
INTERNATIONAL STEELS LIMITED
Shaping Tomorrow
ANNUAL REPORT 2016

ISL

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

Contents

International Steels Limited (ISL), Pakistan's premium producer of flat steel products, manufactures Cold Rolled Steel, Galvanized Steel and Color Coated Steel.

As one of Pakistan's most reliable organizations, ISL continues to contribute positively to the nation by acting as a driving force behind technological advancement and economic development.

ISL is committed to ensuring that its product offering is up to date with the latest trends in the industry.

By investing in a highly trained workforce that uses world class raw materials on state-of-the-art machinery, ISL has benefited the country by ensuring an inward transfer of technology and constant improvement in human capital and product standards.


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DEMAG

With an annual capacity of 500,000 tons, ISL is in a position to provide more than 85% of the coated steel requirements for the Country. Prior to ISL's establishment, this quantity of steel was imported which led to a considerable outflow of valuable foreign exchange.

With recent increases in its capacity and ongoing investments in the steel sector, ISL will continue to contribute positively to the nation's Balance of Payments.

Therefore, as Pakistan continues to grow, ISL reaffirms its promise of

'Shaping Tomorrow'.

Karachi
12 August 2016

Company Profile

International Steels Limited (ISL) was incorporated in 2007 with the vision to be the foremost manufacturer of flat steel products in Pakistan.

At the time ISL was the largest private investor in the value-added flat-rolled and coated steel industry in the country. The $165 million investment, with equity contributions from Sumitomo Corporation, JFE-Japan and the International Finance Corporation (A division of the World Bank) bought added impetus and confidence in the engineering and hi-tech manufacturing segment in the country.

This 500,000 tons per annum steel complex produces Cold Rolled, Galvanized and Color Coated Steel from hot rolled coils. ISL's current production mix comprises of 100,000 tons of Cold-Rolled Product,350,000 tons of Hot-Dip Galvanized and 50,000 MT of Color Coated Steel, which are offered in coil or sheet form. All products cater to the engineering and manufacturing industry as a premium raw material for transformation into any number of value-added products for the domestic and export markets.

Cold Rolled Steel is available in thicknesses ranging from 0.25 mm to 3.0mm, galvanized steel is available in thicknesses of 0.25 mm to 2.0mm while color coated steel is available in thickness range of 0.20 -1.50 mm. All products are offered in a maximum width of 1,250mm and each product category is provided in a range of strength levels from drawing to structural and surface finishes from bright to matt to meet our customer specific requirements.

Our Business

Cold Rolled Steel

Our Cold Rolling mill is a modern sophisticated and advanced mill and was designed by SMS Siemag, Germany. The state-of-the-art technology allows us to produce steel of the highest quality.

With strict quality control procedures and advanced technology our product provides an outstanding finish and workability which is highly valued by customers in the automobile, home appliances, furniture, drum, tube, filter and various other industrial segments.

Cold rolled steel manufactured by ISL is available in thicknesses ranging from 0.25mm to 3.0mm and is offered in a maximum width of 1250mm. ISL's CRC is provided in a range of product specifications, ranging from drawing to structural and surface finishes from bright to matt to meet our customer specific requirements. After the recent expansion during the year, ISL’s rolling capacity increased to 500,000 MT.

Hot Dip Galvanized Steel

Our Hot Dipped Galvanized Steel is produced on a state-of-the-art, computer controlled production line. The best available raw materials and processes are applied under controlled conditions to produce material of the highest quality. Our manufacturing facility, a dynamic production team and adherence to strict quality control measures ensures a product of the highest grade. After addition of new galvanizing line, ISL’s capacity to produce Galvanized material increased to 400,000 MT.

Color Coated Steel

Our Continuous Color Coil Coating facility was developed using wet paint coating technology. The 84,000MT facility allows us to produce high quality color coated sheets on various substrates like Cold Rolled, Galvanized, Galvalume, Aluminum and Stainless steel sheets. The high quality color coating enhances the corrosion resistance substrate and adds to the aesthetic appeal. Color coated steel is available in thicknesses ranging from 0.2mm – 1.50mm

Company Information

Chairman
Mr. Kemal Shoaib
Independent Chairman

Directors
Mr. Towfiq H. Chinoy
Non-Executive Director

Mr. Tariq Iqbal Khan
Independent Director

Mr. Kamran Y. Mirza
Independent Director

Syed Salim Raza
Independent Director

Syed Hyder Ali
Non-Executive Director

Mr. Mustapha A. Chinoy
Non-Executive Director

Mr. Kamal A. Chinoy
Non-Executive Director

Mr. Kazuteru Mihara
Non-Executive Director

Chief Executive Officer
Mr. Yousuf H. Mirza
Executive Director

Chief Financial Officer
Mr. Rashid Umer Siddiqui

Company Secretary
Mr. Yasir Ali Quraishi

Internal Auditor
Mr. Usman Ahmed

External Auditors
KPMG Taseer Hadi & Co.

Bankers
Allied Bank Ltd.
Bank Al Habib Ltd.
Bank Alfalah Ltd.
Dubai Islamic Bank (Pakistan) Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
NIB Bank Ltd.
Samba Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
United Bank Ltd.

Legal Advisor
Mrs. Sana Shaikh Fikree

Registered Office
101, Beaumont Plaza,
10 Beaumont Road,
Karachi – 75530
Tel: +92 21-35680045-54
UAN: +92 21-111-019-019
Fax: +92 21-35680373
E-mail: yasir.quraishi@isl.com.pk

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Lahore-54000
Tel: +92 42-37229752-55
UAN: +92 42-111-019-019
Fax: +92 42-37249755
E-mail: lahore@isl.com.pk

Islamabad Office
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I-8 Markaz, Islamabad.
Tel: +92 51-2524650, 4864601-2

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Landhi, Karachi.
Tel: +92 21-35013104 - 5
Fax: +92 21-35013108
E-mail: info@isl.com.pk

