 30, 2016

Director 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 International Industries Ltd., Pakistan Cables Ltd., and a director on the Board of 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. Riyaz T. Chinoy
Chief Executive Officer since: August 11, 2011

Director 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 B.Sc. 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. Kamal A. Chinoy
Non-Executive Director

Director 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 Askari Bank Ltd., 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
Non-Executive Director

Director Since:
June 22, 2005

Fuad Azim Hashimi is a fellow of the Institute of Chartered Accountants in England and Wales and currently heads Pakistan Business Council's Centre of Excellence in Responsible Business. Through leadership of the Pakistan Institute of Corporate Governance from 2007 till recently, he played a key role to further corporate governance practices in Pakistan. He is a member of the Private Sector Advisory Group of International Finance Corporation, World Bank Group and of the United Nations ESACP Business Advisory Council as well as a regular participant, moderator and speaker at OECD's Asian Roundtable on Corporate Governance.

His career over the past 52 years has provided him with a strong foundation in public accounting (he was a partner for 10 years in A. F. Ferguson & Co, a member firm of PricewaterhouseCoopers) as well as management of diversified business and commercial ventures, in Pakistan and abroad, ranging from banking, office automation and information technology to mutual funds. He has added experience with a development finance institution providing venture capital to the private sector that involved monitoring industrial projects to ensure correct use of the funds provided by World Bank and Asian Development Bank.

Hashimi's other appointments include being a member of the board of directors of Faysal Bank Limited and of International Industries Limited where he is also the Chairman of its Audit Committee. He is also a member of the Public-Sector Committee of the Institute of Chartered Accountants of Pakistan. He has previously held directorships on the boards of Clariant Pakistan Limited, National Refinery Limited, Indus Valley School of Art and Architecture, Pakistan Cables Limited, and Pakistan Security Printing Corporation of Pakistan, where he was additionally the Chair of its Audit Committee.

Mr. Azam Faruque
Non-Executive Director

Director 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.

Profile of the Board of Directors

Mr. Tariq Ikram
Independent Director

Director Since:
September 8, 2011

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.

Mr. Ehsan A. Malik
Independent Director

Director Since:
September 30, 2016

Mr. Ehsan A. Malik is a certified director from the Pakistan Institute of Corporate Governance (PICG). Mr. Ehsan A. Malik is currently serving as the Chief Executive Officer of Pakistan Business Council. From 1st September 2006 to 31 October 2014 Mr. Malik was the Chief Executive Officer of Unilever Pakistan Limited and a director of Unilever Pakistan Foods Limited. Prior to this he was Chairman and CEO, Unilever Sri Lanka Limited. His earlier international appointments covered Unilever's regional business in Egypt, Lebanon, Jordan, Syria and Sudan as well as Unilever's Head Office in UK. These preceded senior commercial and financial roles at Unilever Pakistan. He is also a Member of the Board of Directors of Abbott Laboratories Pakistan Limited, Gul Ahmed Textiles Ltd., IGI Life Insurance Limited and National Foods Limited. Mr. Malik is a Fellow of the Institute of Chartered Accountants of England and Wales and alumni of the Wharton and Harvard Business Schools.

Mr. Jehangir Shah
Independent Director

Director Since:
September 30, 2016

Mr. Jehangir Shah has 40 years of experience in commercial banking, private & personal banking and leasing. He has had overseas work experience in UAE, Egypt and Brazil. Prior to joining Pak Oman Investment Company as Deputy Managing Director in 2008, Mr. Shah served as Country Manager-Pakistan of Oman International Bank SAOG and as Managing Director and CEO of Capital Assets Leasing Corporation Limited (Calcorp). His former employments include those of Executive Director at Pak Gulf Leasing Company Limited; Habib Credit and Exchange Bank and Bank of Credit and Commerce International. Mr. Shah also looks after the Investment Banking Division at Pak Oman. Mr. Shah is a Director of Pak Oman Asset Management Company Limited and an Independent Director of International Industries Limited. He is also Member of the Advisory Committee of Pak Oman Microfinance Bank.

Mr. Naveed Kamran Baloch
Non-Executive Director

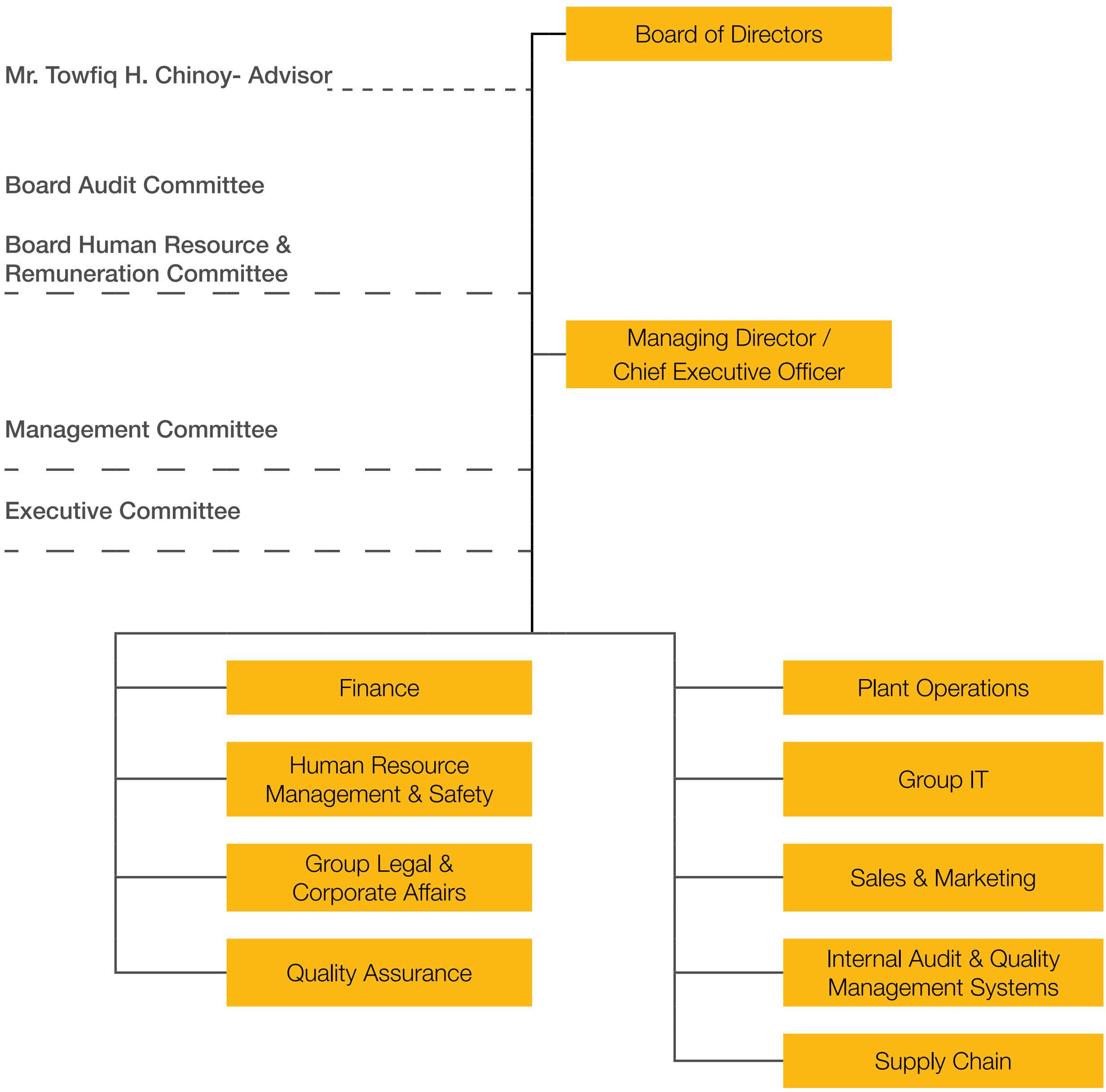
Director Since:
May 12, 2017

Mr. Naveed Kamran Baloch belongs to the Pakistan Administrative Services and has been recently appointed as the Chairman, State Life Insurance Corporation of Pakistan. Earlier he served as Secretary in provincial departments of Finance, Food and Information. He also served as Director NIM, Karachi and as Principal Secretary to the Chief Minister, Sindh. He holds a Masters degree in Economics from the London School of Economics. He also attended international courses like “Executive Leadership” at Oxford University, “Executive Management” Kennedy School of Govt., Harvard, USA and “Fighting Corruption” at Ecole Nationale D’Administation, Paris.

List of Other Directorships

Directors	Other Business occupation and directorship (if any)
Mr. Mustapha A. Chinoy	International Industries Ltd. Pakistan Cables Ltd. Intermark (Pvt) Ltd. Travel Solutions(Pvt) Ltd. Global e-Commerce Services (Pvt) Ltd. Crea8ive Bench (Pvt) Ltd. Global Reservation (Pvt) Ltd.
Mr. Riyaz T. Chinoy	International Industries Ltd. International Steels 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
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. Askari Bank Ltd.
Mr. Fuad Azim Hashimi	International Industries Ltd. Faysal Bank Ltd.
Mr. Azam Faruque	International Industries Ltd. Atlas Battery Ltd. Cherat Cement Company Ltd. Indus Motors Company Ltd. Greaves Pakistan Ltd. Faruque (Pvt) Ltd. Madian Hydro Power Ltd.
Mr. Tariq Ikram	International Industries Ltd. Habib Metropolitan Bank Ltd. Tasha Enterprises (Pvt) Ltd.
Mr. Ehsan A. Malik	International Industries Ltd. Pakistan Business Council Abbott Laboratories (Pak) Ltd. National Foods Ltd. Gul Ahmed Textiles Ltd. IGI Life Insurance Ltd.
Mr. Jehangir Shah	International Industries Ltd. Pak Oman Asset Management Co. Ltd.
Mr. Naveed K. Baloch	International Industries Ltd. State Life Insurance Corporation Fauji Fertilizer Company Ltd. Orix Leasing Company Ltd. Pakistan Cables Ltd. Security Papers Ltd. Sui Northern Gas Pipeline Ltd.

Organization Structure



Governance Framework

The main philosophy of business followed by the sponsors of International Industries Limited for the last 69 years has been to create value for all stakeholders through fair and sound business practices, which translates into policies approved by the Board and implemented throughout the company to enhance the economic and social values of all stakeholders of the company.

Our Governance strategy is to ensure that the Company follows the direction defined by its Core Values, current regulatory framework and global best practices. The Board, discharges its responsibilities as defined by the "Code of Corporate Governance", listing requirements of Pakistan Stock Exchange Limited and the Corporate Financial Reporting Framework of Securities & Exchange Commission of Pakistan. Our approach towards corporate governance ensures ethical behaviour, transparency, accountability in all that we do and to attaining a fair value for the shareholders.

Compliance Statement

Living up to its standards, the Board of Directors has, throughout the year 2016-17, complied with the Code of Corporate Governance, the listing requirements of the Pakistan Stock Exchange Limited and the Financial Reporting framework of Securities & Exchange Commission of Pakistan (SECP).

The Directors confirm that 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 effectively implemented and monitored. The Internal Audit function is based on a hybrid system led by the Chief Internal Auditor supported by in-house staff as well as M/s EY Ford Rhodes, Chartered Accountants.

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. Mustapha A. Chinoy, a Non- Executive Chairman; out of 9 directors, 3 are independent directors. The current Board composition reflects a good mix of experience, backgrounds, skills and qualifications. All directors have many years of experience, and are fully aware of their duties and responsibilities under the Code of Corporate Governance. At present, six (6) Directors have acquired the formal Directors Training Certificates, while all the other directors possess sufficient skills and experience of Board room as described in the Code of Corporate Governance.

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 Board Audit Committee (BAC) and Human Resources & Remuneration Committee (HR&RC). The composition, role and responsibilities of the Committees are clearly defined in their respective Terms of References.

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 which normally includes a detailed analysis of business and matters, where the Board will be required to make a decision or give its approval.

During the year 2016-17, the Board had eight (8) meetings during this year, out of which Four (4) were held to review the quarterly results, while a meeting was held to appoint the CEO for a term of 3 years and to form the BoD sub-committees, one each was held to consider strategy, budget for the ensuing year and to consider and approve 45% 2nd interim cash dividend to Company's shareholders. The average attendance of the directors in Board meetings during the year was 82%.

The Board of Directors has complied with the Code of Corporate Governance, the listing requirements of Pakistan Stock Exchange Limited and the Financial Reporting framework of Securities & Exchange Commission of Pakistan.

Changes in the Board

The Board of Directors completed its term on the day of 68th AGM of the Company and for a term of 3 years commencing from September 30, 2016 Mr. Mustapha A. Chinoy, Mr. Riyaz T. Chinoy, Mr. Kamal A. Chinoy, Mr. Fuad Azim Hashimi, Mr. Azam Faruque, Mr. Tariq Ikram, Ms. Nargis Ghaloo were re-elected, whereas Mr. Ehsan A. Malik and Mr. Jehangir Shah replaced retiring director Mr. Zaffar A. Khan and Mr. Aly Noormahomed Rattansey. Further, a casual vacancy was created during the year by the resignation of NIT's nominee, Ms. Nargis Ghaloo, that was filled within the prescribed period of 90 days, by Mr. Naveed Kamran Baloch, also a nominee of the NIT.

Details of Board Meetings Held Outside Pakistan

During the year 2016-17, no Board meetings were held outside Pakistan

Role and Responsibilities of the Chairman and Chief Executive

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

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

Business Philosophy & Best Corporate Practices

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

The Board Charter defines the scope of the Board's activities in setting the tone at the top, formulating strategies and providing oversight to the management for sustainable growth of the business.

The Board members actively participate in the meetings to provide guidance concerning the company's business activities, operational plans, review corporate operations and formulate and review 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.

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 eight (8) meetings, agendas of which were duly circulated at least a week before the meetings except for an emergency board meeting which was held on June 2, 2017 to approve the second interim dividend to be paid on or before June 30, 2017 in order to pass on the benefit of lower tax rates on dividend payments to shareholders.

Governance Framework

Timely Communication of Financial Results

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 48 days from the close of the financial year. Additionally, all important disclosures, including the financial statement, were also made on the Company's website to keep the stakeholders duly informed.

Board Evaluation

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

1. The Board Evaluation Methodology to be adopted as self-evaluation of the Board as a whole through an agreed questionnaire.
2. The evaluation exercise is to be carried out every year.
3. The evaluation system is designed 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 identified for improvement.

The Board is continuing its Self-Evaluation since many years and has identified areas for further improvement in line with global best practices. The main focus remained on strategic growth, business opportunities, risk management, Board composition and providing oversight to the management etc.

Risk & Opportunity Management

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

For more details on risk & opportunity management, please refer to the Directors report on page No.56.

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 documented 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 Board of Directors. The Company places a high value on transparency, both internally and externally, in its corporate management. It focuses consistently on the implementation of efficient management practices for the purpose of achieving clear and quantifiable commitments. The Company has a Chartered Accountant posted as Head of Internal Audit, who is being assisted by M/s EY Ford Rhodes 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 these risks.

Disclosure of Conflict of Interest

The Company has taken measures to prevent conflict of interests between directors, employees and the Company. In this regard, a clear policy on conflict of interests is contained in the Code of Conduct duly approved by the Board of Directors which is placed on page No. 32.

As per the code of corporate governance, the Company annually circulates and obtains a signed copy of code of conduct from all employees and directors. Further, the directors and key employees are reminded of insider trading and avoiding dealing in shares during closed period.

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

The complete details of all transaction with related parties are provided to the Board for approval. These transactions are also fully disclosed in the annual financial statement of the company.

Corporate Social Responsibility

1. The Company has implemented comprehensive policies on "Occupational Health, Safety & Environment" and "Donations, Charities and Contributions" to meet its Corporate Social Responsibilities.

   The social and environmental responsibility reflects the company's recognition that there is as strong positive correlation between financial performance and corporate, social and environmental responsibility. Social and environment responsibility include the following:

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

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

We are committed to providing better educational and health facilities to the less fortunate. In line with our philosophy of CSR we regularly maintain and support a TCF school – Amir Sultan Chinoy Campus in Landhi along with offering need based scholarships to NED University students for a better tomorrow of our younger generation. We also support NGO's like SIUT, LRBT, Kidney Center, Sina Foundation, and Amir Sultan Chinoy Foundation to help deserving patients for their treatment.

Sustainability Measures

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

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

For more details, please refer to our Group Sustainability report which has been circulated and is available on our website (www.iil.com.pk)

Governance Framework

Engaging Stakeholders & Transparency

Development of stakeholders' relationship is of significant importance for the company. Building "stakeholders engagement", compliance with regulatory requirements and terms and conditions are one of the main business principles by which we abide.

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 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 timeline so as to enable the shareholders to participate on an informed basis. While increasing management transparency, it aims to strengthen its relationships and trust with shareholders and investors.

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

Policy for Investor Grievances

The Company has an **"Investor Relation Policy"** that 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.

Investor grievances and complaints are very important and are properly reviewed to minimize the recurrence of similar issues in future. The following principles are adhered to with regards to investor grievances:

1. Investors are treated fairly at all times.
2. Complaints raised are dealt with in a courteous and timely manner.
3. Various modes of communication like email, telephone, meetings and raising matters at the Annual General Meeting are available to investors to raise grievances.
4. Queries and complaints are treated fairly and efficiently.
5. Employees work in good faith and without prejudice towards the interest of the creditors.

   Detailed company information regarding financial highlights, investor information, and other requisite information specified under the relevant regulations has been placed on the corporate website of the company which is updated on regular basis.

Safety of Company Records

International Industries Limited has a firm "Document & Record Control policy" for establishing, approving, reviewing, changing, maintaining, replacing, retrieving, retaining, distributing and administering control of all documents and data that relate to the Company and has taken the following concrete measures to ensure safety/security of the records and creating a paperless environment.

- All important documents such as, minutes and proceedings of the Board & its sub-committees, annual general meetings, statutory certificates, title documents of the Company property and all other important communications and records are digitally scanned and archived on secured Company servers.

- All important original documents are placed at a neutral, secured and well known vault.

- Record keeping of accounting books is being arranged at a seprate location.

Human Resources Management Policies and Succession Planning

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

Group Information Technology Policy

A well-defined Group Information Technology Policy is place to help achieve efficient and effective use of I.T resources for the Group companies so as to establish priorities, strategy delivery, increase productivity and deliver right services to users.

The I.T Steering Committee comprising of CEO, CFO and HoD IT are responsible for taking major I.T decisions. The Group I.T Head is responsible for ensuring communication of I.T security policies to all users of Group Companies. Further, Internal Audit is responsible for monitoring compliance of I.T policies.

The Policy on Information Technology is focused upon information security, human resource security, access control, information system acquisition-development and maintenance, business continuity management, incident management, website and ERP.

Whistleblowing & Speak-up Policy

We are committed to creating an atmosphere in which our people can freely communicate their concerns to their supervisors and Functional Heads. Our Speak-up Policy has been in place for a number of 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.

Issues Raised at Last AGM

While general clarifications were sought by shareholders on company published financial statements during the 68th Annual General Meeting of the company held on September, 30, 2016, no significant issues were raised.

Dividend to Shareholders

During the year, the Company paid two interim dividends of 25% and 45% per share to all eligible shareholders and the Board of Directors is recommending a final dividend of 20% per share, making a total of 90% in respect of the financial year ended June 30, 2017 which is subject to shareholder 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, 2017 is placed on Page 219.

Mechanism for Providing
Information and Recommendation to the Board

FORMAL REPORTING LINE

The current organization/structure of the Company consists of various departments/divisions, each of which is led by a divisional head. These divisional heads are responsible for the reforms of their respective divisions and the Board can then have access to them.

EMPLOYEES

Employees are encouraged to express their views and forward their suggestions. We follow an open door policy and employees are free to send emails, phone or even talk directly to the CEO. The employees can give suggestions, grievances and concerns or raise any matter related to the Company. In case the matter is of significant nature, the same is addressed in the meetings of the Managing Committee, the Board of Directors or the relevant Board committee. The Company also has a whistle blowing policy to enable employees to raise serious concerns to the management regarding the business or Company without fear and repercussions.

The CEO also meets the entire Managing Committee and Executive Committee at least once every quarter through which they are provided an opportunity to express their concerns and suggestions directly to the CEO. These meeting are aimed at capturing free and first hand suggestions.

SHAREHOLDERS

Every year the Annual General Meeting of shareholders is held in accordance with the requirements of the Companies' ordinance 1984 which is attended by the Board, CEO, company secretary, CFO and the senior management of the Company. The interactive session with the shareholders allows the shareholders to ask questions on financial, economic, social and other issues and also give suggestions and recommendations. The CEO responds to all questions.

The Company has also provided contact details of all relevant personals for general and specific queries on its website.

Board Committees

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

Audit Committee

- **Mr. Fuad A. Hashimi *** - Chairman
  Non - Executive Director
- **Mr. Kamal A. Chinoy** - Member
  Non - Executive Director
- **Mr. Ehsan Malik** - Member
  Independent Director
- **Ms. Asema Tapal** - Secretary
  Chief Internal Auditor

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). 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 2016-17, the Audit Committee held Five [05] 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.

Board Committees

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. Azam Faruque** - Member
  Non- Executive Director
- **Mr. Khalid Junejo** - Secretary
  Head of Human Resources

The Human Resource & Remuneration Committee [HR&RC] comprises of four members. The Chairman is an independent director whereas the other three members are the Chief Executive Officer and two non-executive directors. 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 [06] 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-executive 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 eight (8) Board meetings were held, while five (05) Audit Committee meetings and Six (06) 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 / Sub Committee	Board	Audit	Human Resource
Meetings held during FY 2016-17	**8**	**5**	**6**
Mr. Mustapha A. Chinoy	8/8	1/1	
Mr. Riyaz T. Chinoy	8/8		6/6
Mr. Kamal A. Chinoy	7/8	4/4	6/6
Mr. Fuad Azim Hashimi	8/8	5/5	
Mr. Azam Faruque	5/8	1/1	2/4
Mr. Tariq Ikram	8/8		6/6
Mr. Ehsan A. Malik	4/7	3/4	
Mr. Jehangir Shah	6/7		
Mr. Naveed K. Baloch	-		
Mr. Zaffar A. Khan	1/1		
Mr. Aly Noormahomed Rattansey	1/1		
Ms. Nargis Ghaloo	3/6		

** Mr. Zaffar A. Khan and Mr. Aly Noormahomed Rattansey retired in September 2016 and Mr. Ehsan A. Malik and Mr. Jehangir Shah replaced them whereas Ms. Nargis Ghaloo resigned from the Board due to her departmental transfer by posting to Islamabad by the nominating authority and she was replaced by Mr. Naveed Kamran Baloch.

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 operational and financial aspects, advises improvements to operational policies / procedures and monitors implementation of the same. The MC meets to review operational performance and to consider various policies and procedures.

Management Committee members:			Attendance
Mr. Riyaz T. Chinoy Chief Executive Officer	-	Chairman	17/17
Nadir Akbarali Jamal Chief Financial officer	-	Member	17/17
Mr. Mohsin Safdar Executive Director	-	Member	17/17
Mr. Khawar Bari Head of Sales & Marketing	-	Member	15/17
Mr. Khalid Junejo Head of Human Resources	-	Member	17/17

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 Sales & Marketing	12/12
Mr. Riaz Moazzam Member	Head of Operations	11/12
Mr. Samar Abbas Member	Head of International Sales	6/12
Mr. Sheraz Khan Member	Head of Domestic Sales (North)	7/12
Mr. Mujtaba Hussain Member	Financial Controller	11/12
Syed Ghazanfar Ali Shah Member	Head of Supply Chain	11/12
Mr. Ibrahim Memon Member	Group Head IT	11/12
Mr. Imran Siddiqui Member	Head of Engineering & New Ventures	11/12
Mr. Zain K. Chinoy Member	Head of Marketing	11/11
Ms. Asema Tapal Memeber	Chief Internal Auditor	2/2
Mr. Ayaz Ahmed Khan Member & Secretary	Senior Manager QMS	10/12

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 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 2017 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 2017, 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 / Companies Act 2017.

- 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 transactions have been disclosed.

INTERNAL AUDIT FUNCTION

- The internal control framework was effectively implemented through outsourcing the internal audit function to M/s EY Ford Rhodes, Chartered Accountants, for the last many 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 EY Ford Rhodes. 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 of the company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended 30 June 2017 and shall retire on the conclusion of the 69th Annual General Meeting.

- 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 Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.

- Being eligible for reappointment under the listing regulations, the Board Audit Committee recommends their reappointment for the financial year ending 30 June 2018 on terms & remuneration negotiated by the Chief Executive Officer.

Karachi
Dated: August 10, 2017

Fuad Azim Hashimi
Chairman
Board Audit Committee

Statement of Compliance
with the Best Practices of the Code of Corporate Governance

INTERNATIONAL INDUSTRIES LIMITED
30 June 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.5.19 of the listing regulations of the Pakistan Stock Exchange Limited 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 (the Board). At present the board constitutes of:

Category	Names
Independent Directors	Mr. Tariq Ikram
	Mr. Ehsan Malik
	Mr. Jehangir Shah
Executive Director	Mr. Riyaz T. Chinoy
Non-Executive Directors	Mr. Kamal A. Chinoy
	Mr. Mustapha A. Chinoy
	Mr. Fuad Azim Hashimi
	Mr. Azam Faruque
	Mr. Naveed K. Baloch

The independent directors meet the criteria of independence under clause 5.19.1(b) of the Code of Corporate Governance.

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 Broker of the stock exchange, has been declared as a defaulter by that stock exchange.

4. The Board of Directors completed its term on the day of the 68th AGM of the Company and the above named directors were elected as directors for a term of 3 years commencing from September 30, 2016. Further, a casual vacancy was created during the year by the resignation of NIT's nominee, Ms. Nargis Ghaloo, on May 8, 2017, that was filled within the prescribed period of 90 days, by Mr. Naveed Kamran Baloch, also a nominee of the NIT, who was appointed on May 12, 2017.

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

6. The Board has developed a vision/mission statement and reviews and approves business plans, overall corporate strategy and significant policies of the company. The Company has also developed significant policies which were approved by the Board of Directors after due consideration. A complete record of particulars of significant policies and procedures, along with the date on which they were approved or amended has been maintained.

Statement of Compliance
with the Best Practices of the Code of Corporate Governance

7. All the powers of the Board have been duly exercised and decisions on 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 a Non-Executive director. The Board met eight (8) 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 environment and regulatory changes in each Board meeting. Six (06) directors are certified under the Directors Training Program, while other three are exempted from the requirement of Rule 5.19.7 of the Listing Regulations of the Pakistan Stock Exchange / Code of Corporate Governance to have such certification.

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 5.19.11 and sub-clauses (x-iii) directors and their spouse(s) and minor children (name wise details), (x-iv) executives (name-wise), and clause (xii) 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 August 1, 2017. However, reply is yet to be received.

11. The Board approved the appointment, remuneration and terms & conditions of employment of the Chief Financial Officer, Company Secretary and 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 of three members, two being Non-Executive directors; while one member is independent 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 four members, of whom two are non-executive directors, one is an executive director while the Chairman of the Committee is an independent director. The Terms of Reference of Human Resources & Remuneration Committee has been approved by the BOD and advised to the Human Resources & Remuneration Committee for compliance.

17. The Company has appointed a Chief Internal Auditor, who is assisted by M/s EY Ford Rhodes 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 the Pakistan Stock Exchange Limited.

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

22. The company through the Company Secretary complies with all the requirements related to maintenance of register of persons having access to inside information.

23. The Company has documented the following policies and statements in compliance with the Code of Corporate Governance:
    1. Policy for Code of Conduct
    2. Mission Statement / Quality, Environmental, Health & Safety Policy
    3. Vision Statement
    4. Human Resources Policies
    5. Policy for Acquisition / Disposal of Fixed Assets
    6. Policy for Donations, Charities and Contributions
    7. Policy for Stores & Spares
    8. Policy for Write off Bad Debts, Advances & Receivables
    9. Investment Policy
    10. Budgetary Control Policy
    11. Policy for Delegation of Financial Powers
    12. Borrowing Policy for Determination of Level of Long Term Borrowings
    13. Related party Transactions & Transfer Pricing Policy
    14. Policy for Pricing, Credit & Discount
    15. Policy for Procurement of Goods & Services
    16. Risk Management Policy
    17. Policy for Profit Appropriation for Dividend Payment
    18. Roles & Responsibilities of The Chairman & Chief Executive
    19. Policy for Level of Materiality
    20. Speak-Up Policy
    21. Policy on Chief Executive Officer Evaluation
    22. Policy for Board Evaluation
    23. Policy for Review and Guidance on Litigation
    24. Directors' Remuneration Policy
    25. Investors Relations Policy
    26. Group Information Technology Policy
    27. Group Borrowing Policy
    28. Policy on Occupational Health & Safety and Environment

24. We confirm that all other material principles enshrined in the CCG have been complied with.

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 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 2017 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 2017.

Further, we highlight instances 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 5.19.11 (f) (x) and sub clauses (iii), (iv) and (xii) of the Code. 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 Hadi & Co.