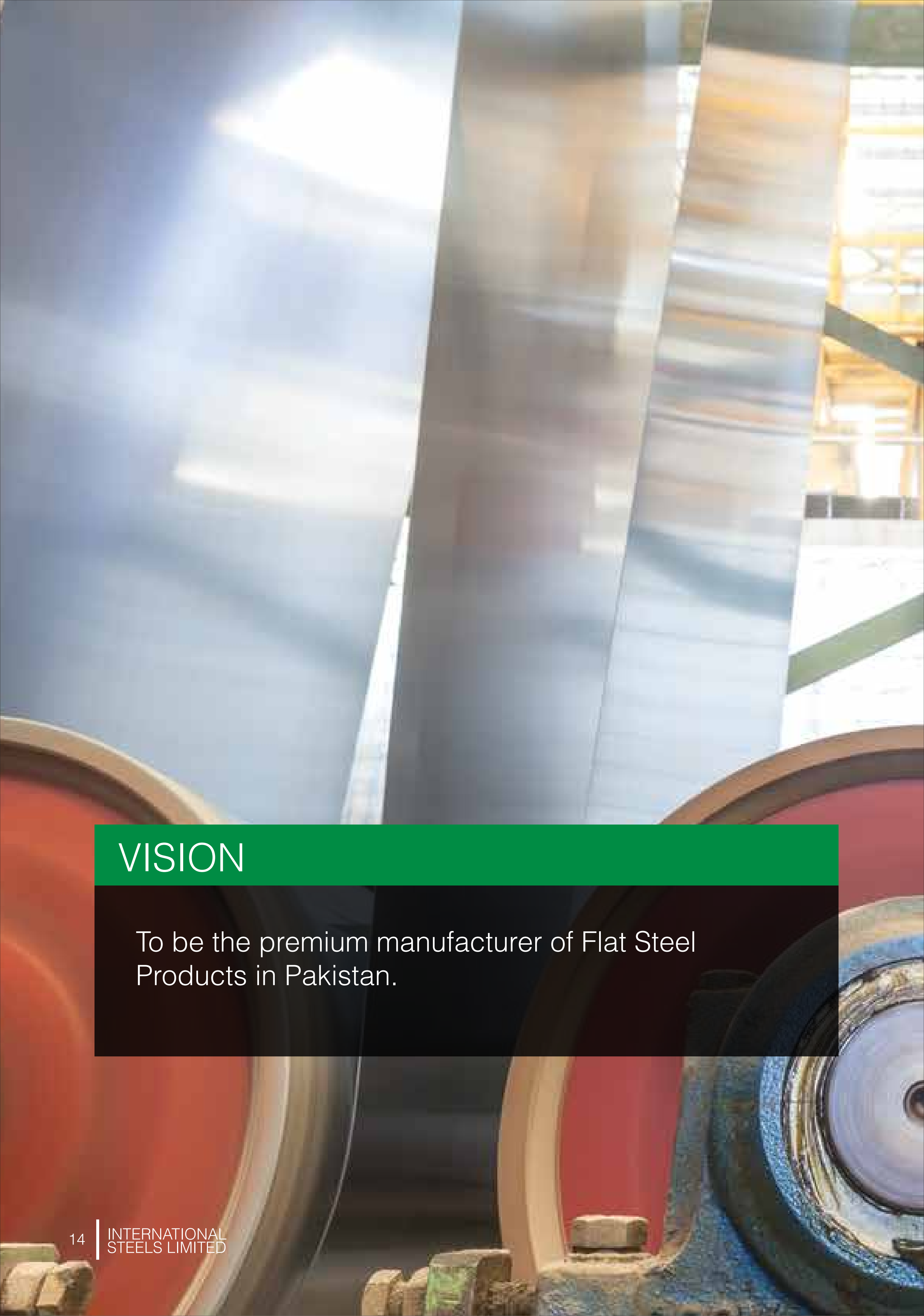
Website
www.isl.com.pk

Investors Contacts

Shares Registrar
THK Associates (Pvt.) Ltd
Ground Floor, State Life Building 3,
Dr. Ziauddin Ahmed Road, Karachi-75530
Tel:+92 21-111-000-322
Fax: +92 21-35655595
E-mail: info@thk.com.pk

Assistant Company Secretary
Mr. Mohammad Irfan Bhatti

101 Beaumont Plaza,
10 Beaumont Road,
Karachi-75530.
Tel: +92 21-35680045-54
UAN: +92 21-111-019-019
Fax: +92 21-35680373
E-mail: irfan.bhatti@isl.com.pk

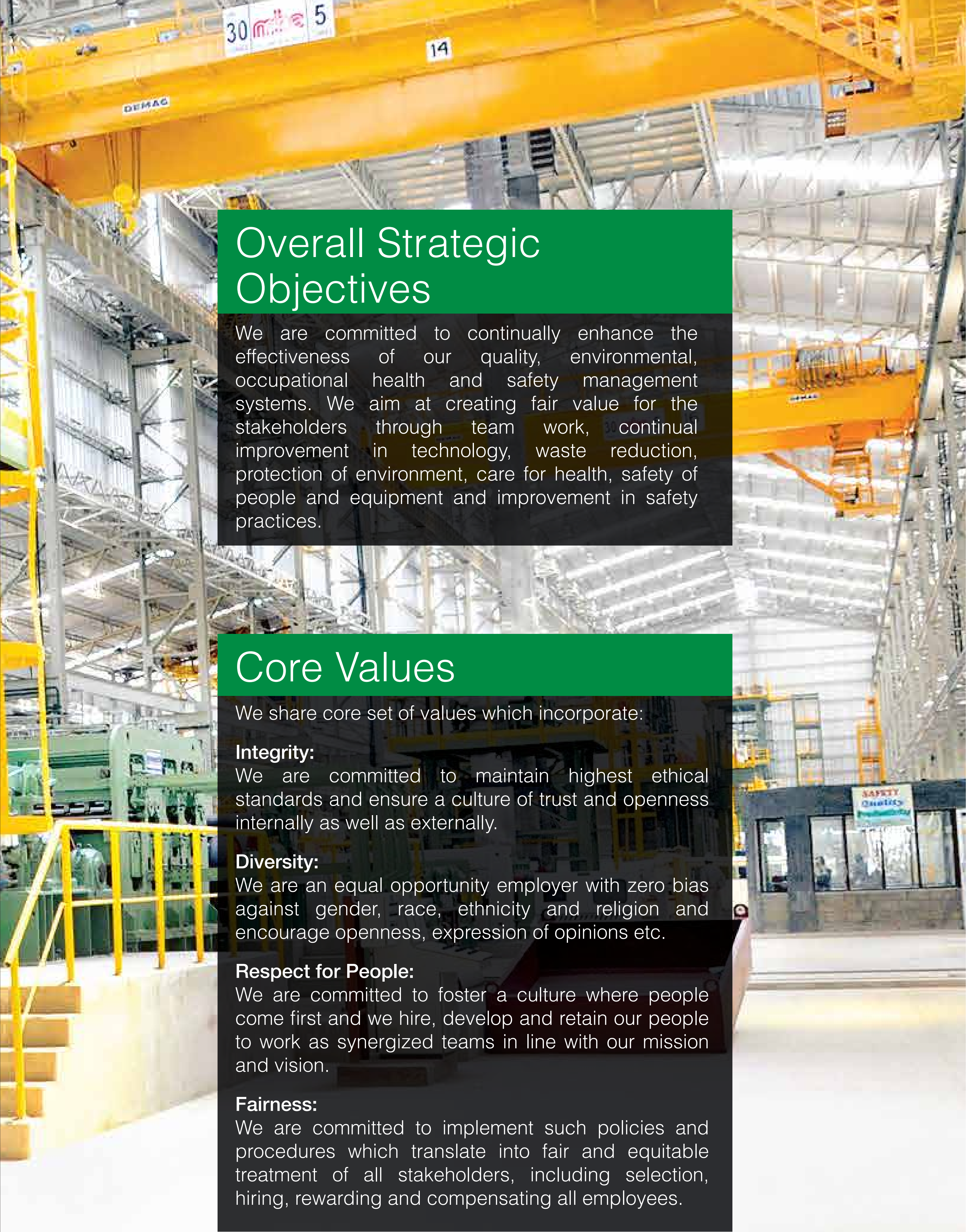


VISION

To be the premium manufacturer of Flat Steel Products in Pakistan.

MISSION

To establish our presence in the steel industry by providing superior quality products and reliable services, catering to the customers' needs, at competitive prices; thereby generating value and close partnership. We take pride in providing an environment which cultivates teamwork and leadership capabilities to manage our company as a model corporate citizen, complying with highest standards of business ethics.



Overall Strategic Objectives

We are committed to continually enhance the effectiveness of our quality, environmental, occupational health and safety management systems. We aim at creating fair value for the stakeholders through team work, continual improvement in technology, waste reduction, protection of environment, care for health, safety of people and equipment and improvement in safety practices.

Core Values

We share core set of values which incorporate:

Integrity:
We are committed to maintain highest ethical standards and ensure a culture of trust and openness internally as well as externally.

Diversity:
We are an equal opportunity employer with zero bias against gender, race, ethnicity and religion and encourage openness, expression of opinions etc.

Respect for People:
We are committed to foster a culture where people come first and we hire, develop and retain our people to work as synergized teams in line with our mission and vision.

Fairness:
We are committed to implement such policies and procedures which translate into fair and equitable treatment of all stakeholders, including selection, hiring, rewarding and compensating all employees.

Code of Conduct

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

A. BUSINESS ETHICS

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

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

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

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

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

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

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

B. CONFLICTS OF INTEREST

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

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

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

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

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

C. ACCOUNTING RECORDS, CONTROLS & STATEMENTS

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

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

D. ENVIRONMENT

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

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

E. REGULATORY COMPLIANCE

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

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

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

F. PERSONAL CONDUCT

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

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

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

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

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

G. MISCELLANEOUS

i. All employees are required to comply with this code of conduct and are personally responsible for doing so. Employees must comply with any rules set out in this code of conduct. Breach of any principles within the code may result in disciplinary action 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 business – may amount to gross misconduct which may result in summary dismissal. Further, the company reserves the right to seek redress and damages from such individuals.

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

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

The Board of Directors

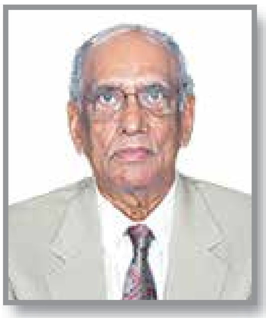
We continue to believe in adequate representation of majority Independent directors and have a good mix of independent directors, non-executive directors, while there is only one executive director on Board i.e. the Chief Executive Officer. The Board consists of Ten [10] eminent directors possessing knowledge, experience, and skills in various professions, with the leadership and vision to provide oversight to the company. The Board is headed by an Independent Chairman while there are three (3) independent directors, five (5) non-executive directors and the Chief Executive Officer. The Board has constituted Audit Committee, HR&R Committee, Strategic Planning Committee and Treasury Committee. The composition, role and responsibilities of the Committees are clearly defined in their Terms of References.

The frequency of the Board Meetings is kept to at least review each quarter's results; the Board had Seven (7) meetings during this year, out of which Four (4) were held for the quarter results, while two were held to consider business budget and planning for the ensuing year and one meeting was to consider and approve the appointment of the new Chief Executive Officer (Mr. Yousuf H. Mirza) of the Company.

All our directors are highly qualified and experienced professionals, with many years of experience as Directors, 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.

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

Profile of the Board of Directors



Mr. Kemal Shoaib
Chairman
Director Since:
November 22, 2010

Mr. Kemal Shoaib was a Whitney Fellow at M.I.T., Cambridge, Massachusetts, where he received an M.S. degree in Chemical Engineering. He currently serves on the Board of several companies including Century Paper & Mills Ltd., ZIL Ltd, International Advertising (Pvt.) Ltd., Al-Aman Holdings (Pvt.) Ltd. and Mind Sports Association of Pakistan. He has been a professional Executive for some 55 years in Banking and Industrial Organizations in several countries including UK and USA. He was Chairman and Chief Executive of Independence Bank, California. He is a founder member and has served as the Chief Executive Officer of Public Interest Law Association of Pakistan (PILAP), an organisation dedicated to protecting and defending human rights in Pakistan. He has been associated as a Senior Executive with prestigious organisations such as Wyeth Laboratories (Pakistan) Ltd., Chemical Consultants (Pakistan) Ltd., Commerce Bank Limited Pakistan, Bank of Credit and Commerce International S.A. London, Indus Bank Ltd, Pakistan and Safeway Fund Ltd. He has served as a Consultant/ Adviser to a number of Financial Sector organisations in Pakistan and abroad, including National Development Finance Corporation, NIT and NBP Fullerton Asset Management Ltd (NAFA). He has been a consultant on the capital markets and in that capacity has advised numerous organisations in Pakistan. He has represented Pakistan in Table Tennis and Bridge in International and World Championships. He has also been the Sind Amateur Golf Champion (Veterans).

Mr. Yousuf H. Mirza
Chief Executive Officer
Since:
August 14, 2015

Mr. Yousuf Husain Mirza has been appointed as the Chief Executive Officer w.e.f. August 14, 2015. Before appointment as CEO, he was the Chief Operating Officer of International Steels Limited since August 2013.

Prior to joining ISL, he served as Managing Director of Linde Pakistan Limited, and served in various senior management assignments with group subsidiaries in the Philippines, Malaysia and south east Asia for over ten years.

He has a graduate degree in Mechanical Engineering from NED University of Technology and also has an MBA from the Institute of Business Administration Karachi. He has also attended management development programs at Said Business School, University of Oxford, INSEAD and at NanYang Technological University, Singapore.

Mr. Towfiq H. Chinoy
Director
Since:
September 3, 2007

Mr. Towfiq Habib Chinoy, was associated with International Industries Ltd. (IIL) and International Steels Ltd. (ISL) since 1964. He retired in August 2015 after serving as Managing Director for 40 years. He is currently the Non-executive Chairman of Jubilee General Insurance Company Ltd., Packages Ltd. and HBL Asset Management Ltd. He also holds a directorship of IGI Investment Bank Ltd. Mr. Chinoy has served on the Advisory Boards of Ports and Shipping Sector, Ministry of Communications, Director on the Boards of Port Qasim Authority, as the Member of the Engineering Development Board, Government of Pakistan., National Refinery Ltd., Linde Pakistan Ltd , Jubilee Life Insurance Co. Ltd and as Chairman of Pakistan Cables Ltd and PICIC Commercial Bank Ltd.

Mr. Mustapha A. Chinoy
Director
Since:
September 3, 2007

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

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

Mr. Kamal A. Chinoy
Director
Since:
September 3, 2007

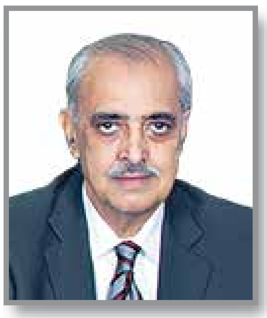
Mr. Kamal A. Chinoy is Chief Executive of Pakistan Cables Ltd. He graduated from the Wharton School, University of Pennsylvania, USA.