Date: 17 August 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Financial Summary

Key Operating Highlights

		2017	2016	2015	2014	2013	2012	2011
FINANCIAL POSITION								
Balance sheet								Rs. Million
Property, plant and equipment		**5,088**	4,852	3,622	3,502	3,465	2,804	2,679
Investments		**2,743**	2,743	2,743	2,593	2,584	2,584	2,584
Other non current assets		**67**	59	21	18	18	14	26
Current assets		**10,619**	6,322	6,752	10,133	8,500	9,665	8,623
Total assets		**18,516**	13,977	13,138	16,247	14,566	15,066	13,911
Share capital		**1,199**	1,199	1,199	1,199	1,199	1,199	1,199
Reserves		**4,643**	4,004	3,583	3,224	3,179	2,976	3,065
Total equity		**5,841**	5,202	4,782	4,423	4,378	4,175	4,264
Surplus on revaluation of fixed assets		**2,017**	2,104	1,561	1,582	1,605	1,003	1,008
Non current liabilities		**1,494**	1,332	458	568	718	589	405
Current liabilities		**9,164**	5,338	6,337	9,674	7,866	9,299	8,234
Total liabilities		**10,657**	6,670	6,795	10,242	8,583	9,889	8,639
Total equity & liabilities		**18,516**	13,977	13,138	16,247	14,566	15,066	13,911
Net current assets		**1,455**	984	415	459	634	366	389
OPERATING AND FINANCIAL TRENDS								
Profit and Loss								
Net turnover		**16,707**	14,821	17,674	16,341	17,730	16,802	15,851
Gross profit		**2,840**	2,469	1,879	2,102	2,065	1,909	1,812
EBITDA		**2,997**	1,708	1,666	1,666	1,608	1,620	2,044
Operating profit		**1,671**	1,399	1,100	1,338	1,320	1,329	1,195
Profit before taxation		**2,393**	1,104	933	652	699	391	1,269
Profit after taxation		**1,842**	786	731	503	558	326	1,030
Cash dividend		**1,079**	540	480	390	390	240	600
Capital expenditure (addition during the year)		**636**	868	366	224	185	326	926
Cash Flows								
Operting activities		**(2,102)**	1,843	2,255	1,546	1,207	(249)	689
Investing activities		**359**	(817)	(215)	(182)	(169)	(313)	950
Financial activities		**(921)**	386	(475)	(417)	(646)	(155)	(1,371)
Cash & cash equivalents at the end of the year		**(5,892)**	(3,227)	(4,640)	(6,205)	(7,152)	(7,543)	(6,826)
KEY INDICATORS								
Profitability Ratios								
Gross profit ratio	%	**17.0**	16.7	10.6	12.9	11.6	11.4	11.4
Net profit to Sales	%	**11.0**	5.3	4.1	3.1	3.1	1.9	6.5
EBITDA Margin to Sales	%	**17.9**	11.5	9.4	10.2	9.1	9.6	12.9
Return on Equity with Surplus on revaluation of fixed assets	%	**23.4**	10.8	11.5	8.4	9.3	6.3	19.5
Return on Equity without Surplus on revaluation of fixed assets	%	**31.5**	15.1	15.3	11.4	12.8	7.8	24.2
Return on Capital Employed	%	**20.4**	9.4	11.1	8.0	8.7	5.8	18.7
Return on Total Assets	%	**10.0**	5.6	5.6	3.1	3.8	2.2	7.4

		2017	2016	2015	2014	2013	2012	2011
Liquidity Ratios								
Current ratio		**1.16**	1.18	1.07	1.05	1.08	1.04	1.05
Quick / Acid test ratio		**0.26**	0.40	0.47	0.34	0.38	0.24	0.46
Cash to Current Liabilities		**(0.64)**	(0.60)	(0.73)	(0.64)	(0.91)	(0.81)	(0.83)
Cash flow from Operations to Sales		**(0.13)**	0.12	0.13	0.09	0.07	(0.01)	0.04
Activity / Turnover Ratios								
Inventory turnover ratio	Times	**1.7**	3.0	4.3	2.1	2.9	2.0	3.0
Inventory turnover in days	Days	**215**	120	84	171	126	179	124
Debtor turnover ratio	Times	**9.8**	10.8	8.7	8.2	9.6	11.2	9.5
Debtor turnover in days	Days	**37**	34	42	44	38	33	38
Creditor turnover ratio	Times	**17.3**	23.1	23.4	5.6	77.0	17.0	26.3
Creditor turnover in days	Days	**21**	16	16	65	5	21	14
Total assets turnover ratio	Times	**0.9**	1.1	1.3	1.0	1.2	1.1	1.1
Fixed assets turnover ratio	Times	**3.3**	3.1	4.9	4.7	5.1	6.0	5.9
Operating cycle in days	Days	**231**	138	111	150	159	191	148
Capital employed turnover ratio	Times	**1.8**	1.8	2.7	2.6	2.8	3.0	2.9
Investment / Market Ratios								
Earnings per share - basic and diluted	Rs.	**15.4**	6.6	6.1	4.2	4.7	2.7	8.6
Price earning ratio	Times	**24.0**	10.8	11.0	11.8	9.7	10.4	5.8
Dividend Yield ratio	%	**2.4**	6.4	6.0	6.6	7.2	7.1	10.1
Dividend Payout ratio	%	**58.6**	68.6	65.6	77.5	69.8	73.6	58.2
Dividend per share - Cash	Rs.	**9.00**	4.50	4.00	3.25	3.25	2.00	5.00
Dividend Cover	Times	**1.71**	1.46	1.52	1.29	1.43	1.36	1.72
Market value per share at the end of the year	Rs.	**369**	71	67	49	45	28	50
Market value per share high during the year	Rs.	**406**	94	87	61	49	52	71
Market value per share low during the year	Rs.	**81**	60	45	40	28	26	44
Break-up value per share with revaluation of fixed assets	Rs.	**66**	61	53	50	50	43	44
Break-up value per share without revaluation of fixed assets	Rs.	**49**	43	40	37	37	35	36
Capital Structure Ratios								
Financial leverage ratio		**1.4**	0.9	1.1	1.7	1.4	1.9	1.6
Total Debt : Equity ratio		**58:42**	48:52	52:48	63:37	59:41	66:34	62:38
Interest cover		**7.5**	4.2	2.3	1.7	1.9	1.3	2.1
Value Addition								
Employees as remuneration	Rs M	**1,136**	1,138	904	728	657	592	610
Government as taxes	Rs M	**3,354**	2,784	2,534	2,712	2,599	1,999	3,027
Shareholders as dividends	Rs M	**1,079**	540	480	390	390	240	600
Retained within the business	Rs M	**763**	246	251	113	168	86	430
Financial charges to providers of finance	Rs M	**224**	334	488	779	699	1,037	579

Vertical Analysis

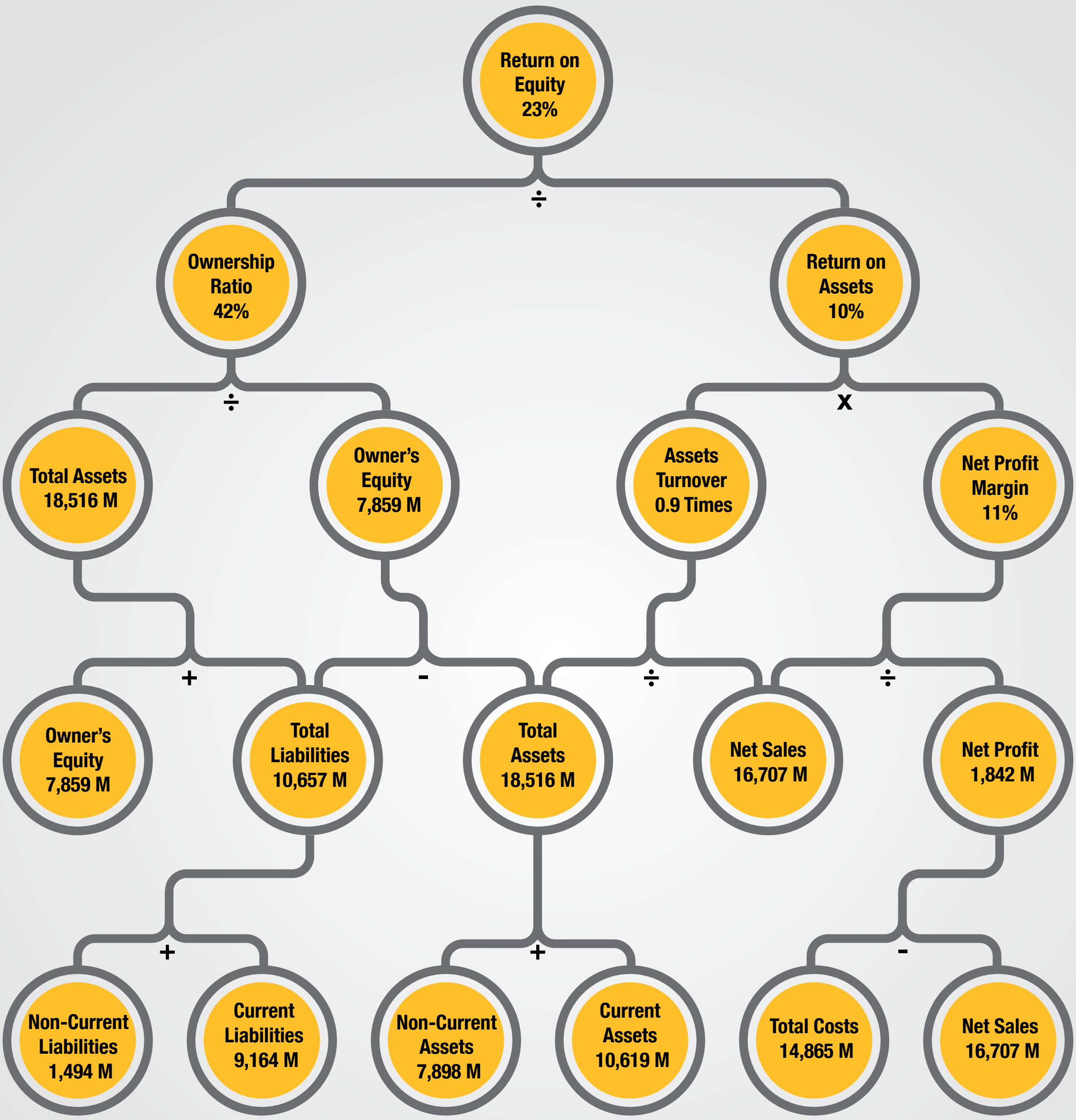
Rs. Million

	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
OPERATING RESULTS:														
Sales - Net	**16,707**	**100**	14,821	100	17,674	100	16,341	100	17,730	100	16,802	100	15,851	100
Cost of sales	**13,867**	**83.0**	12,351	83.3	15,795	89.4	14,240	87.1	15,665	88.4	14,893	88.6	14,039	88.6
Gross profit	**2,840**	**17.0**	2,469	16.7	1,879	10.6	2,102	12.9	2,065	11.6	1,909	11.4	1,812	11.4
Administrative, Selling and Distribution expenses	**1,170**	**7.0**	1,070	7.2	778	4.4	764	4.7	744	4.2	580	3.5	617	3.9
Other operating expenses	**180**	**1.1**	116	0.8	82	0.5	73	0.4	71	0.4	41	0.2	220	1.4
Other operating income	**1,127**	**6.7**	155	1.0	402	2.3	166	1.0	149	0.8	140	0.8	872	5.5
Profit before finance costs	**2,618**	**15.7**	1,438	9.7	1,420	8.0	1,431	8.8	1,398	7.9	1,428	8.5	1,848	11.7
Finance costs	**224**	**1.3**	334	2.3	488	2.8	779	4.8	699	3.9	1,037	6.2	579	3.7
Profit before taxation	**2,393**	**14.3**	1,104	7.4	933	5.3	652	4.0	699	3.9	391	2.3	1,269	8.0
Taxation	**551**	**3.3**	318	2.1	202	1.1	149	0.9	141	0.8	65	0.4	239	1.5
Profit for the year	**1,842**	**11.0**	786	5.3	731	4.1	503	3.1	558	3.1	326	1.9	1,030	6.5
BALANCE SHEET														
Property, plant and equipment	**5,088**	**27.5**	4,852	34.7	3,622	27.6	3,502	21.6	3,465	23.8	2,804	18.6	2,679	19.3
Investments	**2,743**	**14.8**	2,743	19.6	2,743	20.9	2,593	16.0	2,584	17.7	2,584	17.1	2,584	18.6
Other non current assets	**67**	**0.4**	59	0.4	21	0.2	18	0.1	18	0.1	14	0.1	26	0.2
Current assets	**10,619**	**57.3**	6,322	45.2	6,752	51.4	10,133	62.4	8,500	58.4	9,665	64.2	8,623	62.0
Total assets	**18,516**	**100**	13,977	100	13,138	100	16,247	100	14,566	100	15,066	100	13,911	100
Shareholders' equity	**5,841**	**31.5**	5,202	37.2	4,782	36.4	4,423	27.2	4,378	30.1	4,175	27.7	4,264	30.7
Surplus on revaluation of fixed assets	**2,017**	**10.9**	2,104	15.1	1,561	11.9	1,582	9.7	1,605	11.0	1,003	6.7	1,008	7.2
Non current liabilities	**1,494**	**8.1**	1,332	9.5	458	3.5	568	3.5	718	4.9	589	3.9	405	2.9
Current portion of long term financing	**110**	**0.6**	158	1.1	150	1.1	150	0.9	-	0.0	321	2.1	238	1.7
Short term borrowings	**5,899**	**31.9**	3,243	23.2	4,664	35.5	6,277	38.6	7,158	49.1	7,564	50.2	6,839	49.2
Other current liabilities	**3,155**	**17.0**	1,937	13.9	1,522	11.6	3,247	20.0	708	4.9	1,414	9.4	1,157	8.3
Total equity and liabilities	**18,516**	**100**	13,977	100	13,138	100	16,247	100	14,566	100	15,066	100	13,911	100
CASH FLOWS:														
Net cash generated from/(used in) operating activities	**(2,102)**	**(78.9)**	1,843	130.5	2,255	144.1	1,546	163.3	1,207	308.2	(249)	(34.7)	689	257.1
Net cash inflows/(outflows) from investing activities	**359**	**13.5**	(817)	(57.9)	(215)	(13.7)	(182)	(19.2)	(169)	(43.1)	(313)	(43.7)	950	354.4
Net cash (outflows)/inflows from financing activities	**(921)**	**(34.6)**	386	27.4	(475)	(30.4)	(417)	(44.0)	(646)	(165.1)	(155)	(21.6)	(1,371)	(511.6)
Net increase/(decrease) in cash and cash equivalents	**(2,665)**	**(100.0)**	1,412	100.0	1,565	100.0	947	100.0	392	100.0	(717)	(100.0)	268	100.0

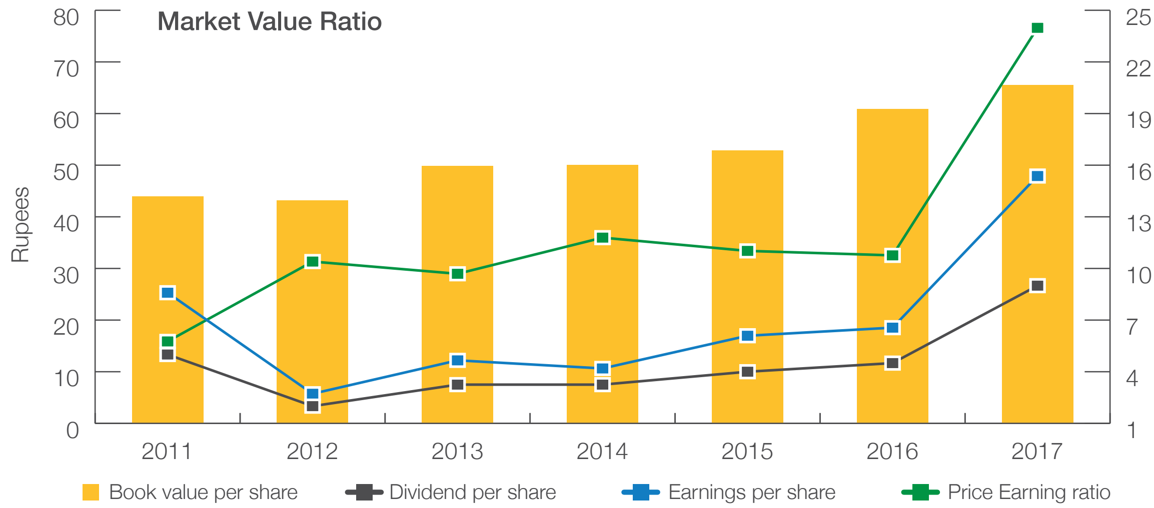
Horizontal Analysis

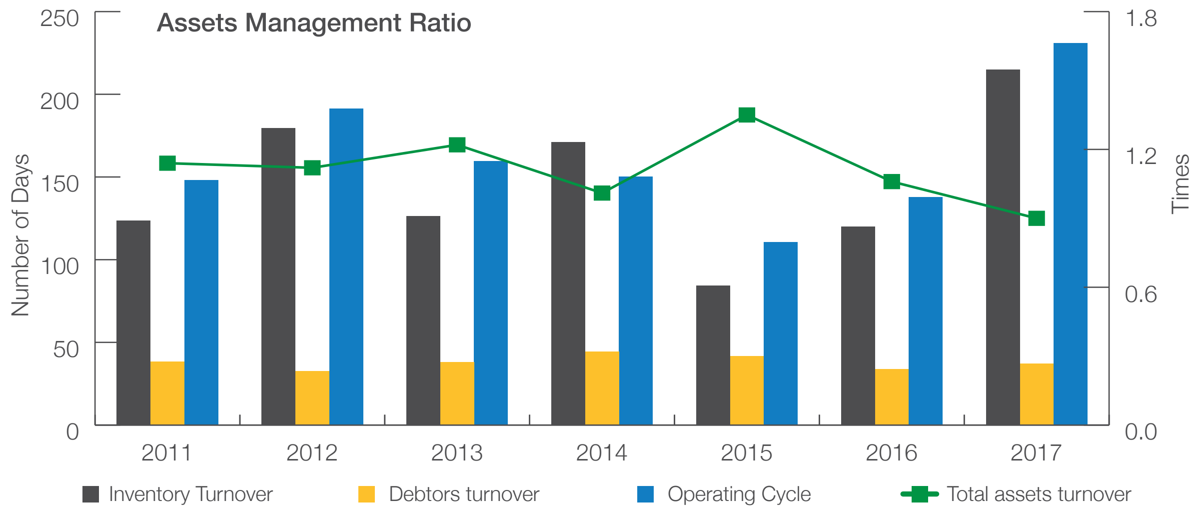
	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
OPERATING RESULTS:														Rs. Million
Sales - Net	**16,707**	**12.7**	14,821	(16.1)	17,674	8.2	16,341	(7.8)	17,730	5.5	16,802	6.0	15,851	17.7
Cost of sales	**13,867**	**12.3**	12,351	(21.8)	15,795	10.9	14,240	(9.1)	15,665	5.2	14,893	6.1	14,039	(224.8)
Gross profit	**2,840**	**15.0**	2,469	31.4	1,879	(10.6)	2,102	1.8	2,065	8.1	1,909	5.4	1,812	(18.5)
Administrative, Selling and Distribution expenses	**1,170**	**9.3**	1,070	37.4	778	1.9	764	2.6	744	28.3	580	(5.9)	617	(218.8)
Other operating expenses	**180**	**55.0**	116	42.1	82	12.0	73	2.1	71	74.8	41	(81.4)	220	(196.8)
Other operating income	**1,127**	**625.6**	155	(61.4)	402	141.7	166	11.4	149	6.8	140	(84.0)	872	(820.9)
Operating profit/(loss) before finance costs	**2,618**	**82.0**	1,438	1.3	1,420	(0.7)	1,431	2.4	1,398	(2.1)	1,428	(22.7)	1,848	36.4
Finance costs	**224**	**(33.0)**	334	(31.4)	488	(37.4)	779	11.5	699	(32.6)	1,037	79.2	579	(325.2)
Profit/(loss) before taxation	**2,393**	**116.8**	1,104	18.3	933	43.1	652	(6.8)	699	79.0	391	(69.2)	1,269	15.6
Taxation	**551**	**73.3**	318	57.2	202	35.9	149	5.8	141	117.6	65	(72.9)	239	(171.8)
Profit for the year	**1,842**	**134.4**	786	7.6	731	45.3	503	(9.9)	558	71.3	326	(68.4)	1,030	34.6
BALANCE SHEET														
Property, plant and equipment	**5,088**	**4.9**	4,852	34.0	3,622	3.4	3,502	1.1	3,465	23.6	2,804	4.7	2,679	(73.0)
Investments	**2,743**	**0.0**	2,743	0.0	2,743	5.8	2,593	0.4	2,584	0.0	2,584	0.0	2,584	2337.3
Other non current assets	**67**	**12.9**	59	183.6	21	13.9	18	4.2	18	27.3	14	(46.5)	26	43.8
Current assets	**10,619**	**68.0**	6,322	(6.4)	6,752	(33.4)	10,133	19.2	8,500	(12.1)	9,665	12.1	8,623	(1.0)
Total assets	**18,516**	**32.5**	13,977	6.4	13,138	(19.1)	16,247	11.5	14,566	(3.3)	15,066	8.3	13,911	(25.8)
Shareholders' equity	**5,841**	**12.3**	5,202	8.8	4,782	8.1	4,423	1.0	4,378	4.9	4,175	(2.1)	4,264	29.1
Surplus on revaluation of fixed assets	**2,017**	**(4.1)**	2,104	34.8	1,561	(1.3)	1,582	(1.5)	1,605	60.0	1,003	(0.4)	1,008	(26.3)
Non current liabilities	**1,494**	**12.1**	1,332	190.9	458	(19.4)	568	(20.8)	718	21.8	589	45.3	405	(92.4)
Current portion of long term financing	**110**	**100.0**	158	100.0	150	100.0	150	100.0	-	(100.0)	321	35.1	238	(60.4)
Short term borrowings	**5,899**	**81.9**	3,243	(30.5)	4,664	(25.7)	6,277	(12.3)	7,158	(5.4)	7,564	10.6	6,839	(3.9)
Other current liabilities	**3,155**	**62.9**	1,937	27.2	1,522	(53.1)	3,247	358.9	708	(50.0)	1,414	22.2	1,157	16.7
Total equity and liabilities	**18,516**	**32.5**	13,977	6.4	13,138	(19.1)	16,247	11.5	14,566	(3.3)	15,066	8.3	13,911	(25.8)
CASH FLOWS:														
Net cash generated from/(used in) operating activities	**(2,102)**	**(214.1)**	1,843	18.3	2,255	45.9	1,546	28.1	1,207	(584.3)	(249)	(136.1)	689	(119.8)
Net cash inflows/(outflows) from investing activities	**359**	**(143.9)**	(817)	(280.9)	(215)	(17.9)	(182)	7.9	(169)	(46.1)	(313)	(132.9)	950	(122.5)
Net cash (outflows)/inflows from financing activities	**(921)**	**(338.4)**	386	181.2	(475)	(14.0)	(417)	(35.5)	(646)	317.4	(155)	(88.7)	(1,371)	(147.0)
Net increase/(decrease) in cash and cash equivalents	**(2,665)**	**(288.7)**	1,412	9.8	1,565	65.4	947	141.8	392	(154.6)	(717)	(367.5)	268	(105.6)

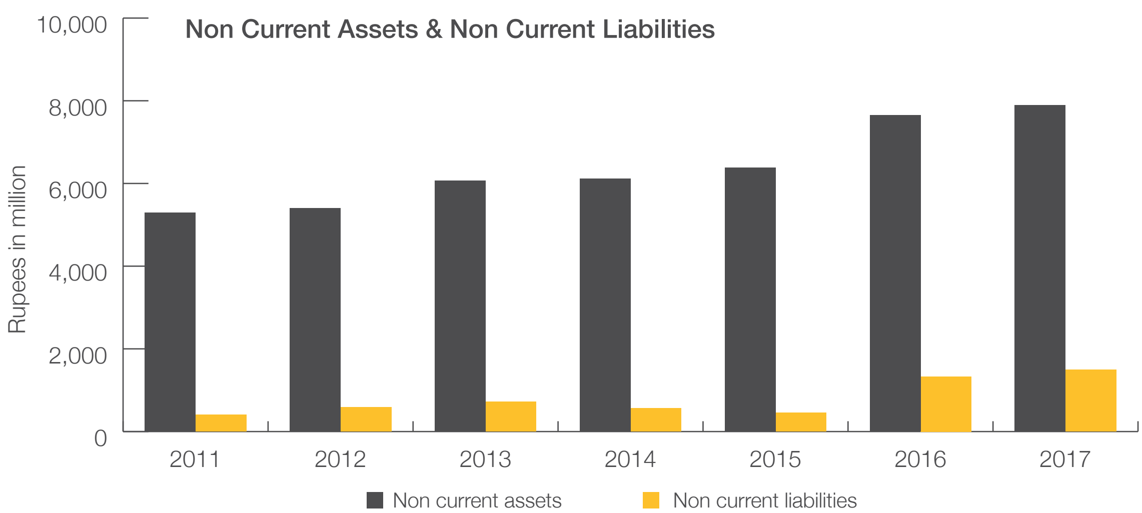
DuPont Analysis 2017



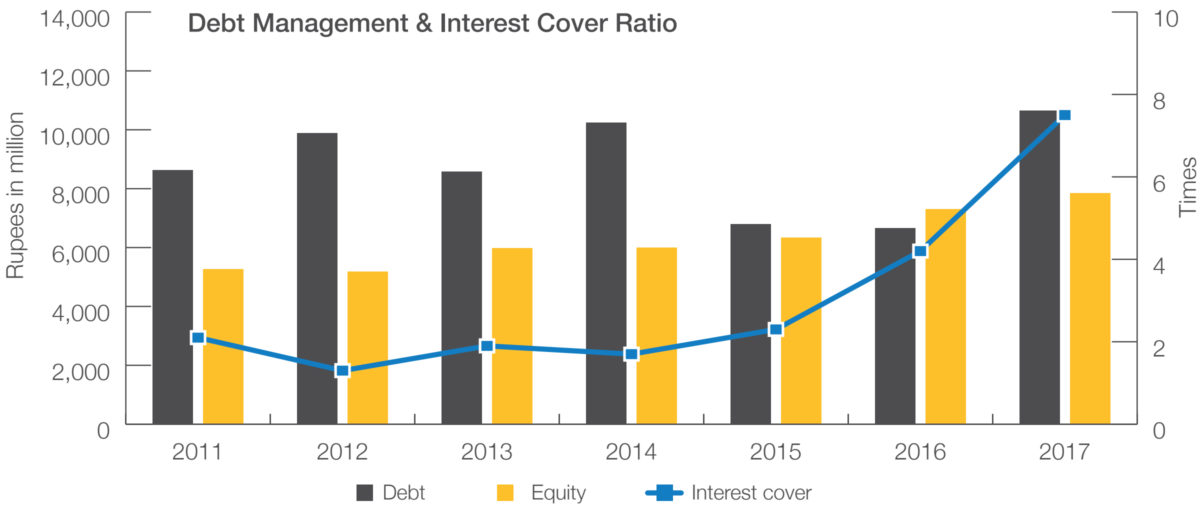
Performance at a Glance

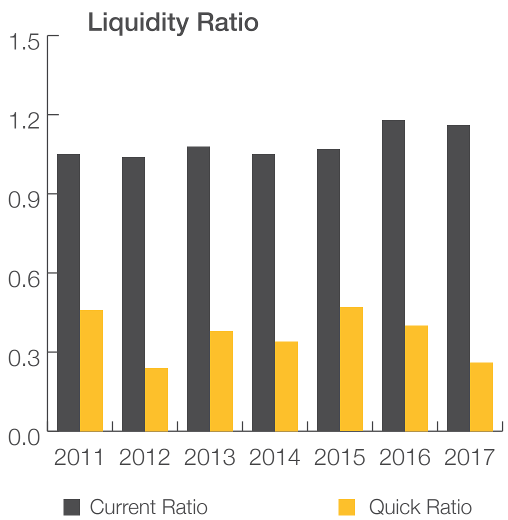


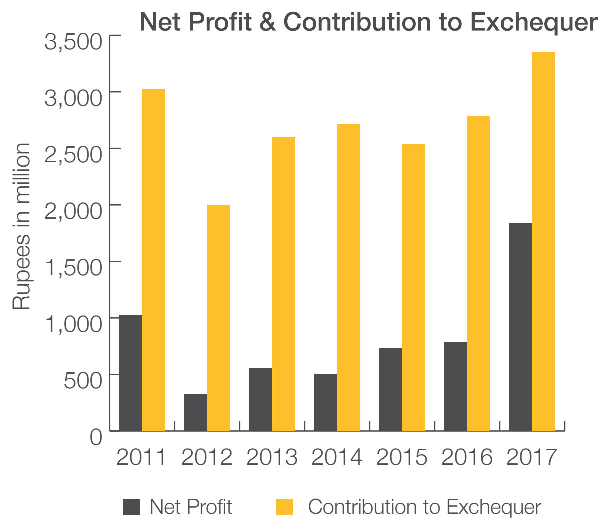


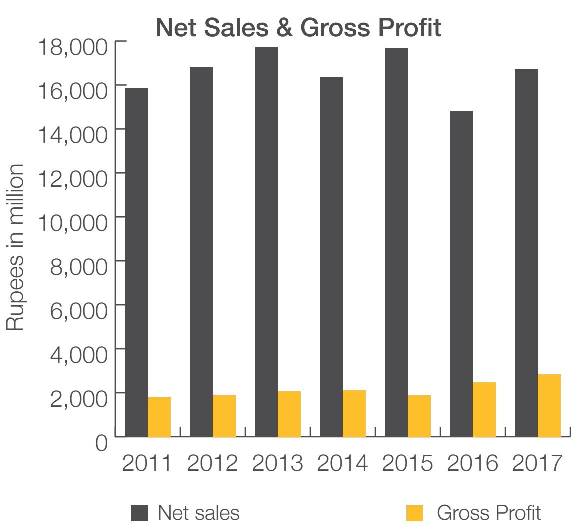


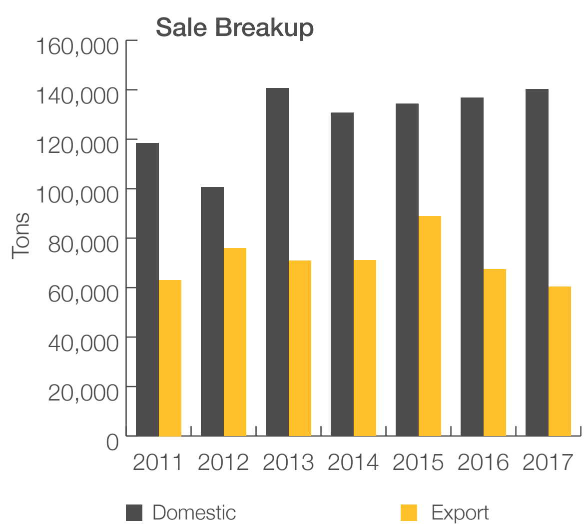
Performance at a Glance

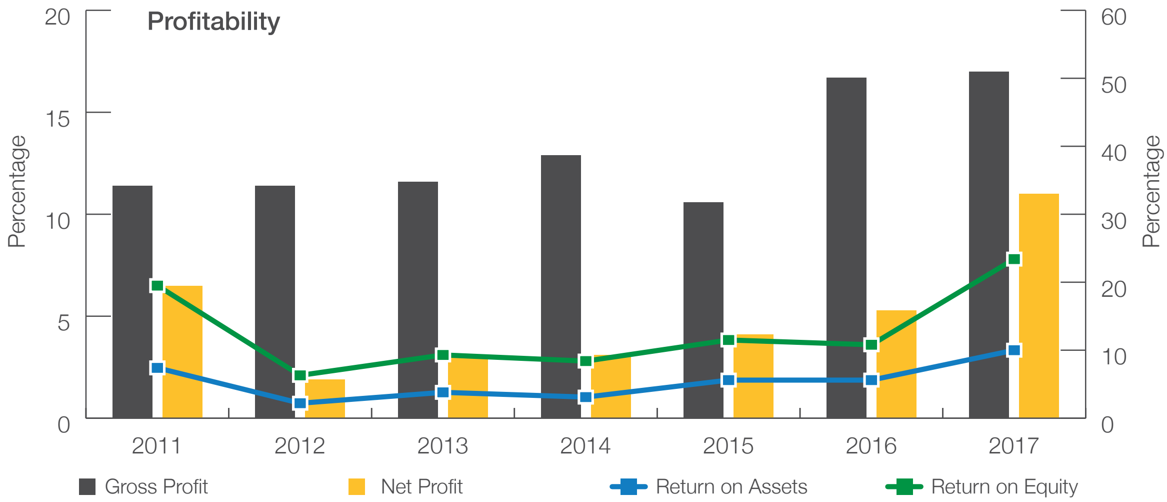


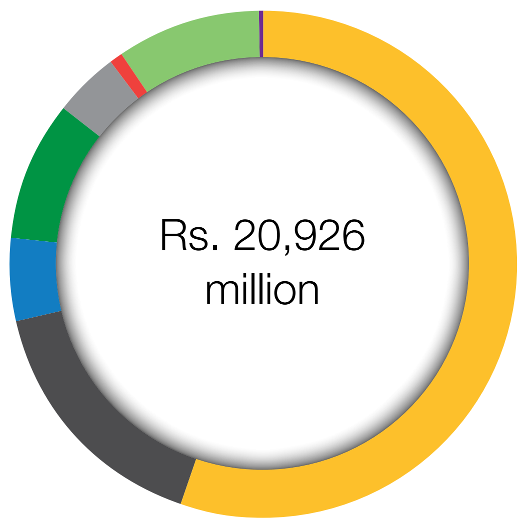










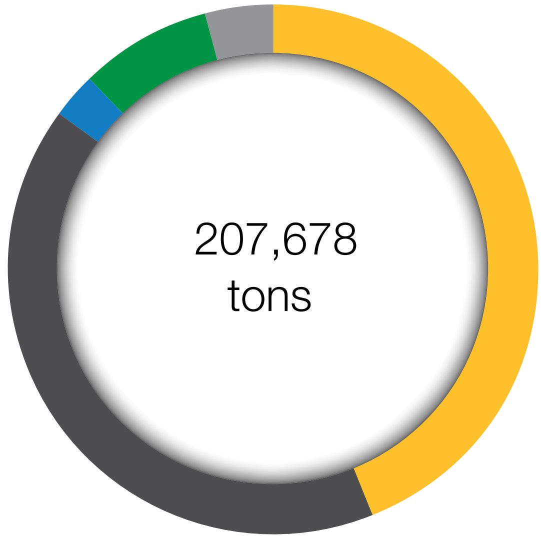


Application of Gross Revenues

Material	55%
Contribution in exchequer	16%
Employees as remuneration	5%
Factory and other costs	9%
Trade discount and commision	4%
Financial charges	1%
Dividend and retention	9%
Society as donation	0.1%

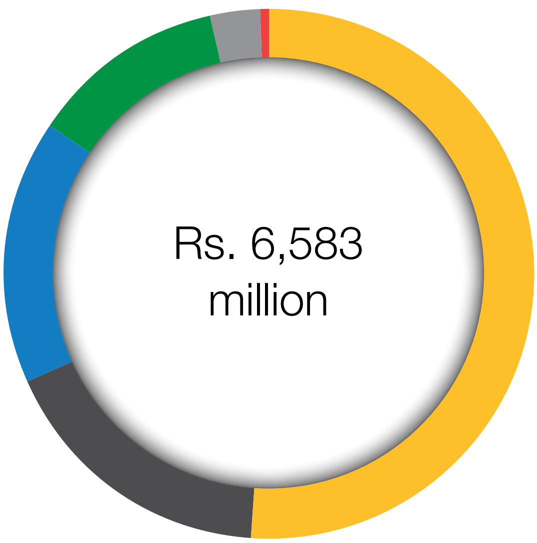
Product Wise Performance

Galvanized iron pipes	44%
CR steel tubes	41%
API line pipes	3%
Black pipes	8%
Plastic pipes	4%

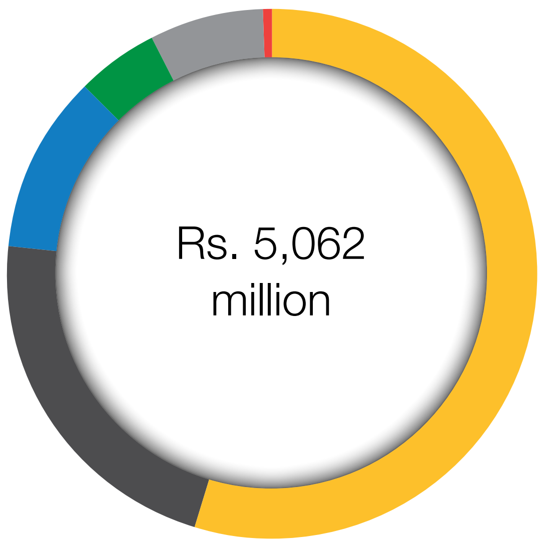


Value Addition and Distribution

2017



2016



	2017	2016
Contribution in Exchequer	51%	55%
Employees as remuneration	17%	22%
Shareholders as dividends	16%	11%
Retained within the business	12%	5%
Financial charges	3%	7%
Society as donation	0.4%	0.4%

Financial Statements

Auditors’ Report to the Members

We have audited the annexed balance sheet of International Industries Limited (“the Company”) as at 30 June 2017 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 repealed 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 repealed 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 repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

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 repealed 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 2017 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 Hadi & Co.