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

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

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

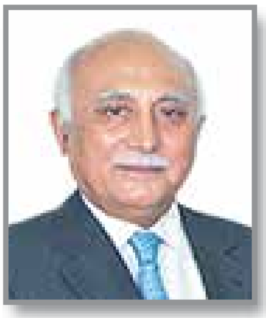
He is a “Certified Director” having been certified by the Pakistan Institute of Corporate Governance.



Mr. Tariq Iqbal Khan
Director
Since:
November 22, 2010

Mr. Tariq Iqbal Khan is a fellow of the Institute of Chartered Accountants, Pakistan, with diversified experience of more than 40 years. He was pivotal in founding Islamabad Stock Exchange where he subsequently served as President as well. He has also served as the Member Tax Policy & Co-ordination in the Central Board of Revenue, followed by being appointed as Commissioner SECP, where he was instrumental in restructuring the SECP. He also held the charge of Chairman SECP (acting) for a brief period. He has served on prominent national level committees like Chairman of Committee for formulation of Take Over law. CLA Committee for review of Security and Exchange Ordinance 1969, Committee for formulation of CDC law and regulations and Prime Minister's Committee for Revival of Stock Market. He served as the Chairman and MD of NIT for more than 8 years, which played the role of a catalyst in establishing, strengthening and stabilizing the capital markets. Additionally, during this period, he held the charge of Chairman & MD of ICP, for almost 5 years.

He has served on Boards of the top companies like CDC, Faysal Bank, Bank Al Habib, Askari Bank GSK, Sanofi Aventis, ICI, BOC, PSO, OGDC, Mari Petroleum, SSGC, Siemens, Gillette Pakistan Limited, PICIC Insurance Co., and remained Chairman of SNGPL and ARL etc. Presently he is a member of the Boards of eminent listed companies including International Steels Limited, Lucky Cement Limited, National Refinery Limited, Pakistan Oil Fields Ltd., Packages Limited and Silk Bank Limited, while the non-listed companies include FFC Energy (Pvt.) Limited, Khyber Pakhtunkhaw Oil & Gas Co. Ltd. and CAS Management (Pvt.) Ltd.



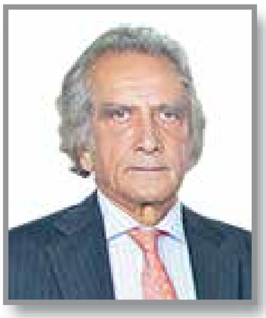
Mr. Kamran Y. Mirza
Director
Since:
November 22, 2010

Mr. Kamran Y. Mirza qualified as a Chartered Accountant from United Kingdom and started his career in Pakistan as an auditor with A. F. Ferguson & Co. Mr. Mirza then made a career move in December 1970 and joined Abbott Laboratories (Pakistan) Limited, a multinational pharmaceutical cum health care company as Chief Financial Officer. He became one of the Youngest Managing Directors of his time in the year 1977 and remained in that position, i.e. Managing Director Abbott Pakistan, for 29 Years. Mr. Mirza held the position of Chairman Export Processing Zones Authority from February 2007 to March 2009 and then he joined PBC (Pakistan Business Council) as its Chief Executive Officer, a position he retained till his retirement on December 31, 2015. PBC is a Think Tank cum Business Policy Advocacy Forum.

He is the Chairman of - Philip Morris (Pakistan) Ltd., Unilever Pakistan Foods Ltd. (UPFL), and Education Fund for Sindh (EFS). He is also serving as Director on the Boards of Abbott Laboratories, International Steels Limited (ISL), Bank Alfalah Ltd., Karwan-e-Hayat and Safari & Outdoor Club of Pakistan. Further, he represented PBC on the Board of BOI (Board of Investment) and other Government Bodies / Institutions. Previously, he served as Chairman of Pakistan Mercantile Exchange Ltd. (PMEX) - formerly National Commodity Exchange Ltd.-(NCEL), Chairman of Karachi Stock Exchange (KSE), President of Overseas Chamber of Commerce & Industry (OICCI), President of American Business Council (ABC), and Chairman of Pharma Bureau - (Association of Pharmaceutical Multinationals). He served as a Director on the Boards of State Bank of Pakistan (SBP), Pakistan State Oil (PSO), Pakistan Steel (PS), National Bank of Pakistan (NBP), Pakistan Textile City Limited, Competitiveness Support Fund (CSF), Genco Holding Company and NAVTEC. Mr. Mirza has also been a past Chairman of a Task Force set up by Planning Commission on Pharmaceutical Industry, a member of the Economic Advisory Board of the Federal Government and Sindh Wild Life Board. He has served as a Member on Quality Control Board of the Institute of Chartered Accountants of Pakistan. He also lectures regularly at the Pakistan Institute of Corporate Governance (PICG).

Syed Hyder Ali
Director
Since:
January 20, 2011

Syed Hyder Ali is a Chemical Engineer from University of Michigan, after which he has done his M.S in Paper Technology from the Institute of Paper Chemistry, Appleton, Wisconsin, USA; and subsequently also attended the Program for Management Development from Harvard Business School, Boston, MA, USA. In 1995 he joined IGI Insurance as MD where he served for 10 years. He became the Managing Director and CEO of Packages Ltd. in 2005, a position which is held by him till date. He is also a Co-author of two USA patents for recycling of milk cartons and drink boxes as well as being the Honorary Consul-General of Sweden in Lahore since 1998. He is also member of the Boards of IGI Insurance, IGI Life, Nestle Pakistan Limited, Pakistan Center for Philanthropy, Sanofi Aventis Pakistan Limited, Tetra Pak Limited, Tri Pack Films Ltd., Packages Lanka (Pvt.) Ltd., KSB Pumps Company Ltd., and Bulleh Shah Packaging (Pvt.) Ltd.



Syed Salim Raza
Director
Since:
November 22, 2010

Syed Salim Raza served as Governor of the State Bank of Pakistan from January, 2009 to June, 2010. From February 2006 to January 2009, Mr. Raza has been the Chief Executive Officer of Pakistan Business Council (PBC) which is an organization established by some of Pakistan's largest business houses focusing on expanding the capacity of Pakistan's businesses through development of Corporate Law, Capital Markets and Business Practice Infrastructure. He had spent 36 years with Citibank in positions that included Country and Regional Management, across the Middle East, Africa and the UK, Central and Eastern Europe, based in London from 1989 to 2006. His business experience covers Credit and Corporate Finance, Real Estate and Global Asset (Bonds & Equities) Management. Mr. Raza was Country Head for Citibank in Pakistan from 1983 -1987. Currently he is serving on the Boards of Tameer Micro Finance Bank Ltd. and Indus Earth (NGO).

Mr. Kazuteru Mihara
Director
Since:
April 13, 2016

Mr. Kazuteru Mihara is presently the General Manager of International Steel Sheet & Slab Trading Business Department of Sumitomo Corporation, Tokyo Japan and has 25 years of diversified experience in working in Metal Product Business Divisions including international trading of steel sheet & strip and management in Steel Service Centers. He has also held international assignments in Malaysia, Singapore and China, representing Sumitomo Corporation.

Engagement of Directors in Business Entities

Present name and surname in full	Business occupation and directorship (if any)
Mr. Kemal Shoaib Chairman	**International Steels Ltd.** Century Paper & Board Mills Ltd. ZIL Limited Al-Aman Holdings (Pvt.) Ltd. International Advertising (Pvt.) Ltd. Mind Sports Association of Pakistan Public Interest Law Association of Pakistan
Mr. Yousuf H. Mirza Chief Executive Officer	**International Steels Ltd.**
Mr. Towfiq H. Chinoy Director & Advisor	**International Steels Ltd.** Jubilee General Insurance Co. Ltd. Packages Ltd. IGI Investment Bank Ltd. HBL Asset Management Ltd. Pakistan Business Council Habib University Foundation Mohatta Palace Gallery Trust Beaumont Plaza Owners / Occupants Welfare Association
Mr. Mustapha A. Chinoy Director	**International Steels Ltd.** International Industries Ltd. Pakistan Cables Ltd. Intermark (Pvt.) Ltd. Crea8ive Bench (Pvt.) Ltd. Global e-Commerce Services (Pvt.) Ltd. Global Reservation (Pvt.) Ltd. Travel Solutions (Pvt.) Ltd.
Mr. Kamal A. Chinoy Director	**International Steels Ltd.** International Industries Ltd. Pakistan Cables Ltd. Atlas Power Ltd. ICI Pakistan Ltd. Jubilee Life Insurance Company Ltd. NBP Fullerton Assets Management Ltd.
Mr. Tariq Iqbal Khan Director	**International Steels Ltd.** Attock Refinery Ltd. Lucky Cement Ltd. National Refinery Ltd. Pakistan Oilfields Ltd. Packages Ltd. Silkbank Ltd. CAS Management (Pvt.) Ltd. FFC Energy Ltd. Khyber Pakhtunkhaw Oil & Gas Development Corp. Ltd. Islamic International Medical Trust High Altitude Sustainability Trust Human Element Foundation Pakistan Academy of Engineering Endowment Fund

Present name and surname in full	Business occupation and directorship (if any)
Syed Salim Raza Director	**International Steels Ltd.** Tameer Micro Finance Bank Indus Earth - NGO
Mr. Kamran Y. Mirza Director	**International Steels Ltd.** Abbott Laboratories (Pakistan) Ltd. Bank Al Falah Ltd. Unilever Pakistan Foods Ltd. Phillip Morris (Pakistan) Ltd. Education Fund for Sindh (EFS) Karwan-e-Hayat Safari & Outdoor Club of Pakistan
Syed Hyder Ali Director	**International Steels Ltd.** IGI Insurance Ltd. IGI Life Insurance Ltd. KSB Pumps Company Ltd. Nestle Pakistan Ltd. Packages Ltd. Sanofi Aventis Pakistan Ltd. Tetra Pak Pakistan Ltd. Tri-Pack Films Ltd. Bulleh Shah Packaging (Pvt.) Ltd. Packages Lanka (Pvt.) Ltd. Ali Institute of Education (AIE) Babar Ali Foundation (BAF) International Chamber of Commerce Pakistan Lahore University of Management Sciences (LUMS) National Management Foundation (NMF) Pakistan Centre for Philanthropy Pakistan Business Council Syed Maratib Ali Religious and Charitable Trust
Mr. Kazuteru Mihara Director	**International Steels Ltd.**

Directors' Report

The Directors of International Steels Limited are pleased to present the 9th Annual Report and audited financial statements for the year ended June 30, 2016.

Global Steel Scenario

World crude steel production dropped 3.0% compared to the previous year at 1.62 billion metric tons (MT). The Chinese steel industry accounted for approximately half at 804 million MT. Global steel prices declined between July and September 2015 and remained stable for the remainder of the year. As a result of aggressive trading of steel futures in China, prices increased in the first quarter of 2016 to peak in April, after which they declined sharply.

Pakistan's Economy

Pakistan experienced 4.7% economic growth during fiscal year 2016 (FY16), while the industrial sector achieved a growth of 6.8%. This was an all-time high compared to the last eight years. The Large Scale Manufacturing (LSM) Sector, which contributes 80.0% to the manufacturing and 51.8% to the industrial sector, also registered an impressive growth of 4.7%. The construction sector remained strong and supported allied industries such as cement, paint and steel.

Improvements in macroeconomic indicators led the State Bank of Pakistan to continue an expansionary monetary policy at the reduced policy rate of 5.75%, a 125 basis points drop over financial year 2016. Additionally, there was a decrease in the fiscal deficit; a continuation of Extended Fund Facility improved the external account and market sentiments. These developments have led to an improvement in Pakistan's sovereign ratings. The relative macroeconomic stability achieved should reflect positively on real economic activity going forward.

The cost of doing business decreased due to reduced petroleum product prices, low single digit inflation, low borrowing rates, expectations of better economic conditions following the China Pakistan Economic Corridor and ongoing energy projects. These factors have also boosted the confidence of the business community and enhanced investment.

Currently, Pakistan's government faces numerous challenges including alleviating a power crisis and maintaining law and order. The monetary deficits of this government caused by inadequate tax collection have been financed by borrowings from the banks which in turn have used their deposits as well as massive liquidity injection by the State Bank. Thus the private sector is being crowded out and severe distortions are being introduced in the monetary structure of the country. It seems to be focusing on public development schemes, for example the China Pakistan Economic Corridor, or highways and dams. These projects are likely to create demand for the construction and therein the steel industry.

Government policies on imports, particularly those pertaining to protection of the local manufacturing sector need to be revisited. The Free Trade Agreements (FTA) and proposed Most Favourable Nation (MFN) status should be reviewed to enable domestic manufacturers to meet a greater share of the country's demand.

Business Review

Over the financial year 2016 there has been a 16% increase in the consumption of cold rolled steel and 14% in galvanized products in Pakistan. Your Company's sales grew by over 50% following successful completion of the expansion project.

During the first half of the year, ISL faced a big challenge due to falling international steel prices and the continued influx of under invoiced and cheaper imports particularly from China under FTA. In order to remain competitive, the Company reduced its selling prices twice in the first half of the year, which affected profitability severely.

The Company filed an application before the National Tariff Commission (NTC) against the dumping of galvanized coils from China. However, before the NTC could make a decision on our application, the Islamabad High Court granted a Stay Order in January 2016 in favour of the importers and restrained the NTC from taking any action. The Company joined the case as an Intervenor after which the Stay Order was vacated. Simultaneously, however, the constitution of the NTC was challenged in Lahore High Court, which prevented the NTC from proceeding further. Reconstitution of the NTC is under progress.

Your Company's case to protect locally manufactured flat steel products is being regularly placed at the highest levels in the Ministry of Commerce, FBR, Pakistan Customs, NTC and the Engineering Development Board.