Date: 17 August 2017
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Balance Sheet

As at 30 June 2017

	Note	2017	2016
		Rs '000	
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,088,085	4,852,292
Intangible assets	6	15,509	13,141
Investments	7	2,742,705	2,742,705
Long term deposits		51,475	46,166
		7,897,774	7,654,304
Current assets			
Stores and spares	8	107,381	132,502
Stock-in-trade	9	8,164,856	4,058,092
Trade debts	10	1,981,679	1,624,603
Advances	11	59,014	157,738
Trade deposits and short term prepayments	12	13,032	8,906
Other receivables	13	18,446	37,051
Sales tax receivable		266,817	-
Taxation	14	-	287,663
Cash and bank balances	15	7,279	15,822
		10,618,504	6,322,377
Total assets		18,516,278	13,976,681
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (2016: 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
Un-appropriated profit		1,942,475	1,303,533
Total equity		5,841,437	5,202,495
Surplus on revaluation of property, plant and equipment	17	2,017,384	2,104,009
LIABILITIES			
Non-current liabilities			
Long term financing - secured	18	1,178,347	1,038,054
Staff retirement benefits	33.2	85,121	44,835
Deferred taxation	19	230,208	249,261
		1,493,676	1,332,150
Current liabilities			
Trade and other payables	20	2,995,759	1,858,904
Short term borrowings - secured	21	5,899,407	3,243,249
Current portion of long term financing- secured	18	109,707	158,205
Sales tax payable		-	37,213
Taxation	14	96,337	-
Accrued mark-up		62,571	40,456
		9,163,781	5,338,027
Total liabilities		10,657,457	6,670,177
Total equity and liabilities		18,516,278	13,976,681
Contingencies and commitments	22		

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

Profit And Loss Account

For the year ended 30 June 2017

	Note	2017	2016
		Rs '000	
Net sales	23	**16,706,963**	14,820,526
Cost of sales	24	**(13,866,593)**	(12,351,461)
Gross profit		**2,840,370**	2,469,065
Selling and distribution expenses	25	**(873,269)**	(782,970)
Administrative expenses	26	**(296,562)**	(286,905)
		(1,169,831)	(1,069,875)
Financial and other charges	27	**(224,124)**	(334,483)
Other operating charges	28	**(179,739)**	(115,971)
		(403,863)	(450,454)
Other income	29	**1,126,735**	155,280
Profit before taxation		**2,393,411**	1,104,016
Taxation	30	**(551,000)**	(318,000)
Profit for the year		**1,842,411**	786,016
		(Rupees)	
Earnings per share - basic and diluted	31	**15.37**	6.56

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 2017

	2017	2016
	------------- Rs '000	--------------
Profit for the year	**1,842,411**	786,016
Other comprehensive (loss) / income		
Items that will not be reclassified to profit and loss account		
Remeasurements of net defined benefit liability	**(40,286)**	25,742
Related tax	**9,065**	(5,825)
Other comprehensive (loss) / income - net of tax	**(31,221)**	19,917
Total comprehensive income for the year	**1,811,190**	805,933

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 2017

	Note	2017	2016
		Rs '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**2,393,411**	1,104,016
Adjustments for:			
Depreciation and amortisation	5.2 & 6.1	**379,149**	269,587
Provision for doubtful debts - net		**48,354**	68,039
Provision for staff gratuity	33.2	**28,887**	33,024
Interest on bank deposits	29	**(1,085)**	(967)
Gain on disposal of property, plant and equipment	29	**(24,283)**	(34,051)
Dividend income		**(950,495)**	(7,278)
Financial charges	27	**224,124**	334,483
		2,098,062	1,766,853
Changes in:			
Working capital	32	**(3,787,312)**	653,076
Long term prepayments		**-**	833
Long term deposits		**(5,309)**	(39,299)
Net cash (used in) / generated from operations		**(1,694,559)**	2,381,463
Financial charges paid		**(202,009)**	(353,212)
Payment for staff gratuity	33.2	**(28,887)**	(33,024)
Taxes paid		**(176,988)**	(151,994)
Net cash (used in) / generated from operating activities		**(2,102,443)**	1,843,233
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(636,327)**	(868,188)
Proceeds from sale of property, plant and equipment		**43,300**	42,728
Dividend income received		**950,495**	7,278
Interest received		**1,085**	967
Net cash generate d from / (used in) investing activities		**358,553**	(817,215)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		**250,000**	953,267
Repayment of long term financing		**(158,205)**	(150,000)
Dividends paid		**(1,012,606)**	(416,978)
Net cash (used in) / generated from financing activities		**(920,811)**	386,289
Net (decrease) / increase in cash and cash equivalents		**(2,664,701)**	1,412,307
Cash and cash equivalents at beginning of the year		**(3,227,427)**	(4,639,734)
Cash and cash equivalents at end of the year		**(5,892,128)**	(3,227,427)
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances	15	**7,279**	15,822
Short term borrowings - secured	21	**(5,899,407)**	(3,243,249)
		(5,892,128)	(3,227,427)

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

Statement of Changes in Equity

For the year ended 30 June 2017

	Issued, subscribed and paid up capital	Revenue reserves General reserves	Revenue reserves Un-appropriated profit	Total reserves	Total
	----------	----------	(Rupees in '000)	----------	----------
Balance as at 1 July 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	-	-	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% (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
Profit for the year	-	-	1,842,411	1,842,411	1,842,411
Other comprehensive income for the year	-	-	(31,221)	(31,221)	(31,221)
Total comprehensive income for the year	-	-	1,811,190	1,811,190	1,811,190
Transactions with owners recorded directly in equity - distributions					
- Final dividend at 35% (i.e. Rs. 3.50 per share) for the year ended 30 June 2016	-	-	(419,624)	(419,624)	(419,624)
- 1st Interim dividend at 25% (i.e. Rs. 2.50 per share) for the year ended 30 June 2017	-	-	(299,732)	(299,732)	(299,732)
- 2nd Interim dividend at 45% (i.e. Rs. 4.50 per share) for the year ended 30 June 2017	-	-	(539,517)	(539,517)	(539,517)
Total transactions with owners - distributions	-	-	(1,258,873)	(1,258,873)	(1,258,873)
Transfer from surplus on revaluation on disposal of property, plant and equipment - net of deferred tax	-	-	8,321	8,321	8,321
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	78,304	78,304	78,304
Balance as at 30 June 2017	1,198,926	2,700,036	1,942,475	4,642,511	5,841,437

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

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, polyethylene pipes and PPRC pipes & fittings. 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.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 20 July 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

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 amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material judgment in the next year financials are set forth below:

- Property, plant and equipment and Intangible assets (notes 4.1 and 4.2).
- Trade debts and other receivables (note 4.9)
- Derivative financial instruments (note 4.4 and 4.5)
- Stores and spares (note 4.7)
- Stock-in-trade (note 4.8)

- Taxation (note 4.11)
- Employee benefits (note 4.12)
- Impairment (note 4.18)
- Provisions (note 4.20)

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.

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 01 July 2017:

- 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 further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. 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 recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

  - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

  - Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

  The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. Accordingly, surplus on revaluation of fixed assets (note 17) will be part of equity.

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.

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 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 (un-appropriated 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 (un-appropriated 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.

- Toll manufacturing / partial manufacturing income is recognized when the related services are rendered.

- 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 purposes of making decisions regarding resource allocation and performance assessment. Further, due to significant returns, the management now monitors returns from its strategic Investments separately. Accordingly, Investments has also been identified as a reportable segment.

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	2017	2016
		Rs '000	
Operating assets	5.1	4,999,661	4,784,966
Capital work-in-progress (CWIP)	5.5	82,931	65,029
Stores & spares held for capital expenditures - at cost		5,493	2,297
		5,088,085	4,852,292

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 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 (NBV)	528,791	1,486,693	240,984	897,833	1,553,544	13,030	64,091	4,784,966
Additions / adjustments / transfers from CWIP	-	14,541	33,883	71,893	447,978	8,807	31,008	608,110
Disposals								
- Cost	-	-	(16,141)	-	(42,630)	(657)	(17,125)	(76,553)
- Accumulated depreciation	-	-	1,248	-	41,506	608	14,174	57,536
	-	-	(14,893)	-	(1,124)	(49)	(2,951)	(19,017)
Depreciation charge	-	-	(16,390)	(111,697)	(215,543)	(5,837)	(24,931)	(374,398)
Balance as at 30 June 2017 (NBV)	**528,791**	**1,501,234**	**243,584**	**858,029**	**1,784,855**	**15,951**	**67,217**	**4,999,661**
Gross carrying value as at 30 June 2017								
Cost / revalued amount	528,791	1,501,234	258,726	969,726	3,917,123	102,580	140,047	7,418,227
Accumulated depreciation	-	-	(15,142)	(111,697)	(2,132,268)	(86,629)	(72,830)	(2,418,566)
Net book value	**528,791**	**1,501,234**	**243,584**	**858,029**	**1,784,855**	**15,951**	**67,217**	**4,999,661**
Depreciation rates (% per annum)	**-**	**-**	**2 - 50**	**2 - 50**	**3 - 50**	**10 - 33.3**	**20**	
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 / transfer 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	

* 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	2017	2016
		Rs '000	
Cost of sales	24	**348,382**	238,602
Selling and distribution expenses	25	**10,974**	11,383
Administrative expenses	26	**15,042**	15,417
		374,398	265,402

5.3 The revaluation of 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 2017, 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	**381,337**	**-**	**381,337**
Buildings	**784,494**	**(342,901)**	**441,593**
As at 30 June 2017	**1,307,793**	**(342,901)**	**964,892**
As at 30 June 2016	1,192,863	(317,270)	875,593

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

Asset category	Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
			(Rupees in '000)				
Buildings	Buildings	16,141	1,248	14,893	-	Demolished	
Plant and Machinery	Plant K-76	10,615	9,930	685	2,390	Negotiation	M/s. Modelina Enterprises
	Friction Saw	1,500	1,197	303	1,805	Negotiation	M/s. Modelina Enterprises
	Frohling Slitter	4,454	4,404	50	14,229	Negotiation	M/s. Modelina Enterprises
Vehicles	Honda City	1,507	1,030	477	-	Company's Policy	Mr. Wajahatullah Khan
	Honda City	1,507	1,331	176	-	Company's Policy	Mr. Saeed Qureshi
	Toyota Corolla	2,087	1,739	348	1,440	Negotiation	Mr. Zeeshan
	Toyota Corolla	2,016	101	1,915	2,125	Negotiation	Mr. Abdur Rehman
Others	Various other items of book value upto Rs. 50,000 each	36,726	36,556	170	21,311	Negotiation	Various
		76,553	**57,536**	**19,017**	**43,300**		

5.5 Capital work-in-progress (CWIP)

	Note	Cost As at 1 July 2016	Additions / Adjustments	Transfers / Adjustments	As at 30 June 2017
		(Rupees in '000)			
Leasehold land		**3,585**	**10,956**	**(14,541)**	**-**
Buildings on freehold land		**7,959**	**26,885**	**(33,883)**	**961**
Buildings on leasehold land		**11,259**	**66,189**	**(71,893)**	**5,555**
Plant and machinery	5.5.1	**40,495**	**483,251**	**(447,978)**	**75,768**
Furniture, fixtures and office equipment		**1,731**	**7,723**	**(8,807)**	**647**
Vehicles		**-**	**31,008**	**(31,008)**	**-**
		65,029	**626,012**	**(608,110)**	**82,931**

	Note	Cost As at 1 July 2015	Additions	Transfers	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

5.5.1 Additions include borrowing cost capitalized amounting to Rs. Nil (2016: Rs. 10.8 million).

6. INTANGIBLE ASSETS

	Note	2017	2016
		Rs '000	
Operating intangible assets	6.1	**14,429**	3,329
Capital work-in-progress (CWIP)	6.2	**1,080**	9,812
		15,509	13,141

6.1 Operating intangible assets

	Note	2017	2016
Net book value as at 1 July		**3,329**	2,630
Additions		**15,851**	4,884
Amortisation	6.1.2	**(4,751)**	(4,185)
Net book value as at 30 June		**14,429**	3,329
Gross carrying value as at 30 June			
Cost		**74,940**	59,089
Accumulated amortisation		**(60,511)**	(55,760)
Net book value		**14,429**	3,329
		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	2017	2016
		Rs '000	
Cost of sales	24	**1,935**	2,100
Selling and distribution expenses	25	**1,161**	970
Administrative expenses	26	**1,655**	1,115
		4,751	4,185

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

7. INVESTMENTS

2017	2016		Note	2017	2016
-----Number of shares-----				----------- Rs '000 ------------	
Quoted Companies					
245,055,534	245,055,534	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.

7.1.1 The Company has filed a petition in the Honourable Sindh High Court against the deletion of clause 103A of the second schedule of the Income Tax Ordinance, 2001 and obtained a stay order on the deduction of withholding tax on inter-corporate dividend. As per the requirement of the stay order, the Company has pledged 500,000 shares of International Steels Limited in the Honourable Sindh High Court as a security against the tax payable on dividend declared by International Steels Limited on 21 October 2016.

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 Chief Executive Officer of IIL SS is Mr. Khawar Bari.

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

	Note	2017	2016
		----------- Rs '000 ------------	
International Steels Limited	7.5.1	31,340,153	8,728,878
Pakistan Cables Limited	7.5.1	776,292	413,667

7.5.1 Market values of the investments disclosed above is categorised as Level 1 fair value measurement.

7.6 The book value of IIL Australia based on the audited financial statements as at 30 June 2017 is Australian Dollars 110,245 (Rs. 8.89 million) [2016: AUD 103,572 (Rs. 8.05 million)].

7.7 The book value of IIL SS based on the audited financial statements as at 30 June 2017 is Rs. 135 million (2016: Rs. 121 million).

			Note	2017	2016
				----------- Rs '000 ------------	
8.	**STORES AND SPARES**				
	Stores			**59,792**	59,706
	Spares			**44,867**	70,424
	Loose tools			**2,722**	2,372
				107,381	132,502
9.	**STOCK-IN-TRADE**				
	Raw material	- in hand	9.1	**3,763,291**	1,612,610
		- in transit		**1,735,143**	569,459
				5,498,434	2,182,069
	Work-in-process			**984,857**	577,901
	Finished goods			**1,591,908**	1,244,339
	By-products			**2,686**	28,108
	Scrap material			**86,971**	25,675
				8,164,856	4,058,092

9.1 Raw material amounting to Rs. 1.7 million as at 30 June 2017 (2016: Rs. 2.7 million) was held at a vendor's premises for the production of pipe caps.

			Note	2017	2016
10.	TRADE DEBTS				
				----------- Rs '000 ------------	
	Considered good	- secured	10.1	**354,178**	472,576
		- unsecured		**1,627,501**	1,152,027
				1,981,679	1,624,603
	Considered doubtful			**150,000**	105,569
				2,131,679	1,730,172
	Provision for doubtful debts		10.3	**(150,000)**	(105,569)
				1,981,679	1,624,603

10.1 This represents trade debts arising on account of export sales of Rs. 321.9 million (2016: Rs. 464.7 million) which are secured by way of Export Letters of Credit and Rs. 32.3 million (2016: Rs. 7.9 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 2017 are as under:

	Note	2017	2016
		----------- Rs '000 ------------	
IIL Australia Pty Limited		**527,805**	241,482
Pakistan Cables Limited		**11**	272
IIL Stainless Steel (Private) Limited		**-**	45,717
	10.2.1	**527,816**	287,471

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

	Note	2017	2016
		----------- Rs '000	------------
Not yet due		**457,031**	214,871
Past due 1-60 days		**43,143**	59,201
Past due 61 days - 365 days		**27,642**	13,399
Total		**527,816**	287,471

10.3 Provision for doubtful debts

	Note	2017	2016
Balance as at 01 July		**105,569**	37,530
Charge for the year		**65,266**	82,826
Recoveries during the year		**(16,912)**	(14,787)
	25	**48,354**	68,039
Write-off during the year		**(3,923)**	-
Balance as at 30 June		**150,000**	105,569

11. ADVANCES

	Note	2017	2016
Considered good - unsecured			
- Suppliers		**53,941**	156,453
- Employees for business related expenses		**5,073**	1,285
		59,014	157,738

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2017	2016
Trade deposits		**6,900**	5,540
Short term prepayments		**6,132**	3,366
		13,032	8,906

13. OTHER RECEIVABLES

	Note	2017	2016
Considered good			
Receivable on transmission of electricity to K-Electric Limited		**18,102**	8,498
Receivable from IIL Stainless Steel (Private) Limited - subsidiary company		**-**	2,613
Insurance claim		**344**	-
		18,446	11,111
Considered doubtful			
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods		**25,940**	25,940
		44,386	37,051
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior period		**(25,940)**	-
		18,446	37,051

14. TAXATION

	Note	2017	2016
Tax receivable as at 01 July		**287,663**	417,813
Tax payments / adjustments made during the year		**411,015**	253,378
Refund received during the year		**(234,027)**	(101,384)
		464,651	569,807
Less: Provision for tax	30	**(560,988)**	(282,144)
Tax (payable) / receivable as at 30 June		**(96,337)**	287,663

	Note	2017	2016
		(Rupees in '000)	

15. CASH AND BANK BALANCES

	Note	2017	2016
Cash in hand		-	400
Current accounts		6,958	15,422
Saving accounts	15.1	321	-
		7,279	15,822

15.1 Mark-up rate on saving accounts, placed with banks under conventional banking arrangements, ranges from 5.6% to 6.2% (2016: Nil) per annum.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
(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 (2016 : 576,000) ordinary shares of Rs. 10 each at the year end.

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		(Rupees in '000)	
Freehold land			
Balance as at 01 July		386,829	304,708
Surplus on revaluation of freehold land	5.1	-	82,121
Balance as at 30 June		386,829	386,829
Leasehold land			
Balance as at 01 July		1,119,897	800,709
Surplus on revaluation of Leasehold land	5.1	-	319,188
Balance as at 30 June		1,119,897	1,119,897
Buildings			
Balance as at 01 July		771,982	567,169
Adjustment		-	(26,142)
Surplus on revaluation of Buildings	5.1	-	274,923
Disposal of buildings		(10,754)	-
Transferred to retained earnings (un-appropriated profit) in respect of incremental depreciation charged during the year		(101,208)	(43,968)
		660,020	771,982
Related deferred tax liability	17.1	(149,362)	(174,699)
Balance as at 30 June - net of deferred tax		510,658	597,283
		2,017,384	2,104,009

17.1 Movement in related deferred tax liability	Note	2017	2016
		(Rupees in '000)	
Balance as at 01 July		174,699	111,501
Surplus on revaluation of Buildings		-	62,215
Effect of change in tax rates		-	10,932
Tax effect on disposal		(2,433)	-
Tax effect on incremental depreciation transferred to retained earnings		(22,904)	(9,949)
Deferred tax liability as at 30 June	19	149,362	174,699

18. LONG TERM FINANCING - secured

Details of Long Term Financing are as follows:

CONVENTIONAL	Sale price	Purchase price	Number of instalments and commencement date	Date of maturity	Rate of mark-up per annum	2017	2016
	(Rupees in '000)					(Rupees in '000)	
MCB Bank Limited							
Financing under long term finance facility for plant and machinery (Refer note 18.1)	550,000	906,963	34 quarterly 29 October 2016	28 March 2024 to 20 Nov 2025	SBP+0.70% (fixed rate)	538,054	546,259
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 December 2014	24 June 2017	0.2 % over 6 months KIBOR	-	150,000
Meezan Bank Limited							
Diminishing Musharakah of Rs.500 million for plant and machinery (Refer note 18.2)	500,000	950,361	11 half yearly 30 June 2018	30 June 2023	0.1 % over 6 months KIBOR	500,000	500,000
Meezan Bank Limited							
Diminishing Musharakah of Rs.250 million for plant and machinery (Refer note 18.2)	250,000	279,978	11 half yearly 30 June 2019	30 June 2024	0.1 % over 6 months KIBOR	250,000	-
Less: Current portion of long term finances shown under current liabilities - Conventional						(64,252)	(8,205)
- Islamic						(45,455)	(150,000)
						1,178,347	1,038,054

18.1 The Company has an approved financing facility under Long Term Finance Facility of an amount aggregating Rs. 550 million. As at 30 June 2017 the Company has withdrawn Rs. 538.1 million (2016: Rs. 546.3 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 These 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	2017	2016
		(Rupees in '000)	
Taxable temporary difference			
Accelerated tax depreciation		219,803	180,053
Surplus on revaluation of buildings	17	149,362	174,699
Deductible temporary differences			
Provision for infrastructure cess		(72,571)	(60,644)
Provision for doubtful debts		(45,000)	(32,664)
Provision for compensated absences		(2,197)	(2,037)
Staff retirement benefits		(19,189)	(10,146)
		230,208	249,261

20. TRADE AND OTHER PAYABLES

	Note	2017	2016
Trade creditors	20.1	169,995	117,586
Bills payable		878,486	480,618
Derivative financial liability		4,768	362
Accrued expenses		955,281	788,952
Provision for Infrastructure Cess	20.2 & 22.1.5	322,537	267,980
Short term compensated absences		9,763	9,000
Advances from customers		169,328	72,098
Workers' Profit Participation Fund	20.3	2,576	9,300
Workers' Welfare Fund		69,281	38,250
Unclaimed dividend		263,300	17,033
Others		150,444	57,725
		2,995,759	1,858,904

20.1 This includes an amount of Rs. 10.2 million (2016: nil) payable to Subsidiary Company, IIL Stainless Steel (Private) Limited.

20.2 Provision for Infrastructure Cess

	Note	2017	2016
		(Rupees in '000)	
Balance as at 01 July		267,980	220,702
Charge for the year		54,557	47,278
Balance as at 30 June		322,537	267,980

20.3 Workers' Profit Participation Fund

	Note	2017	2016
Balance as at 01 July		9,300	13,900
Interest on funds utilized in the Company's business at 33.75% (2016: 30%)	27	421	560
		9,721	14,460
Allocation for the year		77,576	59,300
		87,297	73,760
Payments made during the year		(84,721)	(64,460)
Balance as at 30 June		2,576	9,300

21. SHORT TERM BORROWINGS - secured

CONVENTIONAL	Note	2017	2016
		(Rupees in '000)	
Running finance under mark-up arrangement from banks	21.1	**290,264**	156,079
Short term borrowing under Money Market Scheme	21.2	**2,736,526**	243,223
Short term borrowing under Export Refinance Scheme	21.3	**2,100,000**	2,000,000
Running finance under FE-25 Export & Import Scheme	21.4	**527,320**	166,248
Book overdraft		**8,691**	30,611
ISLAMIC			
Short term borrowing under running Musharakah	21.5	**236,606**	647,088
		5,899,407	3,243,249

21.1 The facilities for running finance available from various commercial banks amounted to Rs. 1,357.5 million (2016: Rs.1.193 million). The rates of mark-up on these finances range from 6.21% to 7.60% per annum (2016: 6.75% to 7.89% per annum). Unavailed facility as at the year end amounted to Rs. 1,067 million (2016: Rs. 1,036 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. 4,417 million (2016: Rs. 4,414 million).Unavailed facility as at the year end amounted to Rs. 1,680 million (2016: Rs. 4,171 million). The rates of mark-up on these finances range from 6.05% to 6.20% (2016: 6.16% to 6.55%).

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. 2,100 million (2016: Rs. 2,000 million). The rate of mark-up on this facility was 2.10% to 2.20% per annum (2016: 3.80% to 4.00% 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 5.0 million equivalent to Rs. 527 million (2016: USD 1.6 million equivalent to Rs. 166 million). The rates of mark-up on these finances range from 1.7% to 2.1% (2016: 2.0% to 2.5% per annum).

21.5 The facilities for running musharakah available from various banks amounted to Rs. 1,500 million (2016: Rs. 1,000 million). The rates of mark-up on these finances is 6.32% per annum (2016: 6.16% per annum). Unavailed facility as at the year end amounted to Rs. 1,263 million (2016: Rs. 353 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 and to the Collector of Customs aggregating Rs. 491.6 million (2016: Rs. 186.9 million).

22.1.2 Customs duties amounting to Rs. 52 million as at 30 June 2017 (2016: Rs. 52 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. As such the guarantee against this amount has not yet been returned. In May 2011, the Supreme Court disposed-off the appeal with a joint statement of the parties and hence this was referred back to High Court. On 31 May 2011, the High Court has granted an interim relief for return of Bank Guarantees (BG) on the consignment released upto 27 December 2006 and any BG submitted after 27 December 2006 shall be encashed to the extent of 50% of the guarantee amount only with balance kept intact till the disposal of petition. If the Court upholds the applicability of Fifth Version of the law and its retrospective effect, the authorities will be entitled to claim the amounts due. Bank guarantees amounting to Rs. 440 million (30 June 2016: Rs. 383 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 utilised from the limit of guarantee has also been provided for by the Company on prudent basis (note 20.1).

22.1.6 In 2011, the Gas Infrastructure Development Cess was levied via GIDC Act 2011 and further the rate of cess was amended via Finance Bill 2012 - 2013 which was challenged in the Supreme Court of Pakistan. The Supreme Court of Pakistan declared GIDC Act 2011 to be unconstitutional and ultra vires on the grounds that GIDC is a ‘Fee’ and not a ‘Tax’ and in the alternative it is not covered by any entry relating to imposition or levy of tax under Part-I of the Federal Legislative list and on either counts the ‘cess’ could not have been introduced through a money bill under the Constitution.

During 2015, the Government passed a new law ‘Gas Infrastructure Development Cess Act 2015’ (‘the Act’), by virtue of which all prior enactments have been declared infructuous. The said Act levies GIDC at Rs. 100 per MMBTU on industrial consumption and Rs. 200 per MMBTU on captive power consumption, effective 01 July 2011. 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 01 July 2011 till 22 May 2015) in these financial statements. However, the Company made a provision of GIDC to the extent of its self consumption from May 2015 onwards. On 26 October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh and is pending for adjudication. On 31 May 2017, separate petition filed by another company in the Peshawar High Court challenging the vires of the GIDC Act 2015 was dismissed for the reason that the Act has been passed by the Parliament strictly in accordance with the legislative procedures contained in the Constitution of Pakistan and therefore no procedural defect in the Act which could be made as a ground for its annulment. In view of aforementioned developments, the Company on prudent basis, continue to recognise provision after the passage of the Act.

Further the Company has not recognized GIDC amounting to Rs. 46.84 million (2016: Rs. 24.69 million) pertaining to period from 01 July 2011 to 30 June 2017 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 The Model Collectorate of Customs (MCC), Peshawar stopped the exports of the Company goods to Afghanistan under the pretext that SRO 190(I) / 2002 dated 2 April 2002 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 per manufacturing bond rules SRO 450(I) / 2015 and that SRO 190 issued in 2002 was never implemented and hence under the Sales Tax Act 1990 no such liability could be raised at this stage. The SHC granted a stay order by allowing our exports 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 same 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 Oil and Gas Regulatory Authority (OGRA) has issued notification for increase in gas tariff disregarding the protocol laid down in OGRA Ordinance, 2002. The Company has filed a suit in the Sindh High Court (the Court) challenging the gas tariff increase. The Court has granted a stay order, subject to security deposit of the differential amount with the Nazir of the Court. The Company has deposited amount of Rs 25.9 million (2016: Nil) as Cheques with the Nazir. The Company, on a prudent basis, has also accrued this amount in these financial statements.

22.1.9 The Company has issued a corporate guarantee to a commercial bank for securing funded and unfunded facilities of Rs. 125 million (2016: 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 2017 amounted to Rs. 89.1 million (2016: Rs. 122.7 million).

22.2.2 Commitments under letters of credit for raw materials and stores and spares as at 30 June 2017 amounted to Rs. 1,285.1 million (2016: Rs. 97.9 million).

22.2.3 Commitments under purchase contracts as at 30 June 2017 amounted to Rs. 306.9 million (2016: Rs. 558.2 million).

22.2.4 Unavailed facilities for opening letters of credit and guarantees from banks as at the year end amounted to Rs. 6,625 million (2016: Rs. 7,757 million) and Rs. 162 million (2016: Rs. 346 million) respectively.

23. NET SALES

	Note	2017	2016
		(Rupees in '000)	
Local		**15,025,279**	13,134,080
Export		**4,470,047**	4,429,128
		19,495,326	17,563,208
Partial manufacturing	23.1	**304,009**	-
		19,799,335	17,563,208
Sales tax		**(2,273,470)**	(1,925,463)
Domestic trade discounts		**(717,862)**	(634,145)
Export commission		**(101,040)**	(183,074)
		(3,092,372)	(2,742,682)
		16,706,963	14,820,526

23.1 During the year, the Company has entered into a Partial Manufacturing arrangement with the Subsidiary Company, International Steels Limited (ISL) due to undergoing expansion in ISL.

24. COST OF SALES

	Note	2017	2016
		(Rupees in '000)	
Opening stock of raw material and work-in-process		**2,190,511**	1,689,104
Purchases		**15,497,083**	11,363,139
Salaries, wages and benefits	24.1	**805,429**	817,292
Rent, rates and taxes		**1,589**	2,065
Electricity, gas and water		**379,543**	354,665
Insurance		**8,774**	11,354
Security and janitorial		**25,874**	27,264
Depreciation and amortisation	5.2 & 6.1.2	**350,317**	240,702
Operational supplies and consumables		**69,572**	66,145
Repairs and maintenance		**126,445**	106,986
Postage, telephone and stationery		**9,872**	12,549
Vehicle, travel and conveyance		**15,732**	15,363
Internal material handling		**28,163**	27,321
Toll manufacturing expenses		**37,039**	11,896
Environment controlling expense		**240**	228
Sundries		**3,442**	13,195
Stores and spares written off		**6,946**	14,623
Sale of scrap generated during production		**(619,683)**	(448,206)
		18,936,888	14,325,685
Closing stock of raw material and work-in-process	9	**(4,748,148)**	(2,190,511)
Cost of goods manufactured		**14,188,740**	12,135,174
Finished goods and by-product:			
Opening stock		**1,272,447**	1,488,734
Closing stock	9	**(1,594,594)**	(1,272,447)
		(322,147)	216,287
		13,866,593	12,351,461

24.1 Salaries, wages and benefits include Rs. 36.1 million for the year ended 30 June 2017 (2016: Rs. 35.6 million) in respect of staff retirement benefits.

25. SELLING AND DISTRIBUTION EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Freight and forwarding		**520,112**	474,642
Salaries, wages and benefits	25.1	**150,046**	132,779
Rent, rates and taxes		**522**	263
Electricity, gas and water		**4,826**	5,191
Insurance		**1,058**	1,201
Depreciation and amortisation	5.2 & 6.1.2	**12,135**	12,353
Repairs and maintenance		**1,927**	629
Advertising and sales promotion		**89,784**	46,659
Postage, telephone and stationery		**6,876**	7,075
Office supplies		**140**	75
Vehicle, travel and conveyance		**16,934**	18,263
Provision for doubtful debts - net	10.3	**48,354**	68,039
Certification and registration charges		**3,074**	9,881
Others		**17,481**	5,920
		873,269	782,970

25.1 Salaries, wages and benefits include Rs. 9.4 million for the year ended 30 June 2017 (2016: Rs. 8.1 million) in respect of staff retirement benefits.

26. ADMINISTRATIVE EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Salaries, wages and benefits	26.1	**180,755**	175,766
Rent, rates and taxes		**117**	123
Electricity, gas and water		**3,147**	2,485
Insurance		**2,174**	1,725
Depreciation and amortisation	5.2 & 6.1.2	**16,697**	16,532
Repairs and maintenance		**1,834**	1,129
Postage, telephone and stationery		**9,213**	9,695
Office supplies		**139**	78
Vehicle, travel and conveyance		**7,117**	5,391
Legal and professional charges		**58,545**	57,241
Certification and registration charges		**7,639**	4,740
Others		**9,185**	12,000
		296,562	286,905

26.1 Salaries, wages and benefits include Rs. 11.8 million for the year ended 30 June 2017 (2016: Rs. 13.9 million) in respect of staff retirement benefits.

27. FINANCIAL AND OTHER CHARGES

	Note	2017	2016
		(Rupees in '000)	
Mark-up on:			
- long term financing		**21,638**	9,598
- short term borrowings		**119,496**	196,207
- running musharakah		**21,159**	31,323
- diminishing musharakah		**38,012**	18,210
Exchange loss and others		**3,872**	66,399
Interest on Workers' Profit Participation Fund	20.3	**421**	560
Bank charges		**19,526**	12,186
		224,124	334,483

28. OTHER OPERATING CHARGES

	Note	2017	2016
Auditors' remuneration	28.1	**2,602**	2,296
Donations	28.2	**26,746**	19,720
Provision for receivable from Workers' Profit Participation Fund related to prior period		**25,940**	-
Workers' Profit Participation Fund		**77,576**	59,300
Workers' Welfare Fund		**31,031**	23,700
Loss on derivative financial instruments		**4,768**	-
Business development expense		**11,076**	10,955
		179,739	115,971

28.1 Auditors' remuneration

	2017	2016
Audit fee	**1,343**	1,255
Half yearly review	**385**	360
Other services	**740**	556
Out of pocket expenses	**134**	125
	2,602	2,296

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	2017	2016
		(Rupees in '000)	
Income / return on financial assets			
Interest on bank deposits - conventional		**1,085**	967
Exchange gain		**34,688**	21,984
Income from non-financial assets			
Income from power generation	29.1	**102,998**	76,472
Rental income from subsidiary company		**12,540**	13,377
Dividend income from associated company	29.2	**31,537**	7,278
Dividend income from subsidiary company	29.2	**918,958**	-
Gain on disposal of property, plant and equipment	5.4	**24,283**	34,051
Others		**646**	1,151
		1,126,735	155,280

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

	Note	2017	2016
		(Rupees in '000)	
Current			
- for the year	14	**560,988**	282,144
- Deferred		**(9,988)**	35,856
		551,000	318,000

30.1 Relationship between income tax expense and accounting profit

	2017	2016	2017	2016
	(Effective tax rate %)		(Rupees in '000)	
Profit before taxation			**2,393,411**	1,104,016
Tax at the enacted tax rate	**31.00**	32.00	**741,957**	353,285
Tax effect of income subject to final tax regime	**(8.64)**	(1.25)	**(206,718)**	(13,805)
Tax effect of rebate / credits	**(2.11)**	(7.19)	**(50,609)**	(79,332)
Effect of change in tax rate on opening deferred tax	**(0.02)**	0.64	**(566)**	7,049
Super tax	**2.95**	3.38	**70,551**	37,264
Deferred tax charge not booked on final tax regime	**(0.15)**	1.24	**(3,522)**	13,702
Others	**0.00**	(0.01)	**(93)**	(163)
	23.03	28.81	**551,000**	318,000

31. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2017	2016
		(Rupees in '000)	
Profit after taxation		1,842,411	786,016
		(Number)	
Weighted average number of ordinary shares in issue during the year	16	119,892,619	119,892,619
		(Rupees)	
Earnings per share		15.37	6.56

31.1 There is no dilutive impact on Earnings per share.

32. CHANGES IN WORKING CAPITAL

	Note	2017	2016
		(Rupees in '000)	
(Increase) / decrease in current assets:			
Stores and spares	8	25,121	5,873
Stock-in-trade	9	(4,106,764)	(404,939)
Trade debts	10	(405,430)	621,536
Advances	11	98,724	(4,662)
Trade deposits and short term prepayments	12	(4,126)	3,045
Other receivables		18,605	1,760
Sales tax receivables		(304,030)	-
		(4,677,900)	222,613
Increase / (decrease) in current liabilities:			
Trade and other payables		890,588	430,463
		(3,787,312)	653,076

33. STAFF RETIREMENT BENEFITS

33.1 Defined contribution plan

Staff Provident Fund

Salaries, wages and benefits include Rs. 20.9 million (2016: Rs. 19.1 million) in respect of provident fund contribution.

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

	2017 (Unaudited)	2016 (Audited)
	(Rupees in '000)	
Size of the Fund - total assets	296,764	308,452
Cost of investments made	296,764	266,181
Percentage of investments made	100%	86%
Fair value of investments	296,764	266,181

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

	2017 (Unaudited)	2016 (Audited)	2017 (Unaudited)	2016 (Audited)
	(Rupees in '000)		% of total investment	
Government securities	216,320	193,013	73%	73%
Debt securities	-	-	0%	0%
Equity	80,444	73,168	27%	27%
Other assets	-	-	0%	0%
	296,764	266,181	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 2017. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

	2017	2016
	% per annum	
Financial assumptions		
Rate of discount	**7.75%**	7.25%
Expected rate of salary increase	**6.75%**	6.25%
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

	2017	2016
	(Rupees in '000)	
The amounts recognised in balance sheet are as follows:		
Present value of defined benefit obligation	**483,488**	391,283
Fair value of plan assets	**(398,367)**	(346,448)
Liability as at 30 June	**85,121**	44,835
Movements in the present value of defined benefit obligation		
Present value of defined benefit obligation - beginning of the year	**391,283**	366,025
Current service cost	**25,770**	26,429
Interest cost	**27,974**	34,931
Re-measurements : Actuarial loss / (gains) on obligation	**56,074**	(12,935)
Benefits paid	**(17,613)**	(23,167)
Present value of defined benefit obligation - closing date	**483,488**	391,283
Movements in the fair value of plan assets		
Fair value of plan assets - beginning of the year	**346,448**	295,448
Interest income on plan assets	**24,857**	28,336
Re-measurement : Net return on plan assets over interest income	**15,788**	12,807
Benefits paid	**(17,613)**	(17,040)
Benefits due but not paid	**-**	(6,127)
Contribution to fund	**28,887**	33,024
Fair value of plan assets - closing date	**398,367**	346,448
Movement in the net defined benefit liability / (asset)		
Opening balance	**44,835**	70,577
Re-measurements recognised in other comprehensive income during the year	**40,286**	(25,742)
Expense chargeable to profit and loss account	**28,887**	33,024
Contribution paid during the year	**(28,887)**	(33,024)
Closing balance	**85,121**	44,835

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:

	2017	2016
Component of defined benefit costs recognised in profit and loss account	(Rupees in '000)	
Current service cost	**25,770**	26,429
Net interest cost		
- Interest cost on defined benefit obligation	**27,974**	34,931
- Interest income on plan assets	**(24,857)**	(28,336)
	28,887	33,024
Component of defined benefit costs (re-measurement) recognised in other comprehensive income		
Re-measurements: Actuarial (gain) / loss on obligation		
- Gains due to change in experience adjustments	**56,074**	(12,935)
Remeasurement net return on plan assets over interest income	**(15,788)**	(12,807)
Net re-measurement recognised in other comprehensive income	**40,286**	(25,742)
Total defined benefit cost recognised in profit and loss account and other comprehensive income	**69,173**	7,282
Actual return on plan assets	**40,645**	41,143
Expected contributions to funds in the following year	**35,192**	28,887
Expected benefit payments to retirees in the following year	**53,124**	36,199
Re-measurements: Accumulated actuarial gains recognised in equity	**40,286**	(25,742)
	Number of years	
Weighted average duration of the defined benefit obligation	**6.83**	7.12

Maturity profile of the defined benefit obligation

Years	(Rupees in '000)	
1	**53,124**	36,198
2	**55,694**	46,576
3	**50,975**	45,068
4	**50,015**	43,346
5	**58,139**	41,412
6 and onwards	**428,945**	346,540
Vested / Non-Vested		
- Vested benefits	**480,449**	390,980
- Non - vested benefits	**3,040**	303
	483,489	391,283

Disaggregation of fair value of plan assets

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

	2017	2016
	(Rupees in '000)	
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities)	16,926	6,115
Equity instruments - quoted	107,700	106,744
Government securities	273,741	233,590
	398,367	346,449

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:

	2017	2016
	(Rupees in '000)	
Discount rate + 100 basis point	453,305	365,927
Discount rate - 100 basis point	517,550	419,938
Salary increase + 100 basis point	519,969	421,690
Salary decrease - 100 basis point	450,642	363,946

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	
	2017	2016	2017	2016
	----------------------------(Rupees in '000)------------------------------			
Managerial remuneration	39,124	34,244	243,380	215,449
Variable performance pay	11,771	7,848	96,661	50,042
Retirement benefits	2,546	2,139	18,407	20,811
Rent, utilities, medical, leave encashment etc.	14,671	13,172	96,841	87,522
	68,112	57,403	455,289	373,824
Number of persons	1	1	117	100

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. 5.82 million (2016: Rs. 4.62 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	2017	2016
		(Rupees in '000)	
- Long term deposits		**51,475**	46,166
- Trade debts - net of provision	10	**1,981,679**	1,624,603
- Trade deposits	12	**6,900**	5,540
- Other receivables	13	**18,446**	11,111
- Bank balances	15	**7,279**	15,422
		2,065,779	1,702,842

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

Long term deposits

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

Trade debts

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The majority of the customers have been transacting with the Company for several years. The Company establishes an allowance for impairment that represents its estimate of incurred losses.

Trade deposits

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

Other receivables

This mainly includes receivable from K - Electric Limited amounting to Rs. 18.1 million (2016: Rs. 8.49 million) on account of electricity provided to it from the 4 MW plant located at the factory site under an agreement. The Company does not expect to incur credit loss against these receivables.

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

	Note	**2017**	2016
		(Rupees in '000)	
Domestic		**1,277,189**	1,035,152
Export		**872,936**	706,131
	10 & 13	**2,150,125**	1,741,283

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

Impairment losses

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

	2017		2016	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	**1,467,247**	**-**	1,125,954	-
Past due 1-60 days	**457,692**	**-**	425,768	-
Past due 61 days -1 year	**99,267**	**24,081**	83,992	-
More than one year	**125,919**	**125,919**	105,569	105,569
Total	**2,150,125**	**150,000**	1,741,283	105,569

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.

Bank Balances

The Company places its surplus funds with banks carrying good credit standing assessed by reputable credit agencies. As at 30 June 2017 the Company has placed funds with banks having credit ratings as follows:

	Short term	Long term
Local banks	A1+ to A-1	AAA to AA-

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:

	2017						
	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	1,288,054	-	(1,577,033)	(66,433)	(110,698)	(968,302)	(431,600)
Trade and other payables	2,276,825	(263,300)	(2,013,525)	(2,013,525)	-	-	-
Accrued mark-up	62,571	-	(62,571)	(62,571)	-	-	-
Short-term borrowings	5,899,407	(5,899,407)	-	-	-	-	-
	9,526,857	(6,162,707)	(3,653,129)	(2,142,529)	(110,698)	(968,302)	(431,600)
Derivative financial liabilities	4,768	-	(4,768)	(4,768)	-	-	-
	9,531,625	(6,162,707)	(3,657,897)	(2,147,297)	(110,698)	(968,302)	(431,600)

	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 payables	1,413,189	(17,033)	(1,396,156)	(1,396,156)	-	-	-
Accrued mark-up	40,456	-	(40,456)	(40,456)	-	-	-
Short-term borrowings	3,243,249	(3,243,249)	-	-	-	-	-
	5,893,153	(3,260,282)	(2,899,397)	(1,544,570)	(108,284)	(738,558)	(507,985)
Derivative financial liabilities	362	-	(362)	(362)			
	5,893,515	(3,260,282)	(2,899,759)	(1,544,932)	(108,284)	(738,558)	(507,985)

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:

	2017			2016		
	Rupees	US Dollars	AUD	Rupees	US Dollars	AUD
	(In '000)			(In '000)		
Financial assets						
Trade debts	872,936	3,294	6,548	706,131	4,439	3,107
Financial liabilities						
Running finance under FE-25 Export and Import Scheme	(527,320)	(5,023)	-	(166,248)	(1,586)	-
Trade and other payables	(873,718)	(8,323)	-	(480,618)	(4,584)	-
	(1,401,038)	(13,346)	-	(646,866)	(6,170)	-
Net exposure	(528,102)	(10,052)	6,548	59,265	(1,731)	3,107

The following significant exchange rates were applicable during the year:

	Average rates		Balance sheet date rate	
	2017	2016	2017	2016
US Dollars to Pakistan Rupee	104.9	104.7	104.79 / 104.98	104.67 / 104.85
AUD to Pakistan Rupee	78.9	77.73	80.61 / 80.75	77.73 / 77.87

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 2016.

	Effect on profit and loss (net of tax)	
	2017	2016
	(Rupees in '000)	
As at 30 June		
Effect in US Dollars	(73,913)	(12,209)
Effect in AUD	36,946	16,179

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 2017	2016
		(Rupees in '000)	
Fixed rate instruments			
Financial liabilities	18 & 21	**(2,638,054)**	(2,546,259)
Variable rate instruments			
Financial liabilities	18 & 21	**(4,549,407)**	(1,893,249)

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. 45.5 million (2016: Rs. 18.9 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 2016.

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	2017	2016
		(Rupees in '000)	
Financial assets			
Loans and receivables			
- Long term deposits		**51,475**	46,166
- Trade debts - net of provision	10	**1,981,679**	1,624,603
- Trade deposits	12	**6,900**	5,540
- Other receivables	13	**18,446**	11,111
- Cash and bank balances	15	**7,279**	15,822
		2,065,779	1,703,242
Financial liabilities			
Financial liabilities at amortized cost			
- Long term financing	18	**1,288,054**	1,196,259
- Trade and other payables		**2,276,825**	1,413,189
- Accrued mark-up		**62,571**	40,456
- Short term borrowings	21	**5,899,407**	3,243,249
		9,526,857	5,893,153
Financial liabilities at fair value through profit and loss			
- Derivative financial liabilities		**4,768**	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 2017							
	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 not measured at fair value								
Long term deposits	**51,475**	**-**	**-**	**-**	**51,475**			
Trade debts - net of provision	**1,981,679**	**-**	**-**	**-**	**1,981,679**			
Trade deposits	**6,900**	**-**	**-**	**-**	**6,900**			
Other receivables	**18,446**	**-**	**-**	**-**	**18,446**			
Cash and bank balances	**7,279**	**-**	**-**	**-**	**7,279**			
Financial liabilities measured at fair value								
- Derivative financial liabilities	**-**	**-**	**(4,768)**	**-**	**(4,768)**	**-**	**(4,768)**	**-**
Financial liabilities not measured at fair value								
- Long term financing	**-**	**-**	**-**	**(1,288,054)**	**(1,288,054)**			
- Trade and other payables	**-**	**-**	**-**	**(2,276,825)**	**(2,276,825)**			
- Accrued mark-up	**-**	**-**	**-**	**(62,571)**	**(62,571)**			
- Short term borrowings	**-**	**-**	**-**	**(5,899,407)**	**(5,899,407)**			

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 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 borrowing 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. Fair values of investment in quoted subsidiary and associate are disclosed in note 7.5 to these financial statements.

	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 not measured at fair value								
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	-	-	-	(1,413,189)	(1,413,189)			
- 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 borrowing 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. Fair values of investment in quoted subsidiary and associate are disclosed in note 7.5 to these financial statements.

38. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, Directors of the Company and its Subsidiary Company, 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:

	2017	2016
	(Rupees in '000)	
Subsidiaries		
Sales	1,268,555	434,419
Purchases	7,231,907	2,554,012
Partial manufacturing - sales (inclusive of sales tax)	304,009	12,599
Partial manufacturing - purchases (inclusive of sales tax)	4,924	7,540
Cost of shared resources	66,083	53,571
Rental income	12,885	13,316
Dividend received	918,958	-
Reimbursement of expenses incurred on behalf of the Company	18,459	21,209
Associated companies		
Sales	461	1,302
Purchases	7,253	7,507
Dividend paid	6,048	2,016
Dividend received	31,537	7,278
Reimbursement of expenses	859	-
Key management personnel		
Remuneration	214,271	198,690
Non-executive directors		
Directors' fee	5,820	4,620
Staff retirement funds		
Contributions paid	75,994	61,936

39. PRODUCTION CAPACITY

	2017	2016
	(Metric tonnes)	
Name-plate production capacity at the year end was as follows:		
Pipe	500,000	500,000
Galvanizing	150,000	150,000
Cold rolled steel strip	70,000	70,000
Polyethylene pipe	25,000	25,000
The actual production for the year was:		
Pipe	184,682	185,460
Galvanizing	84,588	87,641
Cold rolled steel strip	-	6,027
Polyethylene pipe	7,427	7,525

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 Pipes, Plastic Pipes and Investments as reportable segments.

40.1 Segment revenue and results

	Steel Pipes segment	Plastic Pipes segment	Investment segment	Total
	---------------- (Rupees in '000) ----------------			
For the year ended 30 June 2017				
Sales	15,460,218	1,246,745	-	16,706,963
Cost of sales (excluding depreciation and amortization)	(12,401,863)	(1,114,413)	-	(13,516,276)
Depreciation and amortization	(316,962)	(33,355)	-	(350,317)
Gross profit	2,741,393	98,977	-	2,840,370
Selling and distribution expenses	(821,507)	(51,762)	-	(873,269)
Administrative expenses	(274,431)	(22,131)	-	(296,562)
	(1,095,938)	(73,893)	-	(1,169,831)
Financial and other charges	(203,423)	(20,701)	-	(224,124)
Other operating charges	(179,348)	(391)	-	(179,739)
	(382,771)	(21,092)	-	(403,863)
Other income	176,240	-	950,495	1,126,735
Profit before taxation	1,438,924	3,992	950,495	2,393,411
Taxation				(551,000)
Profit after taxation				1,842,411
For the year ended 30 June 2016				
Sales	13,317,304	1,503,222	-	14,820,526
Cost of sales (excluding depreciation and amortization)	(10,864,430)	(1,263,817)	-	(12,128,247)
Depreciation and amortization	(195,873)	(27,341)	-	(223,214)
Gross profit	2,257,001	212,064	-	2,469,065
Selling and distribution expenses	(730,641)	(52,329)	-	(782,970)
Administrative expenses	(257,805)	(29,100)	-	(286,905)
	(988,446)	(81,429)	-	(1,069,875)
Financial and other charges	(308,280)	(26,203)	-	(334,483)
Other operating charges	(106,904)	(9,067)	-	(115,971)
	(415,184)	(35,270)	-	(450,454)
Other income	148,002	-	7,278	155,280
Profit before taxation	1,001,373	95,365	7,278	1,104,016
Taxation				(318,000)
Profit after taxation				786,016

40.2 Segment assets and liabilities

	Steel Pipes segment	Plastic Pipes segment	Investment segment	Total
	---------- (Rupees in '000) ----------			
As at 30 June 2017				
Segment assets	**13,540,885**	**1,345,368**	**2,742,705**	**17,628,958**
Segment liabilities	**7,963,492**	**504,349**	**-**	**8,467,841**
As at 30 June 2016				
Segment assets	9,385,743	756,916	2,742,705	12,885,364
Segment liabilities	4,874,849	275,417	-	5,150,266

Reconciliation of segment assets and liabilities with total assets and liabilities in the balance sheet is as follows:

	2017	2016
	(Rupees in '000)	
Total for reportable segments assets	**17,628,958**	12,885,364
Unallocated assets	**887,320**	1,091,317
Total assets as per balance sheet	**18,516,278**	13,976,681
Total for reportable segments liabilities	**8,467,841**	5,150,266
Unallocated liabilities	**2,189,616**	1,519,911
Total liabilities as per balance sheet	**10,657,457**	6,670,177

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, trade debts and investments.

40.5 Information about major customers

Revenue from major customers of the Plastic segment was Rs. 829 million (2016: Rs. 673 million), where as in the Steel segment was Rs. nil (2016: Rs. nil), 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	2017	2016
		(Rupees in '000)	
Domestic sales	23	**15,329,288**	13,134,080
Export sales	40.6.1	**4,470,047**	4,429,128
		19,799,335	17,563,208

40.6.1 Region wise export sales are as under:

	2017	2016
Sri-lanka	**1,200,910**	1,514,973
Americas	**1,120,209**	1,300,614
Australia	**973,930**	322,168
Afghanistan	**645,324**	883,652
Others	**529,675**	407,721
	4,470,047	4,429,128

40.7 As at 30 June 2017, all non-current assets of the Company are located in Pakistan with an exception of its investment in IIL-Australia Pty Limited which is domiciled in Victoria, Australia.

41. NUMBER OF EMPLOYEES	**2017**	2016
	(Number)	
Average employees during the year	**995**	999
Employees as at 30 June	**1,015**	1,007

42. Non-adjusting events after balance sheet date

The Board of Directors of the Company in their meeting held on 17 August 2017 has proposed a final cash dividend of Rs. 2 per share amounting to Rs. 239.8 million. (2016: Rs. 3.50 per share amounting to Rs. 419.6 million) for the year ended 30 June 2017. The approval of the Members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on 28 September 2017. The financial statements for the year ended 30 June 2017 do not include the effect of the proposed final cash dividend which will be accounted for in the year ending 30 June 2018.

43. GENERAL

43.1 These financial statements were authorized for issue on 17 August 2017 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

Consolidated Financial Statements

Consolidated Key Operating Highlights

		2017	2016	2015	2014	2013	2012	2011
FINANCIAL POSITION								
Balance sheet								Rs. Million
Property, plant and equipment		**18,814**	17,565	16,050	13,272	13,415	11,730	11,467
Investment in equity accounted investee		**300**	270	260	183	177	169	164
Other non current assets		**71**	60	22	22	26	27	41
Current assets		**23,368**	14,677	13,546	17,178	13,238	16,495	14,056
Total assets		**42,553**	32,571	29,877	30,655	26,856	28,422	25,728
Share capital		**1,199**	1,199	1,199	1,199	1,199	1,199	1,199
Reserves		**6,190**	4,636	3,559	3,329	2,851	2,479	2,627
Non-controlling interest		**3,307**	2,692	2,170	2,271	1,968	1,812	1,859
Total equity		**10,695**	8,526	6,927	6,799	6,018	5,490	5,685
Surplus on revaluation of fixed assets		**3,420**	3,503	2,537	2,502	2,533	1,358	1,362
Non current liabilities		**6,608**	6,221	6,598	3,952	4,358	4,509	4,838
Current liabilities		**21,829**	14,321	13,815	17,402	13,948	17,065	13,843
Total liabilities		**28,437**	20,543	20,414	21,354	18,305	21,574	18,680
Total equity & liabilities		**42,553**	32,571	29,877	30,655	26,856	28,422	25,728
Net current assets		**1,539**	355	(270)	(224)	(710)	(570)	214
OPERATING AND FINANCIAL TRENDS								
Profit and Loss								
Net turnover		**44,118**	33,201	34,459	35,855	33,512	28,801	15,992
Gross profit		**8,817**	5,424	3,389	4,364	3,687	3,158	2,162
EBITDA		**7,911**	4,806	3,232	4,105	3,483	3,135	1,897
Operating profit		**7,058**	3,978	2,277	3,331	2,753	2,435	1,441
Profit before taxation		**6,076**	2,750	925	1,525	1,148	274	580
Profit after taxation		**4,065**	1,955	686	1,191	924	226	316
Profit atributable to owners of the Holding Company		**2,746**	1,438	599	893	765	271	282
Profit atributable to Non-controlling intrest		**1,319**	517	87	299	158	(46)	34
Cash dividend		**1,079**	540	480	390	390	240	600
Capital expenditure (addition during the year)		**2,451**	1,365	3,587	559	961	806	1,935
Cash Flows								
Operting activities		**(504)**	4,779	3,649	1,532	4,628	(1,312)	(4,033)
Investing activities		**(2,348)**	(1,300)	(3,504)	(487)	(924)	(785)	37
Financial activities		**(1,283)**	(1,460)	2,175	(821)	(977)	(268)	(532)
Cash & cash equivalents at the end of the year		**(10,832)**	(6,697)	(8,715)	(11,035)	(11,259)	(13,987)	(11,622)
KEY INDICATORS								
Profitability Ratios								
Gross profit ratio	%	**20.0**	16.3	9.8	12.2	11.0	11.0	13.5
Net profit to Sales	%	**9.2**	5.9	2.0	3.3	2.8	0.8	2.0
EBITDA Margin to Sales	%	**17.9**	14.5	9.4	11.4	10.4	10.9	11.9
Return on Equity with Surplus on revaluation of fixed assets	%	**28.8**	16.2	7.2	12.8	10.8	3.3	4.5
Return on Equity without Surplus on revaluation of fixed assets	%	**38.0**	22.9	9.9	17.5	15.3	4.1	5.6
Return on Capital Employed	%	**21.5**	11.4	4.4	9.5	7.5	2.0	2.7
Return on Total Assets	%	**9.6**	6.0	2.3	3.9	3.4	0.8	1.2

Consolidated Key Operating Highlights

		2017	2016	2015	2014	2013	2012	2011
Liquidity Ratios								
Current ratio		**1.07**	1.02	0.98	0.99	0.95	0.97	1.02
Quick / Acid test ratio		**0.22**	0.32	0.35	0.37	0.34	0.20	0.38
Cash to Current Liabilities		**(0.50)**	(0.47)	(0.63)	(0.63)	(0.81)	(0.82)	(0.84)
Cash flow from Operations to Sales		**(0.01)**	0.14	0.11	0.04	0.14	(0.05)	(0.25)
Activity / Turnover Ratios								
Inventory turnover ratio	Times	**2.0**	2.9	3.8	3.0	3.7	2.0	1.6
Inventory turnover in days	Days	**185**	125	96	120	98	179	226
Debtor turnover ratio	Times	**20.1**	19.2	15.0	12.1	14.7	16.9	10.0
Debtor turnover in days	Days	**18**	19	24	30	25	22	36
Creditor turnover ratio	Times	**7.6**	6.0	12.6	8.1	33.2	18.1	18.0
Creditor turnover in days	Days	**48**	60	29	45	11	20	20
Total assets turnover ratio	Times	**1.0**	1.0	1.2	1.2	1.2	1.0	0.6
Fixed assets turnover ratio	Times	**2.3**	1.9	2.1	2.7	2.5	2.5	1.4
Operating cycle in days	Days	**155**	83	91	105	112	181	242
Capital employed turnover ratio	Times	**2.3**	1.9	2.2	2.8	2.7	2.6	1.4
Investment / Market Ratios								
Earnings per share - basic and diluted	Rs.	**22.91**	11.99	4.99	7.45	6.38	2.26	2.35
Price earning ratio	Times	**16.09**	5.88	13.42	6.64	7.07	12.38	21.06
Dividend Yield ratio	%	**2.44**	6.38	5.97	6.57	7.20	7.14	10.10
Dividend Payout ratio	%	**39.29**	37.53	80.09	43.64	50.91	88.40	212.69
Dividend per share - Cash	Rs.	**9.00**	4.50	4.00	3.25	3.25	2.00	5.00
Dividend Cover	Times	**2.55**	2.66	1.25	2.29	1.96	1.13	0.47
Market value per share at the end of the year	Rs.	**369**	71	67	49	45	28	50
Market value per share high during the year	Rs.	**406**	94	87	61	49	52	71
Market value per share low during the year	Rs.	**81**	60	45	40	28	26	44
Break-up value per share with revaluation of fixed assets	Rs.	**90**	98	61	59	55	42	43
Break-up value per share without revaluation of fixed assets	Rs.	**62**	49	40	38	34	31	32
Capital Structure Ratios								
Financial leverage ratio		**2.0**	1.7	2.2	2.3	2.1	3.2	2.7
Total Debt : Equity ratio		**67:33**	63:37	68:32	70:30	68:32	76:24	73:27
Interest cover		**10.4**	3.7	1.5	1.8	1.6	1.1	1.5
Value Addition								
Employees as remuneration	Rs. M	**1,763**	1,622	1,345	1,111	973	891	737
Government as taxes	Rs. M	**10,574**	7,518	6,394	6,606	6,067	5,091	4,459
Shareholders as dividends	Rs. M	**1,079**	540	480	390	390	240	600
Retained within the business	Rs. M	**2,986**	1,415	206	802	534	0	0
Financial charges to providers of finance	Rs. M	**680**	1,069	1,517	1,832	1,692	2,310	949