We continue to take up these issues alongside other manufacturers at various levels of government. Seeking redressal as this will benefit not only the local industry but also the country at large.

The Company also realigned its procurement strategy for sourcing raw material to diversified and reliable supply sources in a volatile market. Our product quality enabled us to enter and establish our brand internationally. We give careful consideration to quality control, safety & environmental measures and customer service via customized engagement.

Manufacturing Operations

During the year, the newly modified twin stand cold rolling mill and second galvanizing line were inaugurated by Dr. Miftah Ismail, Chairman Board of Investment. As a result of this expansion, the 4 Hi Mill produced 371,000 MT, a 55% increase compared to the last financial year. This production included approximately 118,000 MT of cold rolled products and 253,000 MT of galvanized steel.

Sales

During 2015-16, sales volumes increased by 52% exceeding 364,000 MT of prime products. This included 240,000 MT of galvanized and 124,000 MT of cold rolled products. The net sales value, however, increased by 14% due to the decline in steel prices and competition from low priced imports from China and Russia

Your Company continued to consolidate and leverage its nation-wide dealer network, which has been integral in reaching the smaller commercial and industrial end-consumer.

Sale of Electricity to K- Electric

The Company's 19 Megawatt Power Plant continued to operate satisfactorily and in line with our practice we continued to supply excess energy to K-Electric. Sales to K-Electric showed a decline due to increased internal consumption as a result of higher output. Over the current financial year, on the completion of 60,000 hours of operation the Company will undertake a major scheduled overhaul of generator sets.

Health, Safety & Environment

In line with our aim to be a socially and environmentally responsible organization, ISL implemented and followed rigorous safety standards. The expansion project was completed without a single major accident or a lost time incident. We ensured compliance with environmental standards, best practices for air emissions, noise, potable water and industrial effluent in line with the national environmental quality standards.

Human Resource

The Company continued its operations with an optimal headcount. Despite the expansion, the headcount at the year-end 2016 increased nominally to 570 as compared to 532 at the end of the previous year.

The Company maintained industrial peace and a positive work environment for all employees in the organization. ISL continues its efforts to develop its personnel at all levels, proactively building capabilities and retaining talent for business continuity.

Risk Management

The Board meets frequently throughout the year to monitor and refine the Company's risk management policies. These risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and ISL's activities. The Company through its standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Financials

Net sales for the year increased by 14.0% to Rs. 20.5 billion. Despite continued pressure on profit margins owing to volatile global steel prices and competition from under invoiced and secondary materials being imported into the country, gross profit was Rs. 2,913 million. The gross profit margin improved to 14.2% of net sales compared to 8.3% last year due primarily to lower steel prices and better absorption of fixed costs, given the significant increase in volumes during the financial year.

Administrative expenses were strictly controlled and decreased by 3.9% to Rs. 161 million. Selling and distribution expenses increased by 23.3% primarily due to higher freight & forwarding charges and sales promotion activities.

Financial charges reduced by 28.9% to Rs. 732 million on account of mainly a lower mark-up rate on borrowings, better cash management and lower foreign exchange losses. Other operating expenses at Rs. 264.7 million were significantly higher than last year due to higher workers profit participation and workers welfare funds (directly related to profit).

Overall, ISL posted a record profit before and after taxation of Rs. 1,654 and Rs. 1,179 million (Rs. 2.71 per share) respectively compared with Rs. 236 million and Rs. 202 million (Rs. 0.46 per share) last year.

Your Company is focused on improving working capital and cash flow. During the year, your company generated a net cash flow from operations of Rs. 2,872 million, an increase of Rs. 1, 373 million compared to last year.

Dividend

Keeping in view the financial results of the Company, the Board of Directors has recommended a 12.50% cash dividend.

Contribution to National Exchequer and the Economy

Your Company made a contribution of Rs. 4.73 billion (compared to Rs. 3.86 billion last year) **to the national exchequer during the year** by way of income tax, sales tax, custom duties and other levies.

Changes in the Board of Directors

During the year, Mr. Otomichi Yano resigned as a director of the Company and was replaced by Mr. Kazuteru Mihara. The Board wishes to place on record its appreciation for the valuable services rendered by Mr. Yano during his tenure. We welcome Mr. Mihara, who will hold office for the remainder of the term of the outgoing director.

Future Prospects

Your Company has launched a new expansion project valued at over Rs. 250 million aimed at removing the bottleneck at its pickling line. The project, once completed, will enhance the rolling capacity to 600,000 MT per annum.

ISL has approached Pakistan's government and other relevant institutions to rationalize import duties on raw material and finished goods that we produce. Once rationalized, these policies would lay a very strong foundation to sustainable growth and a higher contribution to the national exchequer. Our applications for antidumping duties on cold rolled and galvanized coils are also at the final stages of consideration by the NTC. The management is hopeful that these matters, which are supportive of local industry, will be considered fairly and favorably.

Significant challenges lie ahead considering the volatility in global raw material prices and the difficult business environment your Company is operating in.

Acknowledgement

The Board would like to thank all of their stakeholders, employees, customers, suppliers, shareholders and bankers for their support and loyalty. Such support is required not only to meet normal commercial challenges but also to meet those challenges posed by security issues and tough economic conditions. The confidence and goodwill of the stakeholders has allowed the Company to achieve sustainable growth over the years.

We continue to pray to Allah for the success of your Company, for the benefit of all stakeholders, and for the country in general.

Kemal Shoaib
Chairman

Karachi
12 August 2016

Key Operating Highlights

	2016	2015	2014	2013	2012	2011
	Rs. million					
FINANCIAL POSITION						
Balance sheet						
Property, plant and equipment	12,620	12,332	9,772	9,952	8,928	8,788
Other non current assets	-	1	4	8	14	16
Current assets	8,364	6,742	7,103	4,801	6,891	5,495
Total assets	20,984	19,075	16,879	14,761	15,833	14,299
Share capital	4,350	4,350	4,350	4,350	4,350	4,350
Reserves	1,818	628	856	158	(201)	(92)
Surplus on revaluation of fixed assets	974	552	563	573	-	-
Total equity	7,142	5,530	5,770	5,081	4,149	4,258
Non current liabilities	4,880	6,133	3,381	3,597	3,918	4,432
Current liabilities	8,962	7,412	7,728	6,083	7,766	5,609
Total liabilities	13,842	13,545	11,109	9,680	11,684	10,041
Total equity & liabilities	20,984	19,075	16,879	14,761	15,833	14,299
Net current assets	(598)	(670)	(625)	(1,282)	(875)	(114)
OPERATING AND FINANCIAL TRENDS						
Profit and Loss						
Net turnover	20,499	17,938	21,291	17,603	13,249	3,691
Gross profit	2,913	1,485	2,248	1,606	1,206	349
EBITDA	3,097	1,806	2,369	1,868	1,406	533
Operating profit	2,545	1,150	1,970	1,409	1,056	241
Profit / (loss) before taxation	1,654	236	874	441	(120)	(62)
Profit / (loss) after taxation	1,179	202	690	363	(104)	(79)
Capital expenditure (addition during the year)	492	3,122	344	797	466	1,027
Cash Flows						
Operating activities	2,872	1,498	7	3,449	(1,069)	(4,799)
Investing activities	(479)	(3,095)	(335)	(782)	(466)	(997)
Financing activities	(1,847)	2,405	(404)	(331)	(113)	1,000
Cash & cash equivalents at the end of the year	(3,486)	(4,032)	(4,840)	(4,108)	(6,443)	(4,796)