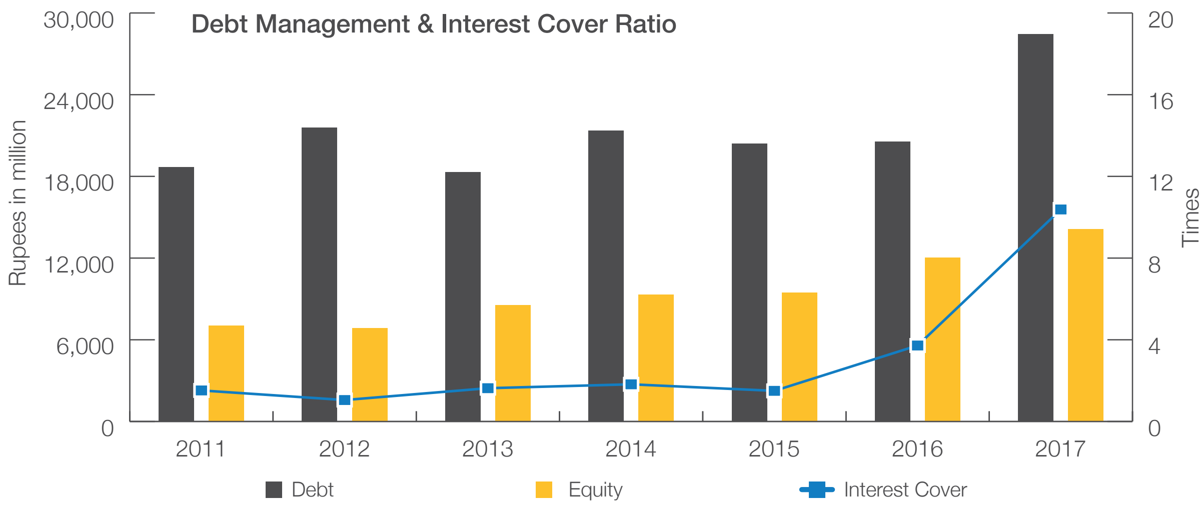
Consolidated Vertical Analysis

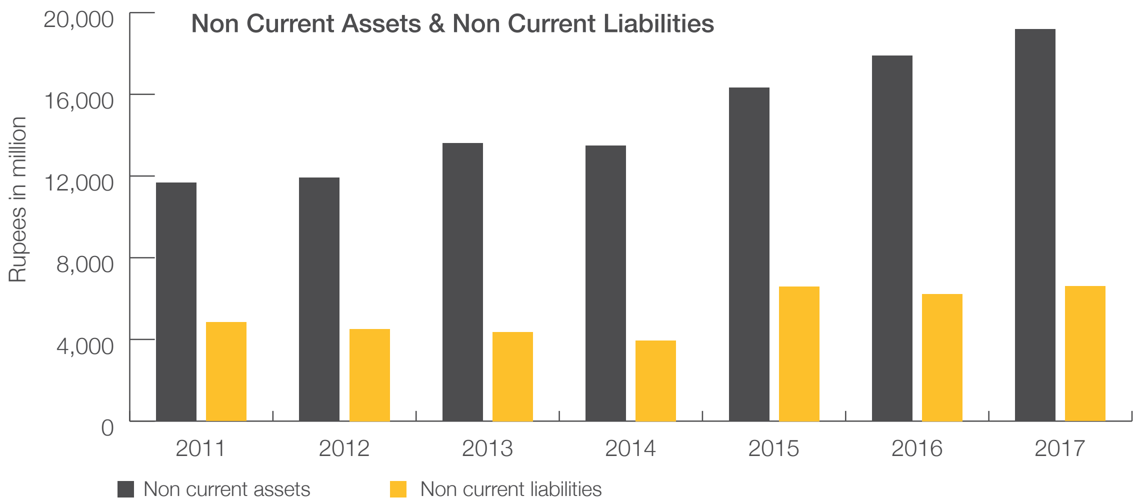
	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
OPERATING RESULTS														Rs. Million
Sales - Net	**44,118**	100.0	33,201	100.0	34,459	100.0	35,855	100.0	33,512	100.0	28,801	100.0	15,992	100.0
Cost of sales	**35,301**	80.0	27,777	83.7	31,070	90.2	31,492	87.8	29,825	89.0	25,643	89.0	13,830	86.5
Gross profit	**8,817**	20.0	5,424	16.3	3,389	9.8	4,364	12.2	3,687	11.0	3,158	11.0	2,162	13.5
Administrative, Selling and Distribution expenses	**1,758**	4.0	1,446	4.4	1,112	3.2	1,033	2.9	933	2.8	723	2.5	722	4.5
Other operating expenses	**605**	1.4	381	1.1	101	0.3	185	0.5	115	0.3	44	0.2	125	0.8
Share of profit in equity - accounted investee	**36**	0.1	18	0.1	20	0.1	16	0.0	16	0.0	10	0.0	2	0.0
Other operating income	**266**	0.6	204	0.6	246	0.7	196	0.5	186	0.6	184	0.6	212	1.3
Profit before finance costs	**6,755**	15.3	3,818	11.5	2,442	7.1	3,357	9.4	2,840	8.5	2,585	9.0	1,529	9.6
Finance costs	**680**	1.5	1,069	3.2	1,517	4.4	1,832	5.1	1,692	5.0	2,310	8.0	949	5.9
Profit before taxation	**6,076**	13.8	2,750	8.3	925	2.7	1,525	4.3	1,148	3.4	274	1.0	580	3.6
Taxation	**2,011**	4.6	795	2.4	239	0.7	333	0.9	224	0.7	49	0.2	265	1.7
Profit for the year	**4,065**	9.2	1,955	5.9	686	2.0	1,191	3.3	924	2.8	227	0.8	316	2.0
BALANCE SHEET														
Property, plant and equipment	**18,814**	44.2	17,565	53.9	16,050	53.7	13,272	43.3	13,415	50.0	11,730	41.3	11,467	44.6
Investments	**300**	0.7	270	0.8	260	0.9	183	0.6	177	0.7	169	0.6	164	0.6
Other non current assets	**71**	0.2	60	0.2	22	0.1	22	0.1	26	0.1	27	0.1	41	0.2
Current assets	**23,368**	54.9	14,677	45.1	13,546	45.3	17,178	56.0	13,238	49.3	16,495	58.0	14,056	54.6
Total assets	**42,553**	100.0	32,571	100.0	29,877	100.0	30,655	100.0	26,856	100.0	28,422	100.0	25,728	100.0
Shareholders' equity	**10,695**	25.1	8,526	26.2	6,927	23.2	6,799	22.2	6,018	22.4	5,490	19.3	5,685	22.1
Surplus on revaluation of fixed assets	**3,420**	8.0	3,503	10.8	2,537	8.5	2,502	8.2	2,533	9.4	1,358	4.8	1,362	5.3
Non current liabilities	**6,608**	15.5	6,221	19.1	6,598	22.1	3,952	12.9	4,358	16.2	4,509	15.9	4,838	18.8
Current portion of long term financing	**1,307**	3.1	857	2.6	1,000	3.3	900	2.9	783	2.9	960	3.4	501	1.9
Short term borrowings	**10,939**	25.7	6,767	20.8	8,780	29.4	11,154	36.4	11,280	42.0	14,012	49.3	11,897	46.2
Other current liabilities	**9,583**	22.5	6,697	20.6	4,035	13.5	5,349	17.4	1,885	7.0	2,094	7.4	1,445	5.6
Total equity and liabilities	**42,553**	100.0	32,571	100.0	29,877	100.0	30,655	100.0	26,856	100.0	28,422	100.0	25,728	100.0
CASH FLOWS														
Net cash generated from/(used in) operating activities	**(504)**	12.2	4,779	236.7	3,649	157.3	1,532	684.5	4,628	169.7	(1,312)	55.5	(4,033)	89.1
Net cash inflows/(outflows) from investing activities	**(2,348)**	56.8	(1,300)	(64.4)	(3,504)	(151.0)	(487)	(217.7)	(924)	(33.9)	(785)	33.2	37	(0.8)
Net cash (outflows)/inflows from financing activities	**(1,283)**	31.0	(1,460)	(72.3)	2,175	93.7	(821)	(366.9)	(977)	(35.8)	(268)	11.3	(532)	11.7
Net increase/(decrease) in cash and cash equivalents	**(4,135)**	100.0	2,019	100.0	2,320	100.0	224	100.0	2,728	100.0	(2,365)	100.0	(4,528)	100.0

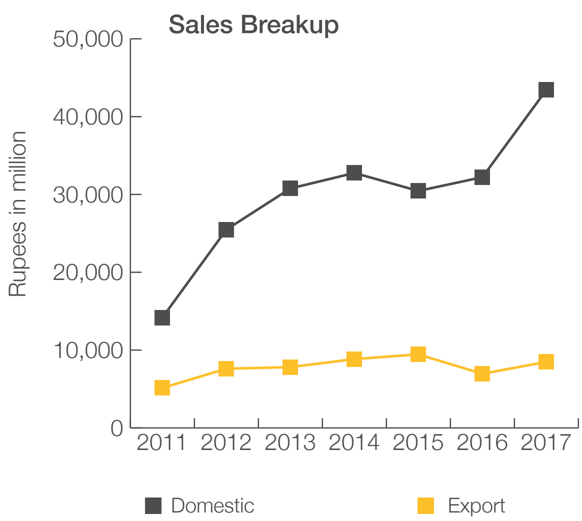
Consolidated Horizontal Analysis

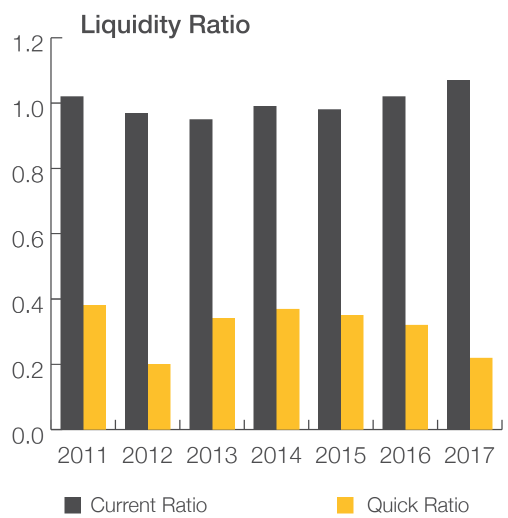
	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
OPERATING RESULTS														Rs. Million
Sales - Net	**44,118**	**32.9**	33,201	(3.6)	34,459	(3.9)	35,855	7.0	33,512	16.4	28,801	80.1	15,992	18.7
Cost of sales	**35,301**	**27.1**	27,777	(10.6)	31,070	(1.3)	31,492	5.6	29,825	16.3	25,643	85.4	13,830	22.9
Gross profit	**8,817**	**62.6**	5,424	60.0	3,389	(22.3)	4,364	18.4	3,687	16.7	3,158	46.0	2,162	(2.7)
Administrative, Selling and Distribution expenses	**1,758**	**21.6**	1,446	30.1	1,112	7.7	1,033	10.7	933	29.1	723	0.2	722	39.1
Other operating expenses	**605**	**58.8**	381	278.1	101	(45.6)	185	61.0	115	160.1	44	(64.6)	125	(45)
Share of profit in equity - accounted investee	**36**	**100.8**	18	(10.5)	20	26.7	16	(0.7)	16	56.2	10	418.9	2	(61)
Other operating income	**266**	**30.6**	204	(17.0)	246	25.5	196	5.5	186	1.0	184	(13.2)	212	56.7
Operating profit/(loss) before finance costs	**6,755**	**76.9**	3,818	56.4	2,442	(27.3)	3,357	18.2	2,840	9.9	2,585	69.0	1,529	(5.4)
Finance costs	**680**	**(36.4)**	1,069	(29.5)	1,517	(17.2)	1,832	8.3	1,692	(26.8)	2,310	143.5	949	269.2
Profit/(loss) before taxation	**6,076**	**121.0**	2,750	197.2	925	(39.3)	1,525	32.8	1,148	318.4	274	(52.7)	580	(57.3)
Taxation	**2,011**	**152.9**	795	232.4	239	(28.3)	333	48.8	224	360.2	49	(81.6)	265	(20.5)
Profit for the year	**4,065**	**108.0**	1,955	184.9	686	(42.4)	1,191	29.0	924	309.4	226	(28.5)	316	(69.2)
BALANCE SHEET														
Property, plant and equipment	**18,814**	**7.1**	17,565	9.4	16,050	20.9	13,272	(1.1)	13,415	14.4	11,730	2.3	11,467	15.8
Investments	**300**	**10.9**	270	3.9	260	42.2	183	3.4	177	4.7	169	3.2	164	30.0
Other non current assets	**71**	**19.7**	60	176.9	22	(3.2)	22	(13.6)	26	(5.7)	27	(34.0)	41	130.3
Current assets	**23,368**	**59.2**	14,677	8.4	13,546	(21.1)	17,178	29.8	13,238	(19.7)	16,495	17.4	14,056	61.4
Total assets	**42,553**	**30.6**	32,571	9.0	29,877	(2.5)	30,655	14.1	26,856	(5.5)	28,422	10.5	25,728	37.2
Shareholders' equity	**10,695**	**25.4**	8,526	23.1	6,927	1.9	6,799	13.0	6,018	9.6	5,490	(3.4)	5,685	71.1
Surplus on revaluation of fixed assets	**3,420**	**(2.4)**	3,503	38.1	2,537	1.4	2,502	(1.2)	2,533	86.5	1,358	(0.3)	1,362	(0.3)
Non current liabilities	**6,608**	**6.2**	6,221	(5.7)	6,598	67.0	3,952	(9.3)	4,358	(3.4)	4,509	(6.8)	4,838	(9.7)
Current portion of long term financing	**1,307**	**100.0**	857	100.0	1,000	100.0	900	100.0	783	(18.4)	960	91.7	501	(16.5)
Short term borrowings	**10,939**	**61.6**	6,767	(22.9)	8,780	(21.3)	11,154	(1.1)	11,280	(19.5)	14,012	17.8	11,897	67.2
Other current liabilities	**9,583**	**43.1**	6,697	66.0	4,035	(24.6)	5,349	183.8	1,885	(10.0)	2,094	44.9	1,445	45.6
Total equity and liabilities	**42,553**	**30.6**	32,571	9.0	29,877	(2.5)	30,655	14.1	26,856	(5.5)	28,422	10.5	25,728	37.2
CASH FLOWS														
Net cash generated from/ (used in) operating activities	**(504)**	**(110.5)**	4,779	31.0	3,649	138.1	1,532	(66.9)	4,628	(452.8)	(1,312)	(67.5)	(4,033)	15.6
Net cash inflows/(outflows) from investing activities	**(2,348)**	**80.6**	(1,300)	(62.9)	(3,504)	619.1	(487)	(47.3)	(924)	17.6	(785)	(2210.9)	37	(100.9)
Net cash (outflows)/inflows from financing activities	**(1,283)**	**(12.1)**	(1,460)	(167.2)	2,175	(364.8)	(821)	(15.9)	(977)	264.6	(268)	(49.6)	(532)	(118.2)
Net increase/(decrease) in cash and cash equivalents	**(4,135)**	**(304.8)**	2,019	(13.0)	2,320	936.3	224	(91.8)	2,728	(215.3)	(2,365)	(47.8)	(4,528)	(5.6)

Consolidated Performance at a Glance

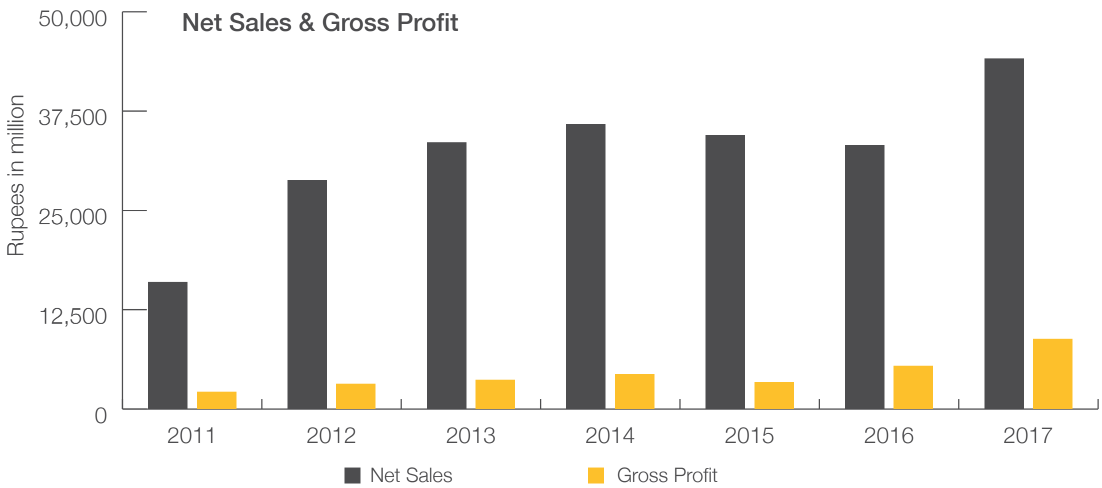


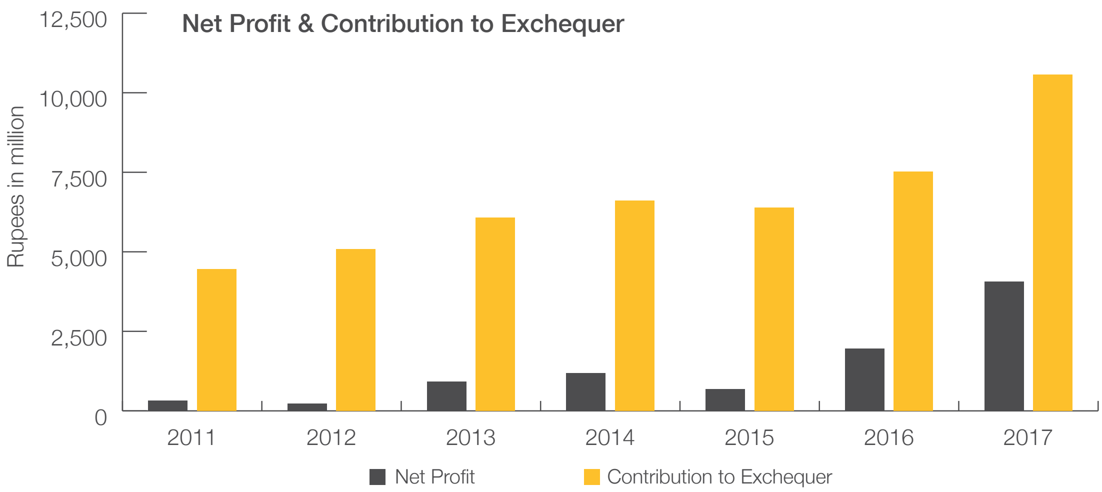






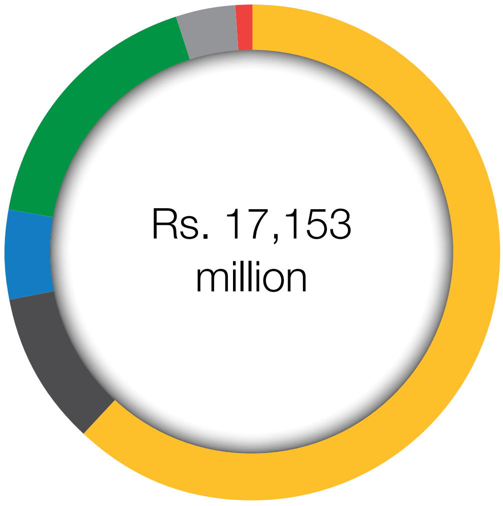
Consolidated Performance at a Glance





Value Addition and Distribution

	2017
Contribution to exchequer	62%
Employees as remuneration	10%
Shareholders as dividends	6%
Retained within the business	17%
Financial charges	4%
Society as donation	0.4%



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 2017 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 2017 and the results of their operations for the year then ended.

KPMG Taseer Hadi & Co.

Date: 17 August 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Consolidated Balance Sheet

As at 30 June 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**18,813,976**	17,564,795
Intangible assets	6	**19,894**	13,429
Investment in equity accounted investee	7	**299,503**	270,097
Long term deposits		**51,575**	46,266
		19,184,948	17,894,587
Current assets			
Stores and spares	8	**615,077**	575,099
Stock-in-trade	9	**17,857,450**	9,489,551
Trade debts	10	**2,582,530**	2,036,714
Advances	11	**107,477**	192,807
Trade deposits and short term prepayments	12	**36,970**	19,163
Other receivables	13	**68,222**	77,047
Sales tax receivable		**1,405,171**	423,422
Taxation	14	**588,108**	1,792,532
Cash and bank balances	15	**106,657**	70,405
		23,367,662	14,676,740
Total assets		**42,552,610**	32,571,327
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (2016: 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
Un-appropriated profit		**3,198,995**	1,644,740
Exchange translation reserve		**(942)**	(1,251)
Equity attributable to owners of the Holding Company		**7,388,237**	5,833,673
Non - controlling interest		**3,307,196**	2,692,184
Total equity		**10,695,433**	8,525,857
Surplus on revaluation of property, plant and equipment	17	**3,420,204**	3,502,736
LIABILITIES			
Non-current liabilities			
Long term financing- secured	18	**4,799,619**	5,083,027
Staff retirement benefits		**108,699**	69,331
Deferred taxation-net	19	**1,700,014**	1,068,925
		6,608,332	6,221,283
Current liabilities			
Trade and other payables	20	**9,450,721**	6,571,242
Short term borrowings- secured	21	**10,938,643**	6,767,004
Current portion of long term financing- secured	18	**1,306,780**	857,221
Sales tax payable		**786**	41,814
Accrued mark-up		**131,711**	84,170
		21,828,641	14,321,451
Total liabilities		**28,436,973**	20,542,734
Total equity and liabilities		**42,552,610**	32,571,327
Contingencies and commitments	22		

The annexed notes 1 to 43 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 2017

	Note	2017	2016
		(Rupees in '000)	
Net sales	23	44,117,667	33,201,188
Cost of sales	24	(35,301,138)	(27,777,312)
Gross profit		8,816,529	5,423,876
Selling and distribution expenses	25	(1,236,315)	(1,030,808)
Administrative expenses	26	(522,052)	(415,464)
		(1,758,367)	(1,446,272)
Financial charges	27	(679,731)	(1,068,799)
Other operating charges	28	(604,779)	(380,927)
		(1,284,510)	(1,449,726)
Other income	29	266,225	203,833
Share of profit in equity accounted investee - net of tax		35,753	17,809
Profit before taxation		6,075,630	2,749,520
Taxation	30	(2,010,547)	(794,951)
Profit for the year		4,065,083	1,954,569
Profit attributable to:			
- Owners of the Holding Company		2,746,195	1,437,625
- Non controlling interest		1,318,888	516,944
		4,065,083	1,954,569
		(Rupees)	
Earnings per share - basic and diluted	31	22.91	11.99

The annexed notes 1 to 43 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 2017

	2017	2016
	(Rupees in '000)	
Profit for the year	**4,065,083**	1,954,569
Other comprehensive income		
Item that will never be reclassified to profit and loss account		
Remeasurements of defined benefit liability	**(41,931)**	24,699
Related tax	**9,558**	(5,512)
	(32,373)	19,187
Item that will be classified to profit and loss account		
Foreign operations- foreign currency translation difference	**309**	(35)
Proportionate share of other comprehensive income of equity accounted investee	**672**	(1,284)
Total comprehensive income for the year	**4,033,691**	1,972,437
Total comprehensive income attributable to:		
- Owners of the Holding Company	**2,715,306**	1,455,812
- Non controlling interest	**1,318,385**	516,625
	4,033,691	1,972,437

The annexed notes 1 to 43 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 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**6,075,630**	2,749,520
Adjustments for:			
Depreciation and amortisation	5.2 & 6.1	**1,156,070**	988,021
Provision for doubtful debts		**58,360**	71,612
Provision for staff gratuity		**45,113**	47,163
Provision for compensated absences		**9,219**	5,354
Interest on bank deposits	29	**(3,033)**	(1,834)
Gain on disposal of property, plant and equipment	29	**(29,157)**	(42,172)
Share of profit from associated company		**(35,753)**	(17,809)
Financial charges	27	**679,731**	1,068,799
		7,956,180	4,868,654
Changes in:			
Working capital	32	**(7,601,378)**	1,688,200
Long term prepayments		**-**	833
Long term deposits		**(5,309)**	(39,299)
		349,493	6,518,388
Translation reserve		**(1,000)**	(107)
Financial charges paid		**(632,190)**	(1,256,588)
Payment for staff gratuity		**(47,676)**	(44,396)
Payment of compensated absences		**(7,291)**	(14,113)
Taxes paid		**(165,475)**	(423,909)
Net cash (used in) / generated from operating activities		**(504,139)**	4,779,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(2,450,514)**	(1,364,883)
Dividend received		**31,537**	7,278
Proceeds from sale of property, plant and equipment		**68,005**	55,765
Interest received		**3,033**	1,834
Net cash used in investing activities		**(2,347,939)**	(1,300,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) long term financing - net		**166,151**	(1,043,389)
Dividend paid to non controlling interest		**(436,854)**	(7)
Dividends paid to shareholders of the Holding Company		**(1,012,606)**	(416,977)
Net cash used in financing activities		**(1,283,309)**	(1,460,373)
Net (decrease) / increase in cash and cash equivalents		**(4,135,387)**	2,018,896
Cash and cash equivalents at beginning of the year		**(6,696,599)**	(8,715,495)
Cash and cash equivalents at end of the year		**(10,831,986)**	(6,696,599)
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances	15	**106,657**	70,405
Short term borrowings- secured	21	**(10,938,643)**	(6,767,004)
		(10,831,986)	(6,696,599)

The annexed notes 1 to 43 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 Changes in Equity

For the year ended 30 June 2017

	Attributable to owners of the Holding Company						
	Issued, subscribed and paid up capital	Revenue reserves		Exchange translation reserves	Total	Non-Controlling interest	Total
		General reserves	Un-appropriated profit				
	(Rupees in '000)						
Balance as at 1 July 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% (Rs. 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
Total comprehensive income for the year ended 30 June 2017							
- Profit for the year	**-**	**-**	**2,746,195**	**-**	**2,746,195**	**1,318,888**	**4,065,083**
- Other comprehensive loss for the year	**-**	**-**	**(31,198)**	**309**	**(30,889)**	**(503)**	**(31,392)**
Total comprehensive income for the year			**2,714,997**	**309**	**2,715,306**	**1,318,385**	**4,033,691**
Transactions with owners recorded directly in equity							
Distributions to owners of the Holding Company							
- Final dividend @ 35% (Rs. 3.50 per share) for the year ended 30 June 2016	**-**	**-**	**(419,624)**	**-**	**(419,624)**	**-**	**(419,624)**
- 1st Interim dividend @ 25% (Rs. 2.50 per share) for the year ended 30 June 2017	**-**	**-**	**(299,732)**	**-**	**(299,732)**	**-**	**(299,732)**
- 2nd Interim dividend @ 45% (Rs. 4.50 per share) for the year ended 30 June 2017	**-**	**-**	**(539,517)**	**-**	**(539,517)**	**-**	**(539,517)**
Total transactions with owners of the Holding Company	**-**	**-**	**(1,258,873)**	**-**	**(1,258,873)**	**-**	**(1,258,873)**
Dividend to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**(712,292)**	**(712,292)**
Transfer from surplus on revaluation on disposal of land - net of deferred tax	**-**	**-**	**8,321**	**-**	**8,321**	**-**	**8,321**
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	**-**	**-**	**89,810**	**-**	**89,810**	**8,919**	**98,729**
Balance as at 30 June 2017	**1,198,926**	**2,991,258**	**3,198,995**	**(942)**	**7,388,237**	**3,307,196**	**10,695,433**

The annexed notes 1 to 43 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

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, polyethylene pipes and PPRC pipes and fittings. 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 Pakistan 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. The Holding Company has 56.33% ownership in International Steels Limited.

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. IIL Australia PTY Limited is a wholly owned subsidiary of the Holding Company.

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. IIL Stainless Steel (Private) Limited is a wholly owned subsidiary of the Holding Company.

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 2017. 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 as notified under the Companies Ordinance, 1984 and provisions of and directives issued under the Companies Ordinance, 1984.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 20 July 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

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 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 amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material judgment in the next year are described in the following:

- Property, plant and equipment and Intangible assets (notes 4.2 and 4.3).
- Trade debts and other receivables (note 4.9)
- Derivative financial instruments (note 4.4 and 4.5)
- Stores and spares (note 4.7)
- Stock-in-trade (note 4.8)
- Taxation (note 4.11)
- Employee benefits (note 4.12)
- Impairment (note 4.18)
- Provisions (note 4.20)

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.

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 2017 and the Group does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

- 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 further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on the Group'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 recognized for new and outstanding awards. The amendments are not likely to have an impact on Group's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Group's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

  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:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

  The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. Accordingly, surplus on revaluation of fixed assets (note 17) will be part of equity. Further, the change will decrease the un-appropriated profit by Rs. 6.16 million with the corresponding increase in surplus on revaluation of property, plant and equipment.

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.

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 asset'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.

Scrap stocks are valued at estimated net realisable value.

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

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 actuarial valuations carried out under the "Projected Unit Credit Method". Remeasurements which comprise actuarial 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 actuarial 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 / partial manufacturing income is recognised when related 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 purposes of making decisions regarding resource allocation and performance assessment. Futher, due to significant returns to the holding Company on unconsolidated basis, the management now monitors returns from its strategic Investments separately. Accordingly, Investments has also been identified as a reportable segment.

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	2017	2016
		(Rupees in '000)	
Operating assets	5.1	**17,635,458**	17,323,828
Capital work-in-progress (CWIP)	5.5	**1,173,025**	238,670
Store and spares held for capital expenditure - at cost		**5,493**	2,297
		18,813,976	17,564,795

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 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 (NBV)	1,989,041	1,486,693	1,691,709	897,833	11,116,025	27,048	115,479	17,323,828
Additions / transfer from CWIP	-	14,541	56,729	71,893	1,215,178	36,725	69,172	1,464,238
Other adjustments	-	-	-	-	37,337	-	-	37,337
Translation reserve	-	-	-	-	-	50	-	50
Disposals								
- Cost	-	-	(16,141)	-	(48,847)	(657)	(57,960)	(123,605)
- Accumulated depreciation	-	-	1,248	-	43,401	608	39,500	84,757
	-	-	(14,893)	-	(5,446)	(49)	(18,460)	(38,848)
Depreciation charge	-	-	(101,009)	(111,697)	(884,087)	(11,883)	(42,471)	(1,151,147)
Balance as at 30 June 2017 (NBV)	1,989,041	1,501,234	1,632,536	858,029	11,479,007	51,891	123,720	17,635,458
Gross carrying value as at 30 June 2017								
Cost / revalued amount	1,989,041	1,501,234	1,732,297	969,726	16,701,148	177,256	231,863	23,302,565
Accumulated depreciation	-	-	(99,761)	(111,697)	(5,222,141)	(125,365)	(108,143)	(5,667,107)
Net book value	1,989,041	1,501,234	1,632,536	858,029	11,479,007	51,891	123,720	17,635,458
Depreciation rates (% per annum)	-	-	2 - 50	2 - 50	3 - 50	10 - 33.3	20	
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 / 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	

* 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 143 million (2016: Rs 106 million) and net book value of Rs.93 million (2016: Rs.85 million).

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

	Note	2017	2016
		(Rupees in '000)	
Cost of sales	24	**1,066,882**	879,323
Selling and distribution expenses	25	**15,214**	14,845
Administrative expenses	26	**20,779**	21,509
Income from power generation	29.1	**48,272**	67,608
		1,151,147	983,285

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 2017, 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	381,337	-	381,337
Buildings	2,024,374	(665,574)	1,358,800
As at 30 June 2017	**3,029,604**	**(665,574)**	**2,364,030**
As at 30 June 2016	2,891,828	(584,503)	2,307,325

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

Asset category	Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
			-----------------	(Rupees in '000)	-----------------		
Buildings	Buildings	16,141	1,248	14,893	-	Demolished	
Plant and Machinery	Plant K-76	10,615	9,930	685	2,390	Negotiation	M/s.Modelina Enterprises
	Friction Saw	1,500	1,197	303	1,804	Negotiation	M/s.Modelina Enterprises
	Frohling Slitter	4,454	4,404	50	14,229	Negotiation	M/s.Modelina Enterprises
	PLC and Drive panel of PSA plant	6,217	1,895	4,322	5,217	Insurance Claim	M/s.Jubilee General Insurance
Vehicles	Honda City	1,507	1,030	477	-	Company's Policy	Mr.Wajahatullah Khan
	Honda City	1,507	1,331	176	-	Company's Policy	Mr.Saeed Qureshi
	Toyota Corolla	2,087	1,739	348	1,440	Negotiation	Mr.Zeeshan
	Toyota Corolla	2,016	101	1,915	2,125	Negotiation	Mr.Abdur Rehman
	Toyota Corolla	1,768	177	1,591	1,620	Company's Policy	Mr. Imran Taj
	Honda City	1,418	1,134	284	968	Company's Policy	Mr. Mirza Aftab Baig
	Suzuki Mehran	667	400	267	405	Company's Policy	Mr. Suleman
	Toyota Corolla	1,642	164	1,478	1,506	Company's Policy	Mr. Jahangir Ali Khan
	Suzuki Mehran	683	250	433	484	Negotiation	Mrs. Sheeba Danish

	Description	Cost	Accumu-lated deprecia-tion	Book value	Sale proceeds	Mode of disposal	Particulars of buyer
		----------------- (Rupees in '000) -----------------					
	Honda Civic Prosmatic	2,207	1,288	919	-	Company's Policy	Mr. Zaka Ullah Khan
	Honda Civic Prosmatic	2,476	454	2,022	2,160	Company's Policy	Mr. Rashid Umer Siddiqui
	Suzuki Cultus	990	808	182	612	Company's Policy	Mr. Nabeel Ganata
	Suzuki Cultus	1,048	646	402	800	Company's Policy	Mr. Muhammad Uzair
	Suzuki Cultus	1,039	433	606	700	Negotiation	Mrs. Sheeba Danish
	Toyota Corolla	2,303	1,036	1,267	1,500	Company's Policy	Mr. Waqas Zubair
	Toyota Corolla	1,628	787	841	1,450	Insurance Claim	Mr. Masood Akhtar
	Suzuki Cultus	1,039	346	693	828	Company's Policy	Mr. Ashar Sartaj
	Suzuki Cultus	1,039	277	762	-	Company's Policy	Mr. Akhtar Ali
	Toyota Corolla	1,552	1,112	440	1,080	Company's Policy	Mr. Usman Ahmed
	Toyota Corolla	1,537	333	1,204	1,525	Company's Policy	Mr. Yasir Sohail
	Suzuki Cultus	1,039	571	468	790	Company's Policy	Mr. Shahid M. Sajid
	Suzuki Cultus	1,019	764	255	750	Company's Policy	Mr. Muhammad Ashfaq
	Honda City	1,537	154	1,383	1,530	Negotiation	Mr. Mubashir Ahmed
Others	Various Items of book value upto Rs.50,000 each	50,930	50,748	182	22,092	Negotiation	Various
		123,605	84,757	38,848	68,005		

5.5 Capital work-in-progress (CWIP)

	Cost			
	As at 01 July 2016	Additions / Adjustments	(Transfers) / Adjustments	As at 30 June 2017
	--------------------- (Rupees in '000) ---------------------			
Leasehold land	3,585	10,956	(14,541)	-
Buildings on freehold land	7,959	49,731	(56,729)	961
Buildings on leasehold land	11,259	66,189	(71,893)	5,555
Plant and machinery	212,633	2,158,317	(1,215,178)	1,155,772
Furniture, fixtures and office equipments	1,731	37,959	(36,725)	2,965
Vehicles	1,503	75,441	(69,172)	7,772
	238,670	2,398,593	(1,464,238)	1,173,025

	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	-	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

5.5.1 Additions include borrowing cost capitalized amounting to Rs. nil (2016: Rs 35 million).

6. INTANGIBLE ASSETS

	Note	2017	2016
		(Rupees in '000)	
Operating intangible assets		**18,814**	3,329
Capital work-in-progress (CWIP)		**1,080**	10,100
		19,894	13,429
Net book value as at 01 July		**3,329**	3,181
Additions / Adjustments		**20,408**	4,884
Amortisation	6.2	**(4,923)**	(4,736)
Net book value as at 30 June		**18,814**	3,329
Gross carrying value as at 30 June			
Cost		**97,188**	76,780
Accumulated amortisation		**(78,374)**	(73,451)
Net book value		**18,814**	3,329
		(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	2017	2016
		(Rupees in '000)	
Cost of sales	24	**2,107**	2,651
Selling and distribution expenses	25	**1,161**	970
Administrative expenses	26	**1,655**	1,115
		4,923	4,736

7. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

2017	2016		2017	2016
(Number of shares)			(Rupees in '000)	
2,425,913	2,425,913	Pakistan Cables Limited (PCL) - associated company	**299,503**	270,097

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 2017 was Rs. 776.292 million (30 June 2016 Rs. 413.667 million) and is categorised as level 1 under the fair value hierarchy. The share of profit after acquisition is recognised based on unaudited condensed interim financial information as at 31 March 2017 as the latest financial statements as at 30 June 2017 are not presently available. The summarised financial information of the equity accounted investee based on condensed interim financial information is as follows:

	31 March 2017 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Assets	**5,531,473**	5,075,526
Liabilities	**2,408,323**	2,040,640

	For the period ended 31 March 2017	For the year ended 30 June 2016
	(Rupees in '000)	
Total revenue	**6,219,375**	6,849,559
Profit after taxation for the period / year	**313,181**	264,820

8. STORES AND SPARES

	2017	2016
	(Rupees in '000)	
Stores	**124,514**	150,936
Spares	**482,314**	416,081
Loose tools	**8,249**	8,082
	615,077	575,099

9. STOCK-IN-TRADE

	2017	2016
Raw material - in hand	**6,765,072**	3,802,345
- in transit	**3,548,336**	1,501,737
	10,313,408	5,304,082
Work-in-process	**2,188,580**	1,128,175
Finished goods	**5,265,805**	2,963,371
By-products	**2,686**	28,108
Scrap material	**86,971**	65,815
	17,857,450	9,489,551

9.1 The stock in trade includes stock costing Rs.nil (2016: Rs 56.8 million) which has been carried out at net realizable value of Rs.nil (2016: Rs 46.1 million).

9.2 Raw material of Holding Company amounting to Rs. 1.7 million (2016: Rs. 2.7 million) is held at a vendor's premises for the production of pipe caps.

10. TRADE DEBTS

	Note	2017	2016
		(Rupees in '000)	
Considered good - secured	10.1	**628,346**	990,548
- unsecured		**1,954,184**	1,046,166
		2,582,530	2,036,714
Considered doubtful		**163,579**	109,142
		2,746,109	2,145,856
Provision for doubtful debts	10.3	**(163,579)**	(109,142)
		2,582,530	2,036,714

10.1 This represents trade debts arising on account of export sales of Rs.505.42 million (2016: Rs.932.65 million) which are secured by way of Export Letters of Credit and Rs.122.95 million (2016: Rs.57.92 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:

	2017	2016
	(Rupees in '000)	
Doogood Enterprise Pty Limited	39,712	59,799
Sumitomo Corporation	9,560	91,400
Pakistan Cables Limited	11	272
	49,283	151,471

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

	Note	2017	2016
		(Rupees in '000)	
Not yet due		41,203	104,672
Past due 1-60 days		8,080	-
Past due 61 days - 365 days		-	46,799
Total		49,283	151,471
10.3 Provision for doubtful debts			
Balance as at 01 July		109,142	37,530
Charge for the year		75,272	86,399
Recoveries during the year		(16,912)	(14,787)
	25	58,360	71,612
Write off during the year		(3,923)	-
Balance as at 30 June		163,579	109,142
11. ADVANCES			
Considered good			
- Suppliers		102,404	191,512
- Employees for business related expenses		5,073	1,295
- Workers		-	-
		107,477	192,807
12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		14,794	9,488
Short term prepayments		22,176	9,675
		36,970	19,163
13. OTHER RECEIVABLES			
Considered good			
Receivable on transmission of electricity to K- Electric		61,089	49,011
Insurance claim		344	-
Others		6,789	2,096
		68,222	51,107
Considered doubtful			
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods		25,940	25,940
		94,162	77,047
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Welfare Fund in earlier periods		(25,940)	-
		68,222	77,047

	Note	2017	2016
		(Rupees in '000)	

14. TAXATION - NET

	Note	2017	2016
Tax receivable as at 1 July		**1,792,532**	1,763,196
Tax payments / adjustment made during the year		**399,502**	525,293
Refunds received during the year		**(234,027)**	(101,384)
		1,958,007	2,187,105
Less: Provision for tax	30	**(1,369,899)**	(394,573)
		588,108	1,792,532

15. CASH AND BANK BALANCES

	Note	2017	2016
- Cash in hand		**84**	545
- Current accounts		**45,088**	24,543
- Profit and loss sharing accounts	15.1	**61,485**	45,317
		106,657	70,405

15.1 Mark-up rate on profit and loss sharing account ranges from 5.6 % to 6.2 % per annum (2016: 5% to 8% per annum). The deposits accounts are placed with bank under conventional banking arrangements.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
(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 (2016 : 576,000) ordinary shares of Rs. 10 each at the year end.

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2017	2016
		(Rupees in '000)	
Freehold land			
Balance as at 01 July		1,365,148	1,039,652
Surplus on revaluation of freehold land	5.1	-	325,496
Balance as at 30 June		1,365,148	1,365,148
Leasehold land			
Balance as at 01 July		1,119,897	800,709
Surplus on revaluation of leasehold land	5.1	-	319,188
Balance as at 30 June		1,119,897	1,119,897
Buildings			
Balance as at 01 July		1,272,906	817,519
Adjustment		-	(26,142)
Surplus on revaluation of buildings	5.1	-	542,611
Disposal of buildings		(10,754)	-
Transferred to retained earnings (Un-appropriated Profit) in respect of incremental depreciation charged during the year		(130,387)	(61,082)
		1,131,765	1,272,906
Related deferred tax liability	17.1	(290,885)	(324,976)
Balance as at 30 June - net of deferred tax		840,880	947,930
		3,325,925	3,432,975
Proportionate share of surplus on revaluation of property, plant and equipment of equity accounted investee		94,279	69,761
		3,420,204	3,502,736

17.1 Movement in related deferred tax liability

	2017	2016
Balance as at 01 July	324,976	190,299
Surplus on revaluation of buildings	-	138,828
Effect of change in tax rate	-	10,932
Tax effect on disposal	(2,433)	-
Tax effect on incremental depreciation transferred to retained earnings	(31,658)	(15,083)
Deferred tax liability as at 30 June	290,885	324,976

18. LONG TERM FINANCING - secured

	Note	2017	2016
Long-term finances utilised under mark-up arrangements - Conventional	18.1	3,856,399	4,290,248
- Islamic	18.1	2,250,000	1,650,000
Current portion of long term finances shown under current liabilities - Conventional		(1,011,325)	(457,221)
- Islamic		(295,455)	(400,000)
		4,799,619	5,083,027

18.1 Long term finances utilised under mark-up arrangements

		Sale price (Rupees in '000)	Purchase price (Rupees in '000)	Number of instalments and commencement date	Date of maturity	Rate of mark-up per annum	2017 (Rupees in '000)	2016 (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)	**538,054**	546,259
ii)	**Long term finance** Local currency assistance for plant and machinery (note 18.1.2)	1,000,000	4,675,000	32 quarterly 16-Oct-16	11-Nov-26	1.00% over SBP Refinance rate (fixed rate)	**988,012**	1,000,000
iii)	**Long term finance** Local currency assistance for plant and machinery (note 18.1.2)	1,000,000	2,501,562	16 half yearly 12-Dec-16	28-Nov-26	1.00% over SBP Refinance rate (fixed rate)	**952,555**	988,433
iv)	**Long term finance** Local currency assistance for plant and machinery (note 18.1.3)	800,000	1,112,512	18 half yearly 30-Jun-16	1-Sep-20	1.00% over 6 months KIBOR	**577,778**	755,556
v)	**Long term finance** Local currency assistance for plant and machinery (note 18.1.4)	1,000,000	1,610,411	60 equal monthly 28-Jul-16	28-Jun-21	0.15% over 3 months KIBOR	**800,000**	1,000,000
	ISLAMIC							
i)	**Meezan Bank Limited** Diminishing Musharakah of Rs.450 million for plant and machinery (Refer note 18.1.5)	450,000	570,874	6 half yearly 24 Dec 2014	24 Jun 2017	0.2 % over 6 months KIBOR	**-**	150,000
ii)	**Meezan Bank Limited** Diminishing Musharakah of Rs.500 million for plant and machinery (Refer note 18.1.5)	500,000	950,361	10 half yearly 30-Jun-18	30-Jun-23	0.1 % over 6 months KIBOR	**500,000**	500,000
iii)	**Long term finance** Local currency assistance for plant and machinery (note 18.1.6)	1,000,000	1,743,300	8 half yearly 26-Dec-16	26-Jun-20	0.20% over 6 months KIBOR	**750,000**	1,000,000
iv)	**Meezan Bank Limited** Diminishing Musharakah of Rs.250 million for plant and machinery (Refer note 18.1.5	250,000	279,978	11 half yearly 30-Jun-19	30-Jun-24	0.1 % over 6 months KIBOR	**250,000**	-
v)	**Meezan Bank Limited** Diminishing Musharakah of Rs.750 million for plant and machinery (Refer note 18.1.7	1,000,000	1,098,867	36 equal monthly 31-Oct-16	1-Sep-19	0.20 % over 1 months KIBOR	**750,000**	-
							6,106,399	5,940,248

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, 2017 the Holding Company has withdrawn Rs. 538.1 million from commercial bank (2016: Rs. 546.3 million). 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 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.

18.1.3 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.

18.1.4 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.

18.1.5 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, located at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi, and Survey no. 405-406, Dehsharabi, Landhi Town, Karachi.

18.1.6 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.

18.1.7 This finance is obtained by Subsidiary Company (ISL) from Standard Chartered 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:

	2017	2016
	(Rupees in '000)	
Taxable temporary differences		
Accelerated tax depreciation	2,076,787	1,978,985
Share of profit from equity accounted investee	13,153	8,684
Surplus on revaluation of buildings	149,362	174,699
Deductible temporary differences		
Provision for infrastructure cess	(133,998)	(80,321)
Provision for doubtful debts	(45,000)	(32,664)
Unrealised exchange losses	(292)	(2,166)
Tax loss	-	(958,590)
Staff retirement benefits	(25,688)	(16,610)
Provision for compensated absences	(3,770)	(3,092)
Alternate Corporate Taxation	(330,540)	-
	1,700,014	1,068,925

20. TRADE AND OTHER PAYABLES

	Note	2017	2016
		(Rupees in '000)	
Trade creditors	20.1	**4,210,803**	3,751,982
Bills payable		**952,646**	480,618
Derivative financial liabilities		**4,768**	8,286
Sales Commission payable		**52,509**	34,653
Accrued expenses		**1,899,203**	1,219,967
Provision for Infrastructure Cess	20.2 & 22.1.2	**841,741**	630,056
Provision for Government Levies	20.3	**257**	409
Short term compensated absences		**15,691**	13,000
Advances from customers	20.6	**562,356**	250,855
Workers' Profit Participation Fund	20.4	**2,576**	23,117
Workers' Welfare Fund		**209,733**	79,587
Unclaimed dividend		**538,466**	17,033
Unclaimed dividend attributable to non-controlling interest		**656**	384
Others		**159,316**	61,295
		9,450,721	6,571,242

20.1 This includes an amount of Rs. 3,011.9 million payable to associated companies by Subsidiary Company (ISL) (2016: Rs. 3,299.7 million).

20.2 This represents provision against fifty percent amount guaranteed to Excise and Taxation Officer (refer note 22.1.2)

	Note	2017	2016
		(Rupees in '000)	
Provision for Infrastructure Cess			
Balance as at 01 July		**630,056**	508,210
Charge for the year		**211,685**	121,846
Balance as at 30 June		**841,741**	630,056
20.3 Provision for Government levies			
Balance as at 01 July		**409**	568
Payment / adjustment during the year		**(152)**	(159)
Balance as at 30 June		**257**	409
20.4 Workers' Profit Participation Fund			
Balance as at 01 July		**23,117**	26,564
Interest on funds utilised in the Company's business	27	**506**	781
		23,623	27,345
Allocation for the year	28	**325,364**	148,263
		348,987	175,608
Payments made during the year		**(346,411)**	(152,491)
Balance as at 30 June		**2,576**	23,117

20.5 Advance from customers include Rs. 0.15 million (2016: nil) received from related party by the Subsidiary Company (ISL).

21.	SHORT TERM BORROWINGS - secured	Note	2017	2016
			(Rupees in ‘000)	
	CONVENTIONAL			
	Running finance under mark-up arrangement from banks	21.1	**1,861,128**	2,819,923
	Short term borrowing under Money Market Scheme	21.2	**2,736,526**	243,223
	Short term borrowing under Export Refinance Scheme	21.3	**3,218,500**	2,000,000
	Running finance under FE-25 Export and Import Scheme	21.4	**527,320**	166,248
	Book overdraft		**8,691**	30,611
	ISLAMIC			
	Short term borrowing under running Musharakah	21.5	**1,096,975**	686,190
	Short term finance under term Musharakah	21.6	**1,489,503**	820,809
			10,938,643	6,767,004

21.1 The facilities for running finance available from various commercial banks amounted to Rs. 9,039 million (2016: Rs.8,993 million). The rates of mark-up on these finances obtained by the Holding Company ranges from 6.75 % to 7.89% per annum (2016: 6.75% to 7.89% per annum). The rates of mark-up on these finances obtained by the Subsidiary Company ranges from 6.08% to 8.00% (2016: 6.04% to 9.68%).

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. 4,417 million (2016: Rs. 4,414 million). The rate of mark-up on these finances obtained by Holding Company ranges from 6.05% to 6.20 % per annum (2016: 6.16% to 6.55% per annum).

21.3 The Group has obtained short term running finance under the Export Refinance Scheme of the State Bank of Pakistan. The facility availed is for an amount of Rs. 3,218.5 million (2016: Rs. 2,000 million). The rates of mark-up on this facility ranges from 2.10% to 2.20% per annum (2016: 3.8% to 4.0 % 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. 527 million (2016: Rs. 166 million) by Holding Company. The rates of mark-up on these finances range from 1.7% to 2.10% (2016: 2.0% to 2.50%) per annum. The Subsidiary Company (ISL) did not avail these facilities as at 30 June 2017. These facilities mature within six months and are renewable.

21.5 The Group has obtained facilities for short term finance under Running Musharakah. The rate of profit on these finances obtained by the Holding Company is 6.32% per annum (2016: 6.16% per annum. The rate of mark-up on these finance obtained by the Subsidiary Company ranges from 6.33% to 6.53% (2016: 6.55% to 7.18%) per annum. This facility matures within twelve months and is renewable.

21.6 The Subsidiary Company has obtained facilities for short term finance under Term Musharakah. The rate of profit is 6.07% to 6.14% (2016: 6.07% to 6.58%) per annum. The facility matures within twelve months and is renewable.

21.7 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.

21.8 As at 30 June 2017, the un-availed facilities from the above borrowings amounted to Rs.12,143 million (2016: 15,702 million).

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

22.1.1 In 2011, the Gas Infrastructure Development Cess was levied via GIDC Act 2011 and further the rate of cess was amended via Finance Bill 2012 - 2013 which was challenged in the Supreme Court of Pakistan. The Supreme Court of Pakistan declared GIDC Act 2011 to be unconstitutional and ultra vires on the grounds that GIDC is a 'Fee' and not a 'Tax' and in the alternative it is not covered by any entry relating to imposition or levy of tax under Part-I of the Federal Legislative list and on either counts the 'cess' could not have been introduced through a money bill under the Constitution.

During 2015, the Government passed a new law 'Gas Infrastructure Development Cess Act 2015' ('the Act'), by virtue of which all prior enactments have been declared infructuous. The said Act levies GIDC at Rs. 100 per MMBTU on industrial consumption and Rs. 200 per MMBTU on captive power consumption, effective 01 July 2011. The Holding Company and Subsidiary Company (ISL) have obtained a stay order on the retrospective application of the Act from the Honorable High Court of Sindh. The Holding Company and Subsidiary Company (ISL) are confident of favourable outcome and therefore have not recorded, to the extent of self consumption, a provision of Rs. 475.9 million (from 01 July 2011 till 22 May 2015) in these financial statements. However, the Holding Company and Subsidiary Company (ISL) made a provision of GIDC to the extent of its self consumption from May 2015 onwards. On 26 October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh and is pending for adjudication. On 31 May 2017, separate petition filed by another company in the Peshawar High Court challenging the vires of the GIDC Act 2015 was dismissed for the reason that the Act has been passed by the Parliament strictly in accordance with the legislative procedures contained in the Constitution of Pakistan and therefore no procedural defect in the Act which could be made as a ground for its annulment. In view of aforementioned developments, the Holding Company and Subsidiary Company (ISL) on prudent basis, continue to recognise provision after the passage of the Act.

Further, the Holding Company and the Subsidiary Company (ISL) have not recognized GIDC amounting to Rs. 785.84 million (2016: Rs.658.03 million) pertaining to period from 01 July 2011 to 30 June 2017 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. As such the guarantee against this amount has not yet been returned. In May 2011, the Supreme Court disposed off the appeal with a joint statement of the parties and hence this was referred back to High Court. On 31 May 2011, the High Court has granted an interim relief for return of Bank Guarantees (BG) on the consignment released upto 27 December 2006 and any BG submitted after 27 December 2006 shall be encashed to the extent of 50% of the guarantee amount only with balance kept intact till the disposal of petition. If the Court upholds the applicability of the Fifth Version of the law and its retrospective effect, the authorities are entitled to claim the amounts due. Bank guarantees amounting to Rs. 977 million (30 June 2016: 760 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 20.2).

22.1.3 Guarantees issued by the Holding Company and Subsidiary Company (ISL) to various service providers amounting to Rs. 774.5 million (2016: Rs. 463.8.1 million) as security for continued provision of services.

22.1.4 Oil and Gas Regulatory Authority (OGRA) has issued notification for increase in the gas tariff disregarding the protocol laid down in OGRA Ordinance, 2002. The Group has filed a suit in the Sindh High Court (The Court) challenging the gas tariff increase. The Court has granted a stay order, subject to security deposit of the different amount with the Nazir of the Court. The Group has deposited amount of Rs.133.6 million (2016: Rs. Nil) as cheques with the Nazir. The Group, on a prudent basis, has also accrued this amount in these financial statements.

22.1.5 The Group's share of associate's contingent liability is Rs. 51.8 million (2016: 46.5 million).

Holding Company

22.1.5 Customs duties amounting to Rs. 52 million as at 30 June 2017 (2016: Rs. 52 million) on import of raw material shall be payable by the Holding Company in case of non-fulfilment 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 fulfilment of stipulated conditions. The Holding Company has fulfilled the conditions for duties amounting to Rs. 51 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 The 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 on the account of non-payments 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 and that SRO 190 issued in 2002 was never implemented, and hence under 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 Section 113(2)(c) of the Income Tax Ordinance, 2001 was interpreted by a Divisional Bench of the High Court of Sindh in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 07 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 counsels' advice, considered that certain strong grounds are available whereby the aforesaid decision can be challenged in a Larger Bench of the High Court of

Sindh 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 favourable.

Further based on the tax experts' advice obtained during the year, accumulated minimum tax liability under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) of Rs. 431 million was determined from the tax years 2013 till 2015 and an amount of Rs. 248 million on account of Alternate Corporate Tax (ACT) for the tax year 2016 under section 113 C of the Ordinance. However, based on the the assessment and estimation for availability of sufficient taxable profits on the basis of 5 years projections and tax credits available to the Subsidiary Company under section 65(B) of the Income Tax Ordinance 2001, accumulated minimum tax liability and alternate corporate tax net of tax credit under section 65(B) amounting to Rs. 157 million has not been recorded in the financial statements for the ended 30 June 2017.

22.2 Commitments

Group

22.2.1 Capital expenditure commitments outstanding as at 30 June 2017 amounted to Rs. 3,105 million (2016: Rs. 442.77 million).

22.2.2 Commitments under letters of credit for raw materials and stores and spares as at 30 June 2017 amounted to Rs. 5,902 million (2016: 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. 21,384 million (2016: Rs. 15,817 million) and Rs. 372 million (2016: Rs. 560 million) respectively.

Holding Company

22.2.4 Commitments under purchase contracts as at 30 June 2017 amounted to Rs. 306.9 million (2016: Rs. 558.2 million).

23. NET SALES

	2017	2016
	(Rupees in '000)	
Local	43,433,873	32,219,557
Export	8,486,257	6,958,152
	51,920,130	39,177,709
Toll manufacturing	1,523	2,365
	51,921,653	39,180,074
Sales Tax	(6,542,020)	(4,882,445)
Trade discounts	(1,152,161)	(902,017)
Export commission	(109,805)	(194,424)
	(7,803,986)	(5,978,886)
	44,117,667	33,201,188

24. COST OF SALES

	Note	2017	2016
		(Rupees in '000)	
Opening stock of raw material and work-in-process		**4,930,520**	4,316,233
Purchases		**39,070,289**	25,544,610
Salaries, wages and benefits	24.1	**1,217,586**	1,155,990
Rent, rates and taxes		**1,664**	2,067
Electricity, gas and water		**1,317,060**	1,233,923
Insurance		**28,272**	30,339
Security and janitorial		**44,439**	47,852
Depreciation and amortisation	5.2 & 6.2	**1,068,990**	881,974
Operational supplies and consumables		**165,197**	166,843
Repairs and maintenance		**208,114**	209,046
Postage, telephone and stationery		**22,317**	20,725
Vehicle, travel and conveyance		**34,601**	31,881
Internal material handling		**44,952**	41,103
Toll manufacturing expenses		**32,830**	5,451
Environment controlling expense		**1,825**	1,554
Sundries		**21,794**	22,097
Stores and spares written off		**6,946**	14,623
Stock written down to NRV		**-**	10,750
Partial manufacturing expenses		**25,231**	-
Sale of scrap generated during production		**(1,710,826)**	(1,108,661)
		46,531,802	32,628,400
Closing stock of raw material and work-in-process	9	**(8,953,652)**	(4,932,758)
Cost of goods manufactured		**37,578,150**	27,695,642
Finished goods and by-products:			
Opening stock		**2,991,479**	3,081,661
Closing stock	9	**(5,268,491)**	(2,999,991)
		(2,277,012)	81,670
		35,301,138	27,777,312

24.1 Salaries, wages and benefits include Rs. 54.18 million (2016: Rs. 53.84 million) in respect of staff retirement benefits.

25. SELLING AND DISTRIBUTION EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Freight and forwarding expense		**726,834**	591,866
Salaries, wages and benefits	25.1	**225,333**	181,615
Rent, rates and taxes		**3,933**	3,923
Electricity, gas and water		**7,000**	6,522
Insurance		**8,998**	2,022
Depreciation and amortisation	5.2 & 6.2	**16,375**	15,815
Repairs and maintenance		**1,927**	629
Advertising and sales promotion		**112,829**	53,907
Postage, telephone and stationery		**9,147**	8,908
Office supplies		**140**	75
Vehicle, travel and conveyance		**29,557**	30,179
Provision for doubtful debts - net	10.3	**58,360**	71,612
Certification and registration charges		**3,074**	9,881
Others		**32,808**	53,854
		1,236,315	1,030,808

25.1 Salaries, wages and benefits include Rs. 13.23 million (2016: Rs. 11.21 million) in respect of staff retirement benefits.

26. ADMINISTRATIVE EXPENSES

	Note	2017	2016
		(Rupees in '000)	
Salaries, wages and benefits	26.1	**320,340**	284,266
Rent, rates and taxes		**4,376**	621
Electricity, gas and water		**5,265**	3,708
Insurance		**3,831**	3,825
Depreciation and amortisation	5.2 & 6.2	**22,434**	22,624
Repairs and maintenance		**1,834**	1,129
Postage, telephone and stationery		**12,420**	12,373
Office supplies		**139**	78
Vehicle, travel and conveyance		**13,140**	10,722
Legal and professional charges		**102,660**	51,245
Certification and registration charges		**13,785**	5,280
Others		**21,828**	19,593
		522,052	415,464

26.1 Salaries, wages and benefits include Rs. 17.71 million (2016: Rs. 17.18 million) in respect of staff retirement benefits.

27. FINANCIAL CHARGES

	Note	2017	2016
		(Rupees in '000)	
Mark-up on:			
- long term financing		**240,363**	376,934
- short term borrowings		**201,193**	413,310
- running musharakah		**62,383**	31,323
- diminishing musharakah		**142,788**	89,490
Exchange loss and others		**2,902**	135,335
Interest on Workers' Profit Participation Fund	20.4	**506**	781
Bank charges		**29,596**	21,626
		679,731	1,068,799

28. OTHER OPERATING CHARGES

	Note	2017	2016
Auditors' remuneration	28.1	**4,797**	4,640
Loss on derivative financial instruments		**36,251**	27,572
Donations	28.2	**71,205**	28,410
Exchange loss - net		**-**	101,802
Provision for receivable from WPPF related to prior period		**25,940**	
Workers' Profit Participation Fund	20.4	**325,364**	148,263
Workers' Welfare Fund		**130,146**	59,285
Business development expenses		**11,076**	10,955
		604,779	380,927

28.1 Auditors' remuneration

	2017	2016
Audit fee	**2,765**	2,584
Half yearly review	**766**	718
Other services (including consolidation charges)	**1,004**	1,053
Out of pocket expenses	**262**	285
	4,797	4,640

28.2 None of the other 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	2017	2016
		(Rupees in '000)	
Income / return on financial assets			
Interest on bank deposits		**3,033**	1,834
Exchange gain		**46,019**	21,984
Income from non-financial assets			
Income from power generation 18MW	29.1	**42,594**	38,241
Income from power generation 4MW	29.2	**102,998**	76,472
Rental income		**1,587**	2,023
Gain on disposal of property, plant and equipment	5.4	**29,157**	42,172
Others		**40,837**	21,107
		266,225	203,833

29.1 Income from power generation 18MW

	Note	2017	2016
Net sales		**422,898**	444,205
Cost of electricity produced:			
Salaries, wages and benefits	29.1.1	**(19,854)**	(18,010)
Electricity, gas and water		**(798,540)**	(750,873)
Depreciation	5.2	**(48,272)**	(67,608)
Stores and spares consumed		**(21,783)**	(21,046)
Repairs and maintenance		**(23,685)**	(45,797)
Sundries		**(1,606)**	(1,336)
		(913,740)	(904,670)
Self consumption		**533,436**	498,706
Income from power generation		**42,594**	38,241

29.1.1 Salaries, wages and benefits include Rs.0.96 million (2016: Rs.0.68 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

	Note	2017	2016
		(Rupees in '000)	
Current			
- for the year		**1,233,579**	394,573
- for prior years		**136,320**	-
Current - for the year	14	**1,369,899**	394,573
Deferred		**640,648**	400,378
		2,010,547	794,951

30.1 Relationship between income tax expense and accounting profit

	2017	2016	2017	2016
	Effective tax rate (%)		(Rupees in '000)	
Profit before taxation			**6,075,630**	2,749,520
Tax at the enacted tax rate	**31.00**	32.00	**1,883,445**	879,846
Tax effect of income subject to final tax regime	**(2.68)**	(1.61)	**(162,970)**	(44,380)
Tax effect of rebate / credits	**(0.83)**	(2.89)	**(50,609)**	(79,332)
Super tax	**(0.92)**	1.36	**(55,883)**	37,264
Deferred tax charge not booked on final tax regime	**(0.06)**	0.50	**(3,522)**	13,702
Effect of tax on reduced rate	**9.39**	0.00	**570,583**	-
Tax effect of prior year taxation	**(2.24)**	0.00	**(136,320)**	-
Effect of change in rates and proportionate etc.	**(0.44)**	(0.59)	**(26,719)**	(16,154)
Others	**(0.12)**	0.15	**(7,458)**	4,005
	33.10	28.91	**2,010,547**	794,951

31. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2017	2016
		(Rupees in '000)	
Profit after taxation for the year		**2,746,195**	1,437,625
		(Number)	
Weighted average number of ordinary shares in issue during the year	16	**119,892,619**	119,892,619
		(Rupees)	
Earnings per share		**22.91**	11.99

31.1 There is no dilutive impact on Earnings per share

32. CHANGES IN WORKING CAPITAL

	2017	2016
	(Rupees in '000)	
Decrease / (increase) in current assets:		
Stores and spares	**(39,978)**	(87,147)
Stock-in-trade	**(7,485,726)**	(664,034)
Trade debts	**(604,176)**	554,294
Advances	**85,330**	8,187
Trade deposits and short term prepayments	**(14,335)**	6,442
Other receivables	**7,057**	(346,249)
Sale tax receivables	**(1,031,873)**	-
	(9,083,701)	(528,507)
(Decrease) / increase in current liabilities:		
Trade and other payables	**1,482,323**	2,216,707
	(7,601,378)	1,688,200

33. STAFF RETIREMENT BENEFITS

33.1 Provident Fund

33.1.1 Holding Company

Salaries, wages and benefits include Rs. 20.1 million (2016: Rs. 19.1 million) in respect of provident fund contribution.

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

	2017 (Unaudited)	2016 (Audited)
	(Rupees in '000)	
Size of the Fund - total assets	**296,765**	308,452
Cost of investments made	**296,765**	266,181
Percentage of investments made	**100%**	86%
Fair value of investments	**296,765**	266,181

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

	2017 (Unaudited)	2016 Audited	**2017 (Unaudited)**	2016 Audited
	(Rupees in '000)		% of total investment	
Government securities	**216,320**	193,013	**73%**	73%
Debt securities	**-**	-	**0%**	0%
Equity	**80,445**	73,168	**27%**	27%
Other assets	**-**	-	**0%**	0%
	296,765	266,181	**100%**	100%

33.1.2 Subsidiary Company (ISL)

Salaries, wages and benefits include Rs. 12.9 million (2016: Rs. 11.3 million) in respect of provident fund contribution.