Key Indicators

		2016	2015	2014	2013	2012	2011
Profitability Ratios							
Gross profit ratio	%	14.21	8.28	10.56	9.12	9.10	9.46
Net profit to Sales	%	5.75	1.12	3.24	2.06	(0.79)	(2.15)
EBITDA Margin to Sales	%	15.11	10.07	11.13	10.61	10.61	14.44
Operating Leverage	%	5.01	1.51	1.28	1.00	0.63	-
Return on Shareholders' Equity	%	16.51	3.65	11.96	7.14	(2.52)	(1.86)
Operating profit on Capital Employed	%	21.17	9.86	21.53	16.23	13.09	2.77
Return on Total Assets	%	5.62	1.06	4.09	2.46	0.66	(0.56)
Liquidity Ratios							
Current ratio		0.93	0.91	0.92	0.79	0.89	0.98
Quick / Acid test ratio		0.34	0.31	0.44	0.36	0.21	0.30
Cash to Current Liabilities		0.004	0.005	0.005	0.002	0.001	0.05
Cash flow from Operations to Sales		0.14	0.08	0.00	0.20	(0.08)	(1.30)
Activity / Turnover Ratios							
Inventory turnover ratio	times	3.31	3.71	5.19	6.11	3.33	1.75
Inventory turnover in days	days	110	98	70	47	110	209
Debtor turnover ratio (KE)	times	12.83	9.87	11.29	14.81	2.68	1.98
Debtor turnover in days (KE)	days	28	37	32	25	136	185
Total assets turnover ratio	times	0.98	0.94	1.26	1.19	0.84	0.26
Fixed assets turnover ratio	times	1.62	1.45	2.18	1.77	1.49	0.42
Capital employed turnover ratio	times	1.71	1.54	2.33	2.03	1.64	0.42
Investment / Market Ratios							
Earnings / (Loss) per share - basic and diluted	Rs	2.71	0.46	1.59	0.83	(0.24)	0.22
Price earning ratio	times	13.14	60.58	14.54	21.22	(49.83)	61.31
Market value per share at the end of the year	Rs	35.62	28.10	23.05	17.69	11.96	13.61
Market value per share high during the year	Rs	45.00	32.24	26.00	19.35	14.29	15.06
Market value per share low during the year	Rs	22.80	21.75	15.30	11.25	9.05	13.26
Break-up value per share		16.42	12.71	13.26	11.68	9.55	9.79
Capital Structure Ratios							
Financial leverage ratio		1.16	1.93	1.50	1.63	2.63	2.27
Total Debt : Equity ratio		54:46	66:34	60:40	62:38	72:28	70:30
Interest cover	times	3.53	1.27	1.94	1.47	0.88	0.79
Value Addition							
Employees as remuneration	Rs. in million	493	454	392	328	308	133
Government as taxes	Rs. in million	4,734	3,860	3,906	3,468	3,092	1,432
Financial charges to providers of finance	Rs. in million	732	1,028	982	993	1,169	433

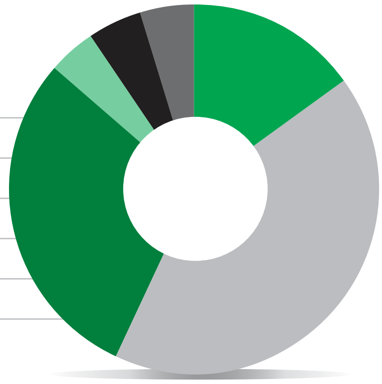
Vertical Analysis

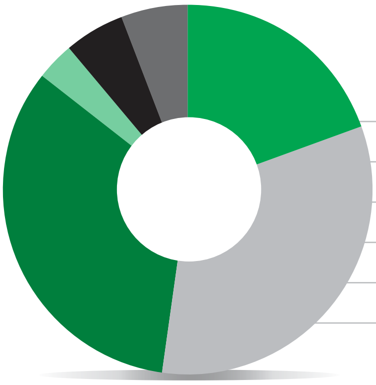
	2016		2015		2014		2013		2012		2011	
	Rs. million	%	Rs. million	%	Rs. million	%	Rs. million	%	Rs. million	%	Rs. million	%
OPERATING RESULTS												
Sales - Net	20,499	100	17,938	100	21,291	100	17,603	100	13,249	100	3,691	100
Cost of sales	17,586	86	16,453	92	19,043	89	15,997	91	12,043	91	3,342	91
Gross profit	2,913	14	1,485	8	2,248	11	1,606	9	1,206	9	349	9
Administrative, Selling and Distribution expenses	368	2	336	2	278	1	197	1	150	1	108	3
Other operating expenses	265	1	22	0	186	1	44	0	106	1	2	0
Other operating income	106	1	136	1	72	0	69	0	99	1	133	4
Operating profit before finance costs	2,386	12	1,264	7	1,856	9	1,434	8	1,048	8	371	10
Finance costs	732	4	1,028	6	982	5	993	6	1,169	9	433	12
Profit / (Loss) before taxation	1,654	8	236	1	874	4	441	3	(120)	(1)	(62)	(2)
Taxation	475	2	34	0	184	1	79	0	(16)	(0)	17	0
Net Profit / (Loss)	1,179	6	202	1	690	3	362	2	(104)	(1)	(79)	(2)
BALANCE SHEET												
Property, plant and equipment	12,620	60	12,332	65	9,772	58	9,952	67	8,928	56	8,788	61
Intangible assets	-	-	0.6	0.0	3.8	0.0	7.9	0.1	13.4	0.1	-	-
Other non current assets	0.1	0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	16.0	0.1
Current assets	8,364	40	6,742	35	7,103	42	4,801	33	6,891	44	5,495	39
Total assets	20,984	100	19,075	100	16,879	100	14,761	100	15,833	100	14,299	100
Shareholders' equity	6,168	29	4,978	26	5,206	31	4,508	31	4,149	26	4,258	30
Surplus on revaluation of fixed assets	974	5	552	3	563	3	573	4	-	-	-	-
Non current liabilities	4,880	23	6,133	32	3,381	20	3,597	24	3,918	25	4,432	31
Current portion of long term financing	699	3	850	4	750	4	783	5	639	4	263	2
Short term borrowings	3,524	17	4,069	21	4,876	29	4,121	28	6,448	41	5,058	35
Other current liabilities	4,739	23	2,493	13	2,101	12	1,179	8	679	4	288	2
Total equity and liabilities	20,984	100	19,075	100	16,879	100	14,761	100	15,833	100	14,299	100
CASH FLOWS												
Net cash generated from/ (used in) operating activities	2,872	526	1,498	185	7	(1)	3,449	148	(1,069)	65	(4,799)	100
Net cash outflows from investing activities	(479)	(88)	(3,095)	(383)	(335)	46	(782)	(34)	(466)	28	(997)	21
Net cash (outflows)/inflows from financing activities	(1,847)	(338)	2,405	298	(404)	55	(331)	(14)	(113)	7	1,000	(21)
Net increase/ (decrease) in cash and cash equivalents	546	100	808	100	(732)	100	2,336	100	(1,648)	100	(4,796)	100