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

	2017	2016
	(Rupees in '000)	
Size of the Fund - total assets	**114,399**	91,374
Cost of investments made	**98,183**	81,114
Percentage of investments made	**96.8%**	99.7%
Fair value of investments	**110,742**	91,059

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

	2017	2016	**2017**	2016
	(Rupees in '000)		% of total investment	
Government securities	**86,024**	69,729	**78%**	77%
Debt securities	**-**	-	**0%**	0%
Equity shares	**24,718**	21,330	**22%**	23%
	110,742	91,059	**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 2017. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

	2017	2016
	(% per annum)	
Financial assumptions		
Holding Company		
Rate of discount	**7.75 %**	7.25%
Expected rate of salary increase	**6.75 %**	6.25%
Subsidiary Company		
Rate of discount	**9.25 %**	9.00%
Expected rate of salary increase	**8.25 %**	8.00%
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:

	2017	2016
	(Rupees in '000)	
Present value of defined benefit obligation	**582,246**	467,112
Fair value of plan assets	**(473,548)**	(397,781)
Liability as at 30 June	**108,698**	69,331
Movement in the present value of defined benefit obligation		
Present value of defined benefit obligation - beginning of the year	**467,112**	424,701
Current service cost	**40,637**	38,995
Interest cost	**34,612**	40,907
Re-measurement : Actuarial losses/ (gain) on obligation	**61,643**	(10,841)
Benefits paid	**(21,758)**	(26,650)
Present value of defined benefit obligation - closing	**582,246**	467,112
Movement in the fair value of plan assets		
Fair value of plan assets - beginning of the year	**397,782**	333,438
Interest income on plan assets	**30,136**	32,739
Return on plan assets, excluding interest income	**19,712**	13,858
Benefits paid	**(21,758)**	(20,523)
Benefits due but not paid	**-**	(6,127)
Contribution to the Fund	**47,676**	44,396
Fair value of plan assets - closing	**473,548**	397,781

	2017	2016
	(Rupees in '000)	
Movement in the net defined liability / (asset)		
Opening balance	69,330	91,262
Re-measurements recognized in other comprehensive income during the year	41,931	(24,699)
Expense chargeable to profit & loss account	45,113	47,163
Contribution paid during the year	(47,676)	(44,396)
Closing balance	108,698	69,330

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:

	2017	2016
	(Rupees in '000)	
Component of defined benefit costs recognized in profit and loss account current service cost	40,637	38,995
Net interests cost		
- Interest cost on defined benefits obligation	34,612	40,907
- Interest income on plan assets	(30,136)	(32,739)
	45,113	47,163
Component of defined benefit costs (re-measurement) recognized in profit and loss account		
Re-measurement : Actuarial loss on obligation		
- Loss / (gain) due to change in experience adjustment	61,643	(10,841)
Interest income on plan assets	(19,712)	(13,858)
Net re-measurement recognised in other income	41,931	(24,699)
Total defined benefit cost recognized in profit and loss account and other comprehensive income	87,044	22,464
Actual return on plan assets	40,645	41,143
Expected contributions to funds in the following year	56,155	45,447
Expected benefits payment to retires in the following year	36,199	36,199
Re-measurements : Accumulated actuarial losses recognized in equity	(25,002)	(25,002)
Weighted average duration of the defined benefit obligation (years) of Holding Company	7.12	7.12
Weighted average duration of the defined benefit obligation (years) of Subsidiary Company	12	12
Vested / Non-vested		
- Vested benefits	480,449	390,980
- Non - vested benefits	3,040	303

Disaggregation of fair value of plan assets

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

	2017	2016
	(Rupees in '000)	
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities)	**21,323**	7,033
Equity instruments	**126,582**	121,848
Government securities	**325,642**	268,901
Mutual funds		
- Money Market fund	**-**	-
- Income fund	**-**	-
- Asset allocation fund	**-**	-
- Stock fund	**-**	-
	-	-

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:

	2017	2016
	(Rupees in '000)	
Discount rate + 100 basis point	**541,663**	433,702
Discount rate - 100 basis point	**628,717**	505,403
Salary increase + 100 basis point	**631,331**	507,311
Salary decrease - 100 basis point	**538,650**	431,445

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	2017	2016
	(Rupees in '000)	
Years		
1	**53,124**	36,198
2	**55,694**	46,576
3	**50,975**	45,068
4	**50,015**	43,346
5	**58,139**	41,412
6 and onwards	**428,945**	346,540

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2017	2016	**2017**	2016
	(Rupees in '000)			
Managerial Remuneration	**39,124**	34,244	**441,477**	360,683
Variable performance pay	**11,771**	7,848	**137,865**	85,204
Retirement benefits	**2,546**	2,139	**33,792**	33,534
Rent, utilities, leave encashment, medical etc.	**14,671**	13,172	**165,283**	143,983
	68,112	57,403	**778,417**	623,404
Number of persons	**1**	1	**203**	172

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. 9.5 million (2016: Rs. 8.1 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 analyse 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:

	2017	2016
	(Rupees in '000)	
- Long term deposit	**51,575**	46,266
- Trade debts - net of provision	**2,582,530**	2,036,714
- Trade deposits	**14,794**	9,488
- Other receivable (excluding receivable from K-Electric Ltd)	**7,133**	2,096
- Receivable on transmission of electricity to K-Electric Ltd	**61,089**	49,011
- Bank balances	**106,573**	69,860
	2,823,694	2,213,435

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 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 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:

	2017	2016
	(Rupees in '000)	
Domestic	1,410,546	1,081,000
Export	1,396,652	1,113,867
	2,807,198	2,194,867

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:

	2017		2016	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	2,358,428	-	1,654,209	-
Past due 1-60 days	268,616	-	370,715	-
Past due 61 days -1 year	68,287	24,081	64,374	3,573
More than one year	111,867	139,498	105,569	105,569
Total	2,807,198	163,579	2,194,867	109,142

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-

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:

	2017						
	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	6,106,399	-	(8,330,624)	(885,011)	(1,816,902)	(4,818,290)	(810,421)
Trade & other payebles	7,813,599	(697,782)	(7,115,817)	(7,115,817)	-	-	-
Accrued mark-up	131,711	-	(131,711)	(131,711)	-	-	-
Short-term borrowings	10,938,643	(10,938,643)	-	-	-	-	-
	24,990,352	(11,636,425)	(15,578,152)	(8,132,539)	(1,816,902)	(4,818,290)	(810,421)
Derivative financial liabilities	4,768		(4,768)	(4,768)			
	24,995,120	(11,636,425)	(15,582,920)	(8,137,307)	(1,816,902)	(4,818,290)	(810,421)

	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 mark-up	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)
Derivative financial liabilities	8,648		(8,648)	(8,648)			
	18,366,002	(6,845,332)	(13,251,190)	(6,205,017)	(619,780)	(4,688,692)	(1,737,701)

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 mark-up that are denominated in a currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2017			2016		
	Rupees	US Dollars	AUD	Rupees	US Dollars	AUD
	(In '000)					
Financial assets						
Trade debts and bank balance in foreign currency	1,396,652	9,731	4,691	1,152,010	9,181	2,458
Financial liabilities						
Running finance under FE-25 Export and Import Scheme	(527,320)	(5,023)	-	(166,248)	(1,586)	-
Trade and other payable	(3,938,871)	(37,509)	(75)	(3,938,871)	(37,509)	(78)
Accrued mark-up on running finance under FE-25 Export and Import Scheme	-	-	-	-	-	-
	(4,466,191)	(42,532)	(75)	(4,105,119)	(39,094)	(78)
Net exposure	(3,069,539)	(32,801)	4,616	(2,953,109)	(29,913)	2,380

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2017	2016	2017	2016
US Dollars to PKR	104.9	104.7	104.79 / 104.98	104.67 / 104.85
Australian Dollars to PKR	78.9	77.7	80.61 / 80.75	77.73 / 77.87

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 2016.

	Effect on profit and loss (net of tax)	
	2017	2016
	(Rupees in '000)	
As at 30 June		
Effect - US Dollars	(237,304)	(213,278)
Effect - Australian Dollars	25,719	12,602

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:

	Carrying amount	
	2017	2016
	(Rupees in '000)	
Fixed rate instruments		
Financial liabilities	**(5,322,344)**	(4,301,815)
Variable rate instruments		
Financial liabilities	**(11,722,698)**	(8,405,437)

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. 101 million (2016: Rs. 18.9 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 2016.

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

	2017	2016
	(Rupees in '000)	
Financial assets		
Loans and Receivables		
- Long term deposit	**51,575**	46,266
- Trade debts - net of provision	**2,582,530**	2,036,714
- Trade deposits	**14,794**	9,488
- Other receivables	**68,222**	51,107
- Bank balances	**106,573**	69,860
	2,823,694	2,213,435
Financial liabilities		
Financial liabilities at amortized cost		
- Long term financing	**6,106,399**	5,940,248
- Trade and other payables	**7,813,599**	5,565,932
- Accrued mark-up	**131,711**	84,170
- Short-term borrowings	**10,938,643**	6,767,004
	24,990,352	18,357,354
Financial liabilities at fair value through profit and loss		
- Derivative financial liabilities	**4,768**	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 2017							
	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 not measured at fair value								
Long term deposits	51,575	-	-	-	51,575			
Trade debts - net of provision	2,582,530	-	-	-	2,582,530			
Trade deposits	14,794	-	-	-	14,794			
Other receivables	68,222	-	-	-	68,222			
Cash and bank balances	106,573	84	-	-	106,657			
Financial liabilities measured at fair value								
- Derivative financial liabilities	-	-	4,768	-	4,768	-	4,768	-
Financial liabilities not measured at fair value								
- Long term financing	-	-	-	6,106,399	6,106,399			
- Trade and other payables	-	-	-	7,813,599	7,813,599			
- Accrued mark-up	-	-	-	131,711	131,711			
- Short term borrowings	-	-	-	10,938,643	10,938,643			

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 hierarchy.	

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 assets and long term liabilities management consider that their carrying values approximates fair value. Fair value of long term investment in equity accounted investee is disclosed in note 7.2.

	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 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 hierarchy.	

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 assets and long term liabilities management consider that their carrying values approximates fair value. Fair value of long term investment in equity accounted investee is disclosed in note 7.2.

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:

	2017	2016
	(Rupees in '000)	
Associated companies		
Sales	**810,566**	512,481
Purchases	**15,508,126**	9,708,158
Rent income	**1,932**	1,962
Dividend paid	**144,220**	2,016
Dividend received	**31,537**	7,278
Reimbursement of expenses	**859**	-
Associated Person / company		
Sales Commission	**210**	1,253
Key management personnel		
Remuneration	**413,119**	323,259
Non executive directors		
Directors' fee	**9,480**	8,160
Staff retirement funds		
Contributions paid	**107,339**	84,573

39. PRODUCTION CAPACITY

	2017	2016
	(Metric tonnes)	
Actual production capacity at the year end was as follows:		
Holding company		
Pipe	500,000	500,000
Galvanising	150,000	150,000
Cold rolled steel strip	70,000	70,000
Polyethylene pipe	25,000	25,000
Subsidiary company - International Steels Limited		
Galvanising	462,000	462,000
Cold rolled steel strip	550,000	550,000
Colour coated	84,000	84,000
Subsidiary company - IIL Stainless Steel (Private) Limited		
Pipe	1,450	1,450
Polishing	900	900
The actual production for the year was:		
Holding company		
Pipe	184,682	185,460
Galvanising	84,588	87,641
Cold rolled steel strip	-	6,027
Polyethylene pipe	7,427	7,525
Subsidiary company - International Steels Limited		
Galvanising	312,886	252,910
Cold rolled steel strip	464,023	370,811
Colour coated	9,345	9,963
Subsidiary company - IIL Stainless Steel (Private) Limited		
Pipe	564	387
Polishing	463	339

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 coils and sheet, steel pipes, plastic pipes and investment as reportable segments.

40.1 Segment revenue and results

	Steel coils & sheets segment	Steel pipes segment	Plastic pipes segment	Investment segment	Total
	(Rupees in '000)				
For the year ended 30 June 2017					
Sales	**27,673,829**	**15,197,093**	**1,246,745**	**-**	**44,117,667**
Cost of sales (Excluding depreciation and amortization)	**(22,116,448)**	**(11,009,079)**	**(1,114,413)**	**-**	**(34,239,940)**
Depreciation and amortization	**(710,881)**	**(316,962)**	**(33,355)**	**-**	**(1,061,198)**
Gross profit	**4,846,500**	**3,871,052**	**98,977**	**-**	**8,816,529**
Selling and distribution expenses	**(325,961)**	**(858,592)**	**(51,762)**	**-**	**(1,236,315)**
Administrative expenses	**(212,584)**	**(287,337)**	**(22,131)**	**-**	**(522,052)**
	(538,545)	**(1,145,929)**	**(73,893)**	**-**	**(1,758,367)**
Financial charges	**(455,500)**	**(203,530)**	**(20,701)**	**-**	**(679,731)**
Other operating charges	**(424,951)**	**(179,437)**	**(391)**	**-**	**(604,779)**
	(880,451)	**(382,967)**	**(21,092)**	**-**	**(1,284,510)**
Other income	**102,085**	**164,140**	**-**	**-**	**266,225**
Share of profit in equity accounted investee- net of tax	**-**	**-**	**-**	**35,753**	**35,753**
Profit before taxation	**3,529,589**	**2,506,296**	**3,992**	**35,753**	**6,075,630**
Taxation					**(2,010,547)**
Profit after taxation					**4,065,083**
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 and amortization)	(14,385,363)	(11,246,158)	(1,263,817)	-	(26,895,338)
Depreciation and amortization	(634,222)	(220,411)	(27,341)	-	(881,974)
Gross profit	2,905,681	2,306,131	212,064	-	5,423,876
Selling and distribution expenses	(228,893)	(749,586)	(52,329)	-	(1,030,808)
Administrative expenses	(115,892)	(270,472)	(29,100)	-	(415,464)
	(344,785)	(1,020,058)	(81,429)	-	(1,446,272)
Financial charges	(731,525)	(311,071)	(26,203)	-	(1,068,799)
Other operating charges	(264,675)	(107,186)	(9,066)	-	(380,927)
	(996,200)	(418,257)	(35,269)	-	(1,449,726)
Other income	68,708	135,125	-	-	203,833
Share of profit in equity accounted investee - net of tax	-	-	-	17,809	17,809
Profit before taxation	1,633,404	1,002,941	95,366	17,809	2,749,520
Taxation					(794,951)
Profit after taxation					1,954,569

40.2 Segment assets and liabilities

	Steel coils & sheets segment	Steel pipes segment	Plastic pipes segment	Investment segment	Total
	(Rupees in '000)				
As at 30 June 2017					
Segment assets	**24,020,336**	**13,540,885**	**1,345,368**	**299,503**	**39,206,092**
Segment liabilities	**16,381,683**	**7,963,492**	**504,349**	**-**	**24,849,524**
As at 30 June 2016					
Segment assets	18,556,073	9,385,743	756,916	270,097	28,968,829
Segment liabilities	13,023,796	4,874,849	275,417	-	18,174,062

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

	2017	2016
	(Rupees in '000)	
Total for reportable segments assets	**39,206,092**	28,968,829
Unallocated assets	**3,346,518**	3,602,498
Total assets as per balance sheet	**42,552,610**	32,571,327
Total for reportable segments liabilities	**24,849,524**	18,174,062
Unallocated liabilities	**3,587,449**	2,368,672
Total liabilities as per balance sheet	**28,436,973**	20,542,734

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, trade debts and investment in equity accounted investee.

40.5 Information about major customers

Revenue from major customer of Plastic Segment is Rs. 829 million (2016: Rs. 673 million), where as in the Steel segment was Rs. Nil (2016: Nil) 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:

	2017	2016
	(Rupees in '000)	
Domestic sales	**43,435,396**	32,221,922
Export sales	**8,486,257**	6,958,152
	51,921,653	39,180,074

40.6.1 Region wise export sales are as under:

	2017	2016
Sri-lanka	**1,219,392**	1,545,277
Americas	**2,478,697**	1,690,802
Australia	**1,155,097**	359,643
Afghanistan	**1,102,297**	1,365,594
Others	**2,530,775**	1,996,835
	8,486,257	6,958,152

40.7 As at 30 June 2017, all non current assets of the Group are located in Pakistan with an exception of its assets of IIL-Australia Pty Limited which are not material to the Group therefore have not been disclosed.

41. INTERESTS IN OTHER ENTITIES

41.1 Non-controlling interests

Set out below is summarised financial information of Subsidiary Company (ISL) which has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	2017	2016
	(Rupees in '000)	
NCI Percentage (%)	**43.67%**	43.67%
Non-current assets	**13,643,454**	12,620,122
Current assets	**12,727,641**	8,364,006
Non-current liabilities	**5,101,271**	4,880,217
Current Liabilities	**12,715,577**	8,961,285
Net assets attributable to non-controlling interests	**3,735,640**	3,119,185
Revenue	**33,732,622**	20,492,097
Expenses	**30,688,600**	19,313,133
Profit after taxation for the year	**3,044,022**	1,178,964
Profit attributable to non-controlling interests	**1,329,324**	514,854
Other comprehensive loss attributable to non-controlling interests	**(503)**	(319)
Total comprehensive income attributable to non-controlling interests	**1,328,822**	514,535
Net cash inflow from operating activities	**1,568,756**	2,871,600
Net cash outflow from investing activities	**(1,787,168)**	(479,346)
Net cash outflow from financing activities	**(1,281,456)**	(1,846,663)

41.2 Associates

Details about the Group's investment in associated company and summarised financial information are disclosed in note 7 to these financials statements.

42. NUMBER OF EMPLOYEES

	2017	2016
	(Number)	
Holding company		
Average number of employees during the year	**995**	999
Number of employees as at 30 June	**1,015**	1,007
Subsidiary companies		
Average number of employees during the year	**563**	551
Number of employees as at 30 June	**565**	570

43. GENERAL

43.1 These consolidated financial statements were authorized for issue on 17 August 2017 by the Board of Directors.

43.2 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.

43.3 Non Adjusting events after balance sheet date

The Board of Directors of the Holding Company in their meeting held on 17 August 2017 has proposed a final cash dividend of Rs. 2 per share amounting to Rs. 239.8 million (2016: Rs. 3.50 per share amounting to Rs. 419.6 million) for the year ended 30 June 2017. The approval of the Members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on 28 September 2017. The consolidated financial statements for the year ended 30 June 2017 do not include the effect of the proposed final cash dividend which will be accounted for in the year ending 30 June 2018.

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

Stakeholders
Information

Stakeholders Information

OWNERSHIP

On June 30, 2017 there were 2,964 members on the record of the company's ordinary shares.

DIVIDEND PAYMENT

The Board of Directors of the company has recommended 20% 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 28th September 2017. 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 15th September, 2017 and shall be subject to the Zakat and Tax deductions as per law.

Financial Calendar

RESULTS

First quarter ended September 30, 2016	Approved and Announced on	Oct. 20, 2016
Half year ended December 31, 2016	Approved and Announced on	Jan. 25, 2017
Third quarter ended March 31, 2017	Approved and Announced on	Apr. 21, 2017
Year ended June 30, 2017	Approved and Announced on	Aug. 17, 2017

DIVIDENDS

Final – Cash (2015-16)	Approved on	Aug. 18, 2016
	Entitlement date	Sep. 30, 2016
	Statutory limit upto which payable	Oct. 29, 2016
	Paid on	Oct. 25, 2016
1st Interim – Cash (2016-17)	Approved on	Jan. 25, 2017
	Entitlement date	Feb. 15, 2017
	Statutory limit upto which payable	Mar. 16, 2017
	Paid on	Mar. 6, 2017
2nd Interim – Cash (2016-17)	Approved on	Jun. 2, 2017
	Entitlement date	Jun.16, 2017
	Statutory limit upto which payable	Jul. 15, 2017
	Paid on	Jun. 23, 2017

LATEST ANNUAL REPORT ISSUED ON	Sep. 6, 2017
69TH ANNUAL GENERAL MEETING TO BE HELD ON	Sep. 28, 2017

TENTATIVE DATES OF FINANCIAL RESULTS 2017-18

For the Period	To be Announced on
1st Quarter	19-10-2017
2nd Quarter	25-01-2018
3rd Quarter	20-04-2018
Annual Accounts	16-08-2018

Pattern of Shareholding
As at 30-06-2017

No. of Shareholders	Having Shares From	To	Shares Held	Percentage
835	1	100	26,365	0.0220
606	101	500	194,242	0.1620
335	501	1000	278,486	0.2323
597	1001	5000	1,526,021	1.2728
167	5001	10000	1,283,117	1.0702
78	10001	15000	1,010,770	0.8431
55	15001	20000	993,556	0.8287
36	20001	25000	832,622	0.6945
24	25001	30000	663,352	0.5533
15	30001	35000	502,229	0.4189
21	35001	40000	821,263	0.6850
14	40001	45000	602,584	0.5026
11	45001	50000	532,636	0.4443
21	50001	60000	1,171,504	0.9771
10	60001	70000	645,300	0.5382
11	70001	80000	838,555	0.6994
10	80001	90000	852,243	0.7108
12	90001	100000	1,158,621	0.9664
16	100001	125000	1,801,692	1.5028
13	125001	150000	1,806,009	1.5064
9	150001	175000	1,477,096	1.2320
5	175001	200000	934,157	0.7792
13	200001	250000	2,894,800	2.4145
4	255001	300000	1,123,676	0.9372
5	300001	380000	1,796,900	1.4988
2	430001	440000	872,904	0.7281
4	450001	500000	1,887,474	1.5743
3	525001	580000	1,650,225	1.3764
2	655001	675000	1,330,705	1.1099
2	740001	775000	1,518,700	1.2667
2	805001	820000	1,624,651	1.3551
4	900001	1000000	3,883,000	3.2387
1	1095001	1100000	1,100,000	0.9175
3	1115001	1155000	3,388,776	2.8265
1	1240001	1245000	1,242,240	1.0361
1	1370001	1375000	1,370,080	1.1428
1	1435001	1440000	1,438,567	1.1999
1	1440001	1445000	1,441,776	1.2026
2	1445001	1450000	2,891,749	2.4119
1	1545001	1550000	1,546,200	1.2897
1	1565001	1570000	1,568,650	1.3084
1	2075001	2080000	2,080,000	1.7349
1	2925001	2930000	2,928,100	2.4423
1	4085001	4090000	4,087,560	3.4094
1	4320001	4325000	4,320,600	3.6037
1	4980001	4985000	4,983,803	4.1569
1	5375001	5380000	5,379,347	4.4868
1	5540001	5545000	5,542,017	4.6225
1	7275001	7280000	7,278,133	6.0705
1	12910001	12915000	12,911,446	10.7692
1	15855001	15860000	15,858,120	13.2269
2964			119,892,619	100.0000

Categories of Shareholders

As at 30-06-2017

Particulars	No. of Shareholders	No. of Shares Held	Percentage
Directors, CEO, Sponsors and Family Members	24	60,538,845	50.4942
Associated Companies	4	1,403,525	1.1707
Govt. Financial Institutions & Associates	5	8,095,400	6.7522
Banks, DFI & NBFI and Insurance Companies	23	12,452,260	10.3862
Mutual Funds	49	8,898,641	7.4222
Foreign Companies	3	230,968	0.1926
Welfare Trusts / Provident Funds/Others	114	5,878,012	4.9027
General Public	2,742	22,394,968	18.6792
TOTAL	2,964	119,892,619	100.0000

Key Shareholding

As at 30-06-2017

Information on shareholding required under reporting framework is as follows:

	No. of Shares	Percentage
Directors & Spouses	37,181,576	31.012
Executives	183,105	0.153
Associated Companies		
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
Pak Oman Investment Company Ltd.	50,200	0.042
	1,403,525	1.171
Government Institutions		
CDC-Trustee National Investment (Unit) Trust	7,278,133	6.071
State Life Insurance Corp. of Pakistan	656,019	0.547
National Investment Trust Limited - Administration Fund	160,023	0.133
IDBL (ICP Unit)	805	0.001
Investment Corp. of Pakistan	420	0.000
	8,095,400	6.752

Members having 5%

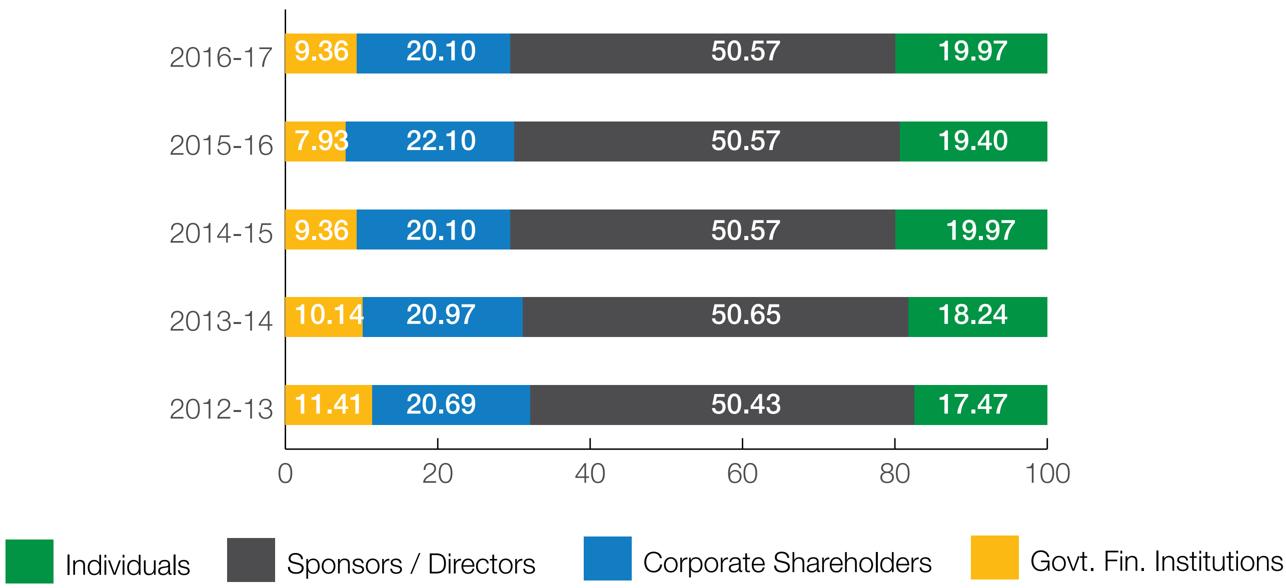
or more of voting rights

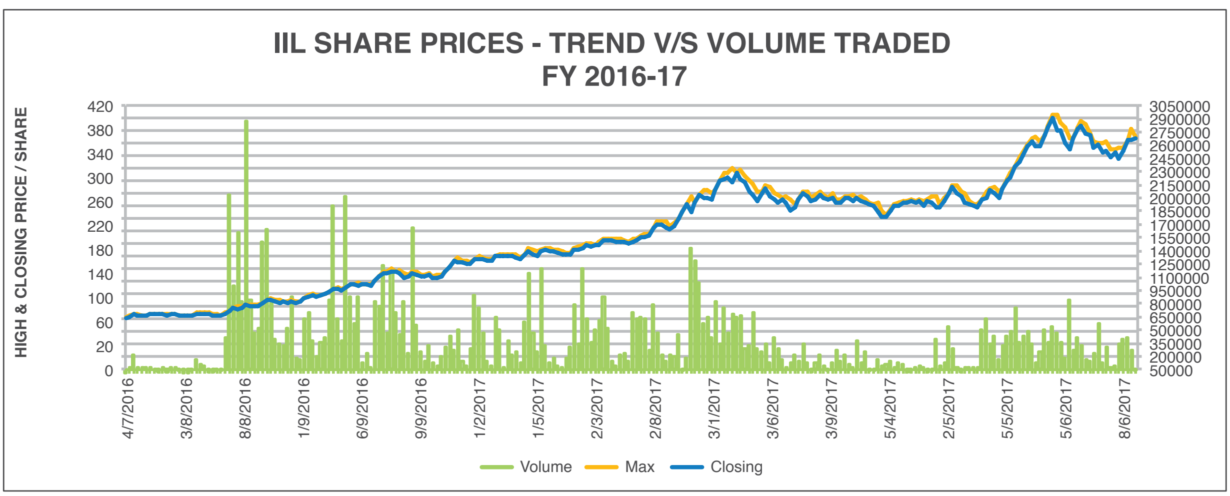
Name of Shareholder	Shares Held	Percentage
CDC-Trustee National Investment (Unit) Trust	7,278,133	6.0705

Shares Traded by Directors & Executives

21,000 shares of International Industries Ltd., were purchased by Directors as qualification shares during the financial year July 1, 2016 to June 30, 2017.

Shareholders Composition





Notice of Annual General Meeting

For the year ended June 30, 2017

Notice is hereby given to the members that the 69th Annual General Meeting of the Company will be held on September 28, 2017 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, 2017 and the Directors' Report and Auditors' Report thereon.
2. To Consider and approve payment of Rs. 2.0 (20%) per share as final cash dividend in addition to 25% and 45% interim cash dividends announced and paid, making a total dividend of Rs. 9.0 (90%) per share for the financial year ended June 30, 2017 as recommended by the Board of Directors.
3. To appoint auditors for the year 2017-2018 and fix their remuneration.
4. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

SPECIAL BUSINESS

5. To approve transmission of annual audited financial statements, auditor's report and directors report etc. (annual audited accounts) to the Company's shareholders through CD/DVD/USB at their registered address as allowed by the Securities and Exchange Commission of Pakistan by their SRO No.470(I)/2016 dated May 31, 2016.

   "RESOLVED THAT the Company be and is hereby allowed to transmit its annual audited financial statements, auditor's report and directors report etc. (annual audited accounts) to the Company's shareholders at their registered addresses in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy as allowed by the Securities and Exchange Commission of Pakistan via SRO No.470(I)/2016 dated May 31, 2016."

6. To consider, and if thought fit, to pass, with or without modification the following resolutions as Special Resolution:

   "RESOLVED THAT Subject to the applicable regulatory approvals and approval of the shareholders of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 for making further equity investment not exceeding Rs.600 million, in one tranche or from time to time, as may be deemed appropriate by the Company, in fully paid up 3,000,000 ordinary shares of the face value of Rs. 10/-, each, per share of Pakistan Cables Limited (PCL), an associated undertaking, not exceeding Rs.200 per share (Rupees Two Hundred Only), from Mrs. Farhana Y. Shah and Mrs. Saadia S. Rashid, in addition to earlier equity investment in PCL of 2,425,913 shares for Rs.132,981,346/ -.

   "FURTHER RESOLVED THAT any two Directors of the Company be and are hereby authorized to negotiate, finalise, issue, execute agreement(s) and to invest the Company's funds from time to time in the equity of PCL of an amount not exceeding Rs. 600 million (Rupees Six Hundred million Only), as above, in such manner and in accordance with the provision of Section 199 of the Act and applicable notification(s) and to take and do and /or cause to be taken or done any/all necessary actions, deeds and things which are or may be necessary, incidental and/or consequential for giving effect to the aforesaid resolution."

By Order of the Board
International Industries Ltd.

Fauzia Noorani
Company Secretary

Karachi
Dated: August 17, 2017

Notes

1. The Share Transfer Books of the Company shall remain closed from September 18, 2017 to September 28, 2017 (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.

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.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT. 2017

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 28, 2017.

ITEM 5 OF THE AGENDA

The Securities and Exchange Commission of Pakistan by their SRO No.470(I)/2016 dated May 31, 2016 allowed to transmit its annual audited financial statements, auditor's report and directors report etc. to the Company's shareholders at their registered addresses in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy, provided consent of shareholders has been obtained in a general meeting and an option of hard copy of the same information is offered to any interested shareholder.

To proceed towards paperless environment and to fulfill the responsibility towards environment, the International Industries Limited has sought approval of shareholders to issue & dispatch its annual financial statements through CD/DVD/USB at registered addresses of the members.

ITEM 6 OF THE AGENDA

a) Pakistan Cables Limited (PCL) was incorporated as private limited company on April 22, 1953 and in 1955 was converted into a public limited company in which year it also obtained a listing on the Karachi Stock Exchange (currently Pakistan Stock Exchange). The corporate relationship between the Company and PCL is of an associated undertaking on account of common directorship. The Company intends to make equity investment not exceeding in one tranche or from time to time as appropriate, in fully paid up 3,000,000 ordinary shares of the face value of Rs.10/-, each, at Rs.200 per share from Mrs. Farhana Y. Shah and Mrs. Saadia S. Rashid, of an amount not exceeding Rs. 600 million (Rupees Six Hundred million Only).

b) PCL's main business activities are manufacturing of copper rods, wires, cables and conductors, aluminum extrusion profiles and PVC compounds.

c) In anticipation of the earnings and capital appreciation, it is expected that the Company will generate reasonable profits in future and hence, the Board of Directors of the Company, subject to the approval of Competition Commission of Pakistan and other concerned authority/s, has approved to make said investment in the shape of equity subject to the approval of the members of the Company under Section 199 of the Companies Act, 2017. Accordingly, the consent and approval of the members is sought for making the investment in PCL as proposed above.

d) The Chairman of the Company is also the Chairman of PCL. Further one Director of the company Mr. Kamal Chinoy is the Chief Executive Officer of PCL. To the extent of their designation and shareholdings, these directors have interest in both the companies. Further the proposed acquisition of 3,000,000 shares by the company is from Mrs. Farhana Y. Shah and Mrs. Saadia S. Rashid who are related to Mr. Mustapha A. Chinoy and Mr. Kamal A. Chinoy as sisters.

e) Further information is in terms of notification No. SRO 27(I)/2012 dated January 16, 2012 are as follows:

Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Pakistan Cables Limited (PCL) – due to common directorship the International Industries Limited (IIL) and PCL are associated undertaking.
Purpose, benefits and period of investment	To make efficient use of the retained earnings in a diversified business venture. The investment has expected potential for growth. Since it is going to be a strategic investment, therefore, long term benefits may accrue to IIL and ultimately to its shareholders.
Maximum amount of investment	Rs.600 million
Maximum price at which securities will be acquired	Rs.200 per share
Maximum number of securities to be acquired	IIL intends to acquire upto 3 million ordinary shares of PCL
Number of securities and percentage thereof held before and after the proposed investment	Before Investment – 8.52% (2,425,913 shares) After Investment – 19.06% (5,425,913 shares)
Provide average of the preceding twelve weekly average price of the security intended to be acquired	PKR 316.4/- (18 May to 18 Aug).
Break-up value of securities intended to be acquired on the basis of the latest audited financial statements.	Rs. 109.3 per share as per the Audited Financial Statement for year ended 30 June 2017.

Earning per share of the associated company or associated undertaking for the last three years	As per the Audited Financial Statements of PCL the Earning Per Share are as under: 2017 – 16.81/- 2016 – 9.29//- 2015 – 6.65/-
Sources of fund from which securities will be acquired	The proposed investment to be made in PCL in shape of equity investment will be funded from internally generated resources (Retained Earnings) of the Company (IIL).
Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment.	Not Applicable
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	The Chairman of Company is also the Chairman of PCL. Further one Director of the company Mr. Kamal Chinoy is the Chief Executive Officer of PCL. To the extent of their designation and shareholdings, these directors have interest in both the companies. Further the proposed acquisition of 3,000,000 shares by the company is from Mrs. Farhana Y. Shah and Mrs. Saadia S. Rashid who are related to Mr. Mustapha A. Chinoy and Mr. Kamal A. Chinoy as sisters.
Any other important details necessary for the members to understand the transaction.	To consolidate shareholding of IIL in PCL, so as to participate in the governance by representation in the Board of Directors of PCL. The price at which the proposed shares are to be acquired is based on an independent valuation exercise carried out by EY Ford Rhodes, Chartered Accountants which was considered in the Board of Directors meeting and based on which the decision of proposed acquisition was made.

UNCLAIMED DIVIDENDS & BONUS SHARES

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s Central Depository Company of Pakistan Ltd. to collect/enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

E-DIVIDEND

As per Section 242 of the Companies Act, 2017, in case of a Public listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account details in the Central Depository System through respective participants. In case of physical shares, to provide bank account details to our Share Registrar, M/s Central Depository Company of Pakistan Ltd. E-Dividend mandate form is enclosed.

Please note that after October 31, 2017 all cash dividends, declared by the Company, will only be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.

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 through Finance Act, 2017 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:

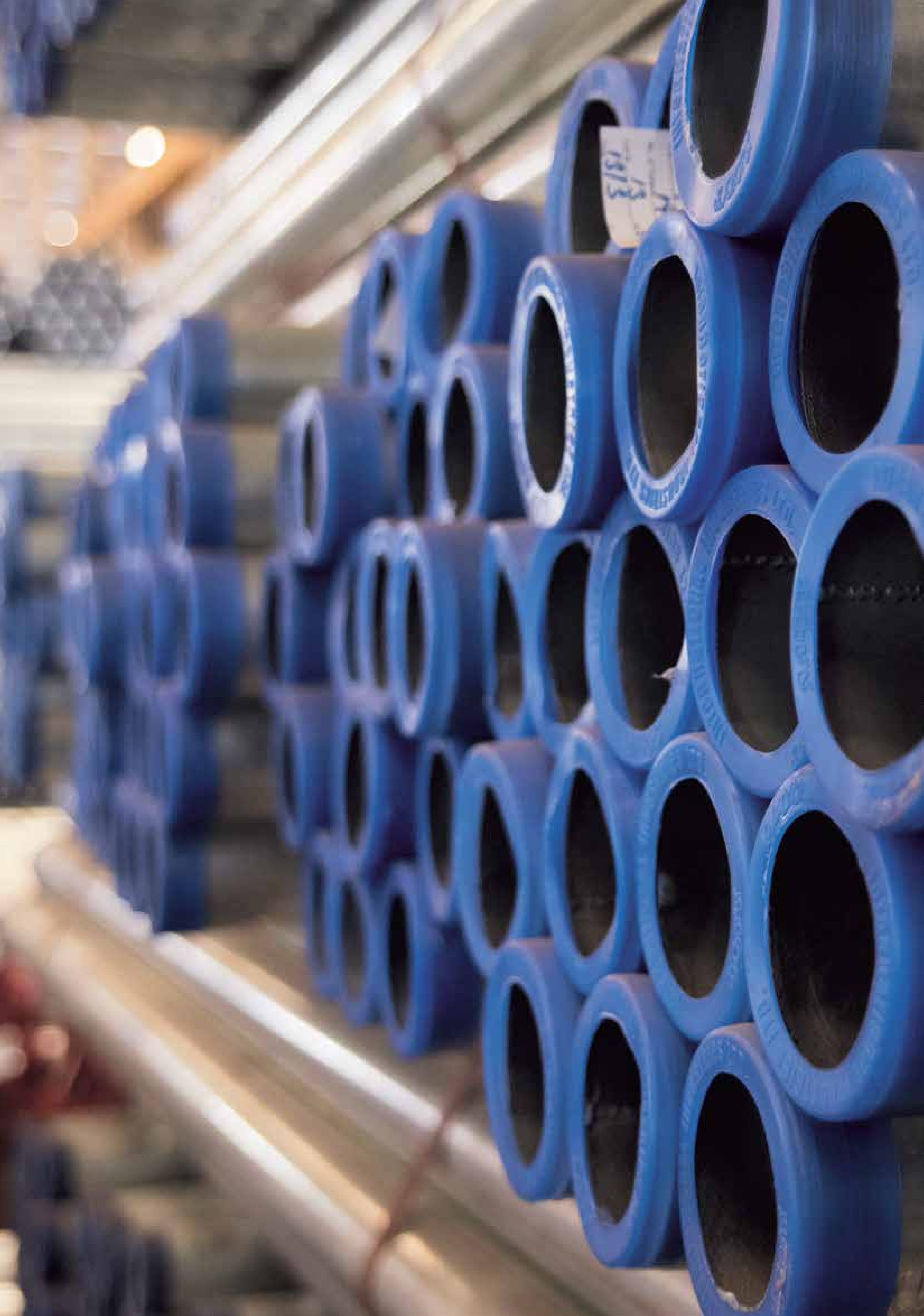
a) For filers of income tax returns	15.0%
b) For non-filers of income tax returns	20.0%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% 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 28, 2017 otherwise tax on their cash dividend will be deducted @ 20% instead of @ 15%.

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	**IIL Shares Registrar**
Mr. Mohammad Irfan Bhatti	Central Depository Company of Pak. Ltd.
021-35680045 – 54	021-111-111-500
irfan.bhatti@iil.com.pk	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 NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.



لہٰذا اس مقصد سے کہ کمپنی نقد ڈیویڈنڈ پر 20% کی بجائے 15% کی شرح سے ٹیکس کی کٹوتی کرے، تمام شیئر ہولڈرز کو، جو ٹیکس فائل کرتے ہیں مگر ان کے نام FBR کی ویب سائٹ پر ایکٹیو ٹیکس پیئرز لسٹ (ATL) میں شامل نہیں ہیں، ہدایت کی جاتی ہے کہ وہ کمپنی کے سالانہ اجلاس عام شروع ہونے سے پہلے اس بات کو یقینی بنالیں کہ ان کے نام ATL میں شامل ہوگئے ہیں ورنہ ان کے نقد منافع میں سے 15% کی بجائے 20% کی شرح سے انکم ٹیکس کی کٹوتی کی جائے گی۔

(ii کسی استفسار / مسئلہ / معلومات کیلئے ہمارے انوسٹر کمپنی اور / یا شیئر رجسٹرار سے درج ذیل فون نمبرز یا ای میل پر رابطہ کر سکتے ہیں:

IIL شیئرز ڈپارٹمنٹ	IIL شیئرز رجسٹرار
جناب محمد عرفان بھٹی	سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ
021-35680045-5	021-111-111-500
info@cdcpak.con	irfan.bhatti@iil.com.pk

(iii کارپوریٹ شیئر ہولڈرز جو CDC میں اکاؤنٹ رکھتے ہیں اپنے متعلقہ شرکاء کے ساتھ اپنے قومی ٹیکس نمبر (NTN) اپ ڈیٹ رکھیں جب کہ کارپوریٹ فزیکل شیئر ہولڈرز اپنے NTN سرٹیفکیٹ کی کاپی کمپنی کو یا اس کے شیئر رجسٹرار یعنی سی ڈی سی پاکستان لمیٹڈ کو ارسال کریں۔ شیئر ہولڈرز اپنا NTN یا NTN سرٹیفکیٹ ارسال کرتے وقت کمپنی کا نام اور اپنا متعلقہ فولیو نمبر ضرور تحریر کریں۔

ای-ڈیویڈنڈ

کمپنیز ایکٹ2017 کے سیکشن242 کی رو سے، ایک پبلک لسٹڈ کمپنی ہونے کی صورت میں نقد ادا کیا جانے والا ڈیویڈنڈ صرف الیکٹرونک نظام کے ذریعہ اہل شیئر ہولڈرز کے مقررہ بینک اکاؤنٹ میں بھیجنے کی پابند ہے۔ اس سلسلے میں تمام شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے بینک اکاؤنٹ کی تفصیلات اپنے شرکاء کے ذریعہ سینٹرل ڈپازٹری سسٹم میں اپ ڈیٹ کروادیں۔

جب کہ فزیکل شیئر ہونے کی صورت میں اپنے بینک اکاؤنٹ کی تفصیلات ہمارے رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو فراہم کردیں۔ ای ڈیوینڈ فارم منسلک ہے۔

برائے مہربانی نوٹ فرمالیں کہ 31 اکتوبر2017 کے بعد تمام نقد ڈیویڈنڈ، اگر کمپنی نے ڈکلیئر کئے ہوں، صرف مقررہ بینک اکاؤنٹس میں ہی جمع کرائے جائیں گے اور کسی اور طرح سے ادا نہیں کئے جاسکیں گے۔ اس لئے گزارش ہے کہ اپنے بینک اکاؤنٹ کی تفصیلات جلد از جلد اپ ڈیٹ کروالیں تاکہ آپ کو کسی مشکل کا سامنا نہ کرنا پڑے۔

اجلاس اور سالانہ اکاؤنٹس کی اطلاع کی ترسیل

SECP کے جاری کردہ ایس آر او2014/(I)787 مجریہ 8 ستمبر2014 کے تحت شیئر ہولڈرز کو سہولت دی گئی ہے کہ وہ سالانہ آڈٹ شدہ مالیاتی گوشوارے اور اجلاس عام کی اطلاعات ای میل کے ذریعہ وصول کرسکتے ہیں۔ لہٰذا کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ اگر وہ سالانہ آڈٹ شدہ مالیاتی گوشوارے اور اجلاس عام کی اطلاعات بذریعہ ای میل حاصل کرنا چاہتے ہیں تو ہمارے ریکارڈ کو اپ ڈیٹ کرنے کیلئے ہمارے شیئر رجسٹرار میسرز سی ڈی سی پاکستان لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک B، ایس ایم سی ایچ ایس شاہراہ فیصل، کراچی کو مجوزہ طریقۂ کار کے مطابق اپنی رضامندی سے آگاہ کریں۔ تاہم اگر کوئی شیئر ہولڈر آڈٹ شدہ مالیاتی گوشوارے کی ہارڈ کاپی بھی حاصل کرنا چاہے تو درخواست کرنے پر، اس کو یہ کاپی درخواست کی وصولی کے 7 دن کے اندر بلامعاوضہ فراہم کردی جائے گی۔

فائلر اور نان فائلر کی حیثیت

i) حکومت پاکستان نے فنانس ایکٹ2017 کے ذریعہ انکم ٹیکس آرڈیننس2001 کے سیکشن150 میں بعض ترامیم کی ہیں جس کے مطابق کمپنیوں کی جانب سے ادا کئے جانے والے کے ڈیویڈنڈ کی رقم پر ودہولڈنگ ٹیکس کی کٹوتی کرنے کی مختلف شرح مقرر کی گئی ہے۔ ٹیکس کی شرح درج ذیل کے مطابق ہے:

ا) انکم ٹیکس ریٹرن فائل کرنے والوں کیلئے	15%
ب) انکم ٹیکس ریٹرن فائل نہ کرنے والوں کیلئے	20%

ایجنڈے کا آئٹم 6

ا) پاکستان کیبلز لمیٹڈ کا قیام ایک لمیٹڈ کمپنی کے طور پر 22 اپریل 1953 کو عمل میں آیا اور 1955 میں اسے پبلک لمیٹڈ کمپنی میں تبدیل کر دیا گیا اور اسی سال اس نے کراچی اسٹاک ایکسچینج (موجودہ پاکستان اسٹاک ایکسچینج) میں لسٹنگ حاصل کر لی۔ کمپنی اور PCL میں باہمی تعلق باہم ڈائریکٹرشپ کی بناء پر ایسوسی ایٹڈ انڈرٹیکنگ کے مطابق ہے۔ کمپنی ایکویٹی انوسٹمنٹ، جو 600 میلین روپے سے زیادہ نہ ہو کی یکمشت یا وقتاً فوقتاً، جیسا مناسب سمجھے، کی ادائیگی کے ذریعہ کا ارادہ رکھتی ہے جو -/10 روپے فی شیئر کے کلی اداشدہ 3,000,000 شیئرز مسز فرحانہ وائی شاہ اور مسز سعدیہ ایس رشید سے 200 روپے فی شئیر کی خریداری کے زریعے کی جائے گی۔

ب) PCL کا بنیادی کاروبار کا پرراڈز، وائرز، کیبلز اور کنڈکٹرز، المونیم ایکسٹروژن پروفائلز اور پی وی سی کمپاؤنڈ کی تیاری کرنا ہے۔

ج) آمدنی اور سرمایہ کی قدر کے پیش نظر کمپنی کو مستقبل میں بہتر منافع کی توقع ہے، لہذا کمپنی کے بورڈ آف ڈائریکٹرز نے، کمپٹیشن کمیشن آف پاکستان اور دیگر متعلقہ اتھارٹی/ٹیز کی منظوری سے مشروط، بطور ایکویٹی مذکورہ سرمایہ کاری کی منظوری دیدی ہے جس کے لئے کمپنیز ایکٹ 2017 کے سیکشن 199 کے تحت کمپنی کے شیئر ہولڈرز سے منظوری حاصل کرنے کی شرط ہے۔ اس سلسلے میں PCL میں سرمایہ کاری کی درج بالا تجویز کے بارے میں ممبرز کی رائے اور منظوری کی درخواست ہے۔

د) کمپنی کے چیئرمین PCL کے بھی چیئرمین ہیں۔ کمپنی کے ایک اور ڈائریکٹر جناب کمال چنائے PCL کے چیف ایگزیکٹیو افسر بھی ہیں۔ اپنے عہدوں اور شیئر ہولڈنگ کی اہمیت کے پیش نظر ڈائریکٹرز کو دونوں کمپنیوں کے مفادات میں دلچسپی ہے۔

مزید یہ کہ کمپنی کی جانب سے مجوزہ 3,000,000 شیئرز مسز فرحانہ وائی شاہ اور مسز سعدیہ ایس رشید سے خریدے جائیں گے جو جناب مصطفٰے اے چنائے اور جناب کمال اے چنائے کی بہنیں ہیں۔

ر) مزید معلومات نوٹیفکیشن نمبر SRO 27(1)/2012 مورخہ 16 جنوری 2012 کے تحت صفحہ نمبر 224 پر درج ہیں۔

غیر طلب شدہ ڈیویڈنڈ اور بونس شیئرز

اُن شیئر ہولڈرز کو، جو کسی نہ کسی وجہ سے اپنے ڈیویڈنڈ یا بونس شیئر کلیم نہ کر سکے یا فزیکل شیئر حاصل نہ کر سکے، تاکید کی جاتی ہے کہ وہ ہمارے شیئر رجسٹرار میسرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ سے فوری رابطہ کریں اور اپنے غیر طلب شدہ ڈیویڈنڈ یا التوا میں پڑے ہوئے شیئرز (اگر کوئی ہیں) کے بارے میں معلومات حاصل کریں/وصول کرلیں۔

برائے مہربانی نوٹ فرمالیں کہ کمپنیز ایکٹ 2017 کے سیکشن 244 کے مطابق ایک مقرر کردہ طریقۂ کار مکمل کرنے کے بعد، تمام غیر طلب شدہ ڈیویڈنڈ، اجراء کی تاریخ سے تین سال بعد وفاقی حکومت کے پاس جمع کرا دیئے جائیں گے اور ایسے شیئرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو پہنچا دیئے جائیں گے۔

> کارپوریٹ اکائی ہونے کی صورت میں اجلاس میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد کردہ فرد کے نمونہ کے دستخط (اگر پہلے سے فراہم نہ کئے گئے ہوں) فراہم کرنا ہوں گے۔

ب) پراکسی کے تقرر کیلئے:

> انفرادی حیثیت میں کوئی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جس کی سیکورٹیز اوران کی رجسٹریشن کی تفصیلات ضابطہ کے مطابق اپ لوڈ ڈ ہیں،ان کو درج بالا شرائط کے مطابق پراکسی فارم جمع کرانا ہوگا۔

> پراکسی فارم کے ساتھ بینفیشیل اونرز اور پراکسی کے CNIC کی تصدیق شدہ کاپیاں منسلک ہونا چاہیئے۔

> پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل CNIC پیش کرنا ہوگا۔

ج) CNIC اور زکوٰۃ کیلئے:

۴۔ ممبران سے درخواست ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی نقل جمع کرائیں تاکہ ہم اپنے ریکارڈ کو اپ ڈیٹ کرسکیں۔ CNIC (کاپی) جمع نہ کرانے کی صورت میں مستقبل میں ان کے تمام ڈیویڈنڈ وارنٹس روک لئے جائیں گے۔

۵۔ ممبران سے درخواست ہے کہ اگر ضروری ہوتو زکوٰۃ اینڈ عشر آرڈیننس 1980 کی رو سے زکوٰۃ سے استثنیٰ کیلئے ڈکلریشن جمع کرائیں نیز اپنے پتہ میں کسی تبدیلی کی صورت میں فوری طور پر مطلع کریں۔

کمپنیز ایکٹ 2017 کے سیکشن (3)134 کے تحت اسٹیٹمنٹ

اس اسٹیٹمنٹ میں خصوصی کاروبار سے متعلق بنیادی حقائق بیان کئے گئے ہیں جو کمپنی کے 28 ستمبر 2017 کو منعقد ہونے والے سالانہ اجلاس عام میں انجام دیئے جائیں گے۔

ایجنڈے کا آئٹم 5

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او نمبر 2016/(I)470 مجریہ 31 مئی 2016 میں اجازت دی گئی ہے کہ کمپنی کے شیئر ہولڈرز کو سالانہ آڈٹ شدہ حسابات کی پرنٹڈ کاپی بھیجنے کی بجائے ،سالانہ آڈٹ شدہ مالیاتی گوشوارے،آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ CD/DVD/USB کے ذریعہ سافٹ کاپی کی شکل میں ان کے رجسٹرڈ پتوں پر ارسال کرنے کی اجازت دی ہے بشرطیکہ سالانہ اجلاس عام میں ان کی رضامندی حاصل کرلی گئی ہو اور اگر کوئی شیئر ہولڈر چاہے تو اسے وہی معلومات ہارڈ کاپی کی شکل میں بھی فراہم کردیں۔

بنا کاغذ ماحول کا طریقہ اختیار کرنے اور ماحولیات کے تحفظ کی ذمہ داری کیلئے انٹرنیشنل انڈسٹریز لمیٹڈ نے سالانہ مالیاتی گوشوارے CD/DVD/USB کے ذریعہ جاری کرنے اور ممبران کے رجسٹرڈ پتوں پر ارسال کرنے کیلئے شیئر ہولڈرز کی منظوری کی خواہاں ہے۔

صورت میں بحساب 200 روپے فی شیئر کے حساب سے ہو جوکہ PCL میں پہلے سے کی گئی 2,425,913 شیئرز جسکی کل مالیت -/132,981,346 روپے کی ایکویٹی سرمایہ کاری کے علاوہ ہے۔"

مزید طے پایا کہ، " کمپنی کے ڈائریکٹرز میں سے کوئی سے بھی دو ڈائریکٹرز اس بات کے مجاز ہوں گے کہ وہ ایکٹ 2017 کے سیکشن 199 کے پروویژن کے مطابق اس سرمایہ کاری کے معاہدہ (معاہدوں) پر گفت وشنید کریں، ان کی تکمیل کریں، جاری کریں، ان پر عمل درآمد کریں اور کمپنی کے فنڈز سے PCL کی ایکویٹی میں 600 میلین روپے (چھ سو میلین روپے صرف) کی سرمایہ کاری کریں اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے وقتاً فوقتاً جاری ہونے والے نوٹیفکیشن کی پیروی کریں اور وہ تمام ضروری عمل، امور اور کارروائی انجام دے جو اس قرارداد کے موثر ہونے کیلئے ضروری ہوں۔

بحکم بورڈ

انٹرنیشنل انڈسٹریز لمیٹڈ

فوزیہ نورانی

کمپنی سیکرٹری

کراچی: 17 اگست 2017

نوٹس

ا۔ کمپنی کی شیئر ٹرانسفر بکس مورخہ 18 ستمبر 2017 تا 28 ستمبر 2017 (بشمول دونوں ایام) بند رہیں گی۔

۲۔ کوئی ممبر جو اجلاس عام میں شرکت کرنے، بولنے اور ووٹ ڈالنے کا حقدار ہے، وہ اپنی جگہ دوسرے ممبر کو شرکت کرنے، بولنے اور ووٹ ڈالنے کیلئے پراکسی مقرر کرنے کا اختیار رکھتا ہے۔

۳۔ پراکسی مقرر کرنے کی دستاویز اور پاور آف اٹارنی یا کوئی اور اتھارٹی جس کے تحت اس تقرر کیلئے دستخط کئے گئے ہوں یا پاور آف اٹارنی کی نوٹری کے ذریعہ تصدیق شدہ کاپی کمپنی کے رجسٹرڈ دفتر میں اجلاس شروع ہونے کے مقررہ وقت سے کم از کم 48 گھنٹے پہلے جمع کرانا لازمی ہے۔ پراکسی فارم اس نوٹس کے ساتھ منسلک ہے۔

سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 1 مجریہ 26 جنوری 2000 میں درج رہنما ہدایات کی پیروی بھی کرنا ہوگی۔

ا) سالانہ اجلاس عام میں شرکت کیلئے:

> انفرادی حیثیت میں کوئی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جس کی سیکورٹیز اور ان کی رجسٹریشن کی تفصیلات ضابطہ کے مطابق اپ لوڈ ڈ ہیں، ان کو اجلاس میں شرکت کے وقت اپنی شناخت کیلئے اپنا اصل کمپیوٹرائز قومی شناختی کارڈ (CNIC) پیش کرنا ہوگا۔

اطلاع برائے سالانہ اجلاس عام

برائے سال مختتمہ 30 جون 2017

بذریعہ ہذٰا ممبران کو مطلع کیا جاتا ہے کہ کمپنی کا 69واں سالانہ اجلاس عام بتاریخ 28 ستمبر 2017، صبح 11.00 بجے بمقام جیسمین ہال، بیچ لگژری ہوٹل، آف؛ ایم ٹی خان روڈ کراچی میں درج ذیل کاروباری امور کی انجام دہی کیلئے منعقد ہوگا:

عمومی امور

۱۔ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے مع ڈائریکٹرز کی رپورٹ اور آڈیٹرز کی رپورٹ برائے سال مختتمہ 30 جون 2017 کی وصولی، ان پر غور وخوض کرنا اور ان کی منظوری دینا۔

۲۔ کمپنی کے بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق حتمی نقد منافع منقسمہ برائے مالی سال 30 جون 2017 بحساب 2.00 روپے (20%) فی شیئر کی ادائیگی پر غور کرنا اور اس کی منظوری دینا۔ یہ 25% اور 45% عبوری منافع منقسمہ کے علاوہ ہے جسے شامل کرتے ہوئے سال 17-2016 کا کل منافع منقسمہ 90% یعنی 9.00 فی شیئر بنتا ہے۔

۳۔ سال 2018-2017 کے لئے آڈیٹر کا تقرر اور ان کے مشاہرے کا تعین کرنا۔

۴۔ چیئرمین کی اجازت سے کسی اور امور کی انجام دہی جو سالانہ اجلاس عام میں انجام دیا جاسکے۔

خصوصی امور

۵۔ کمپنی کے شیئر ہولڈرز کو سالانہ آڈٹ شدہ مالیاتی گوشوارے، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ (سالانہ آڈٹ شدہ حسابات) شائع شدہ صورت میں بھیجنے کی بجائے سافٹ کاپی کی شکل میں بذریعہ CD/DVD/USB، ان کے رجسٹرڈ پتہ پر ارسال کرنے کی منظوری دینا جس کی اجازت سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او نمبر 2016/(I)470 مجریہ 13 مئی 2016 میں دی گئی ہے۔

"طے پایا کہ کمپنی کو اپنے سالانہ آڈٹ شدہ مالیاتی گوشوارے، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ (سالانہ آڈٹ شدہ حسابات) شائع شدہ صورت میں بھیجنے کی بجائے سافٹ کاپی کی شکل میں بذریعہ CD/DVD/USB، ان کے رجسٹرڈ پتہ پر ارسال کرنے کا اختیار حاصل ہوگا اور ہے جس کی اجازت سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او نمبر 2016/(I)470 مجریہ 31 مئی 2016 میں دی گئی ہے۔"

۶۔ درج ذیل قراردادوں پر بطور خصوصی قرارداد غور وخوض کرنا اور اگر مناسب پایا گیا تو ترمیم کے ساتھ یا بلاترمیم ان کو پاس کرنا:

طے پایا کہ " کمپٹیشن کمیشن آف پاکستان اور دیگر متعلقہ اتھارٹی (اتھارٹیز) کی منظوری سے مشروط کمپنیز ایکٹ 2017 کے سیکشن 199 کی شرائط کے تحت کمپنی کے شیئر ہولڈرز سے منظوری حاصل کرنے کے بعد پاکستان کیبلز لمیٹڈ (PCL) میں مزید ایکویٹی انوسٹمنٹ کی جائے جو 600 میلین روپے کی حد تک یکمشت یا وقتاً فوقتاً جیسا بھی کمپنی مناسب سمجھے، جو -/10 روپے فی شیئر کی مالیت کے کل ادا شدہ 3,000,000 عام شیئرز کی

Glossary

AGM Annual General Meeting

API American Petroleum Institute

ATIR Appellate Tribunal Inland Revenue

ATL Active Tax Payer List

AUD Australian Dollars

BAC Board Audit Committee

BCP Business Continuity Planning

Board/BOD Board of Directors

CBA Collective Bargaining Agreement

CCG Code of Corporate Governance

CDC Central Depository Company

CE Conformité Européene or European Conformity

CEO Chief Executive Officer

CDC Central Depository Company

CFO Chief Financial Officer

CIR Commissioner Inland Revenue

CIT Commissioner Income Tax

COLA Cost of Living Allowance

CR Cold Rolled

CRC Cold Rolled Coil

CSR Corporate Social Responsibility

CTAC Citizens Trust Against Crime

CWIP Capital Work in Progress

DBN Debottlenecking

EBIT Earnings before Interest and Taxation

EBITDA Earnings before Interest, Taxation Depreciation and Amortization

EC Executive Committee

EFP Employees Federation of Pakistan

EPS Earning Per Share

ERW Electric Resistance Weld

ETP Effluent Treatment Plant

EY Ernst Young

FBR Federal Board of Revenue

FPAP Fire Protection Association of Pakistan

FPCCI Federation of Pakistan Chambers of Commerce and Industry

FTA Free-Trade Agreement

FTO Federal Tax Ombudsman

FTR Final Tax Regime

GDP Gross Domestic Product

GI Galvanized Iron

GIDC Gas Infrastructure Development Cess

GoP Government of Pakistan

HDPE High Density Polyethylene

HoD Head of Department

HR Human Resource

HRRC Human Resource Remuneration Committee

HRC Hot Rolled Coil

HSE Health, Safety and Environment

HSS Hollow Structural Sections

IAS International Accounting Standards

IBA Institute of Business Administration

ICAP Institute of Chartered Accountants of Pakistan

ICMAP Institute of Cost and Management Accountants of Pakistan

IFC International Finance Corporation

IFRIC International Financial Reporting Interpretation Committee

IFRS International Financial Reporting Standards

IIL International Industries Limited

IPO Initial Public Offering

ISL International Steels Limited

ISO International Organization for Standardization

ISO International Standards Organization

IT Information Technology

ITAT Income Tax Appellate Tribunal

JV Joint Ventures

KE Karachi Electric

KIBOR Karachi Interbank Offer Rate

KPMG Klynveld Peat Marwick Goerdeler

LIBOR London Interbank Offered Rate

LPG Liquefied Petroleum Gas

LSM Large Scale Manufacturing

LTC Lost Time Case

LTIFR Lost Time Injury Frequency Rate

LTU Large Taxpayers Unit

LUMS Lahore University of Management Sciences

M&A Memorandum and Articles

MAP Management Association of Pakistan

MC Management Committee

MDPE Medium Density Polyethylene

MoC Ministry of Commerce

MT Metric Ton(s)

NBV Net Book Value

NFEH National Forum for Environment and Health

NOC No Objection Certificate

NRV Net Realizable Value

NTC National Tariff Commission

OHSAS Occupational Health and Safety Assessment Specification

OPEC Organization of the Petroleum Exporting Countries

PACRA Pakistan Credit Rating Agency

PAT Profit after tax

PCL Pakistan Cables Limited

PEX Cross-linked Polyethylene

PICG Pakistan Institute of Corporate Governance

PKR Pakistan Rupees

PPRC Polypropylene Random Copolymer

PSQCA Pakistan Standards and Quality Control Authority

PSX Pakistan Stock Exchange

Rs. Pakistani Rupees

SECP Securities and Exchange Commission of Pakistan

SHC Sindh High Court

SNGPL Sui Northern Gas Pipelines Limited

SS Stainless Steel

SSGC Sui Southern Gas Company Limited

TCF The Citizens Foundation

UL Underwriters Laboratories

US$/USD United States Dollar

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Consent Required From Shareholder(s)

For Annual Reports through e-mail

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:

E – MAIL ADDRESS: ______________________________

CNIC NUMBER: ______________________________

FOLIO / CDS ACCOUNT # ______________________________

____

SIGNATURE OF SHAREHOLDER

ای میل کے ذریعے AGM کے نوٹس کے ساتھ کمپنی کے سالانہ مالیاتی حسابات حاصل کرنے کے لئے، اس خط کو پُر کریں، دستخط کریں اور درج ذیل ایڈریس پر ہمارے رجسٹرار کو بھیج دیں۔

Share Registrar:
CDC Pakistan Ltd.
99-B, Block-B, S.MC.H.S,
Shahrah-e-Faisal, Karachi.
Phone : +021-111-111-500
Email: info@cdcpakistan.com

Yours faithfully,
For INTERNATIONAL INDUSTRIES LTD.,
FAUZIA NOORANI
Company Secretary

E-Dividend Mandate Letter

INTERNATIONAL INDUSTRIES LTD.
Promising Reliability, For Now and Tomorrow

To: Date: ____________

Subject: Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/We/Messrs., ____,
being a/the shareholder(s) of International Industries Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours truly,

____
Signature of Shareholder
(Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.
2. This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.

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 28, 2017 and at any adjournment thereof.

Signed this _____day of ___________2017

WITNESS:

1 Signature ______________
Name ______________
Address ______________
____

NIC or
Passport No. ______________

2 Signature ______________
Name ______________
Address ______________
____

NIC or
Passport No. ______________

Signature

Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

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

Head Office
101 Beaumont Plaza,
10 Beaumont Road,
Karachi - 75530
UAN: (92 21) 111 019 019

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

Faisalabad Office
Office No. 1/1 Wahab
Centre, Electrocity Plaza
Susan Road, Faisalabad
Tel: (92 41) 872 0037

Multan Office
1592, 2nd Floor
Quaid-e-Azam Shopping
Centre No.1 Multan Cantt, Multan
Tel: (92 61) 458 3332

Peshawar Office
Office No.1 & 2, First Floor,
Hurmaz Plaza
Opposite Airport Runway
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 INOUIRIES

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International Clients: inquiries@iil.com.pk

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