Key Financial Indicators - Graphs

Conversion cost

	2015-2016 Rs in Million
Salaries, wages and benefits	327
Electricity, gas and water	912
Depreciation and amortisation	634
Stores and spares consumed	93
Repairs and maintenance	100
Others	101
Total	**2,167**



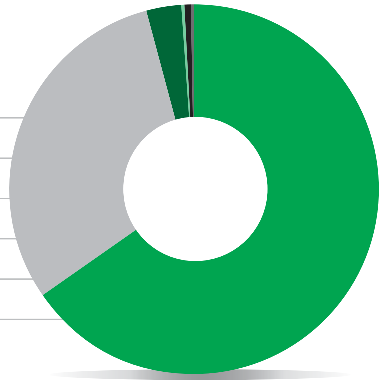


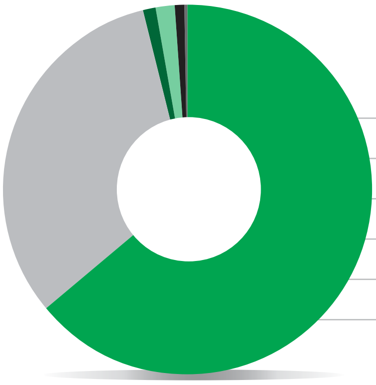
Conversion cost

	2014-2015 Rs in Million
Salaries, wages and benefits	274
Electricity, gas and water	455
Depreciation and amortisation	465
Stores and spares consumed	46
Repairs and maintenance	74
Others	80
Total	**1,394**

Product wise sales break up

	2015-2016 Rs in Million
Galvanized Coils	13,427
Cold rolled Coils	6,260
Colored Coils	625
End cuts	13
Bi-Product Zinc	158
Bi-Product Remeltable Scrap	10
TOTAL	**20,493**

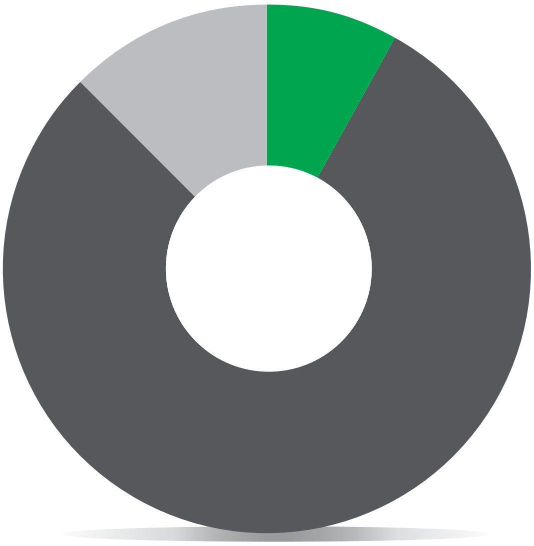




Product wise sales break up

	2014-2015 Rs in Million
Galvanized Coils	11,403
Cold rolled Coils	5,758
Colored Coils	203
End cuts	306
Bi-Product Zinc	137
Bi-Product Remeltable Scrap	15
TOTAL	**17,822**

Key Financial Indicators - Graphs

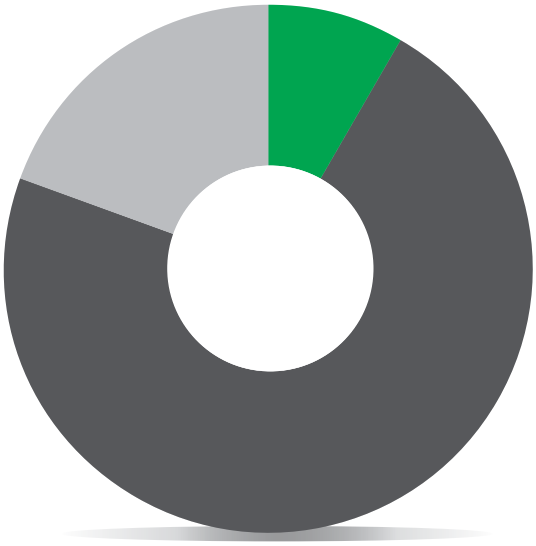


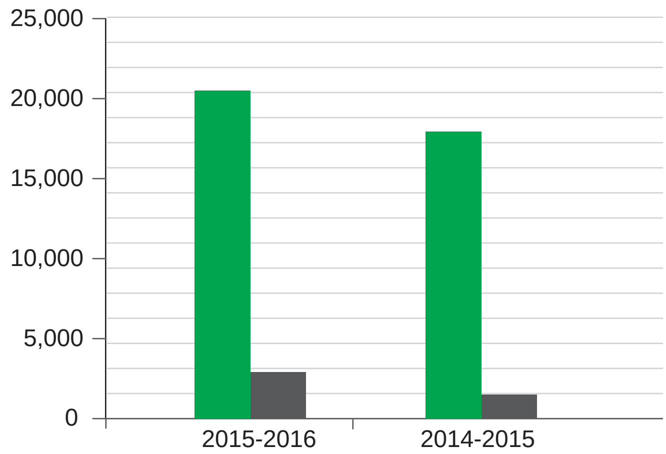
Value addition & distribution

	2015-2016 Rs in Million
Employees as remuneration	493
Government as taxes	4,734
Financial charges	732
TOTAL	**5,959**

Value addition & distribution

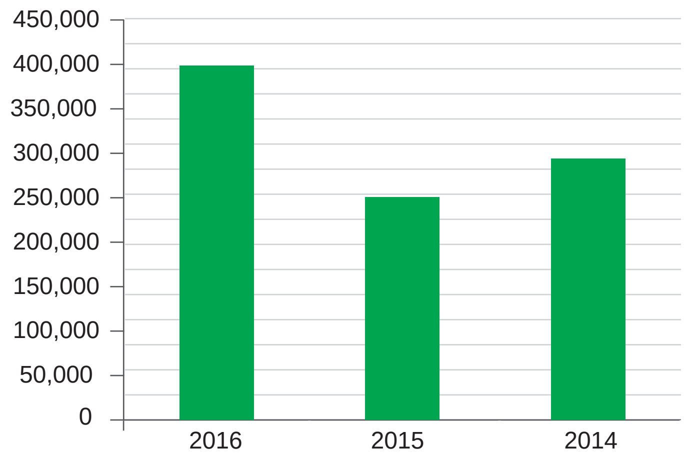
	2014-2015 Rs in Million
Employees as remuneration	454
Government as taxes	3,860
Financial charges	1,028
TOTAL	**5,342**





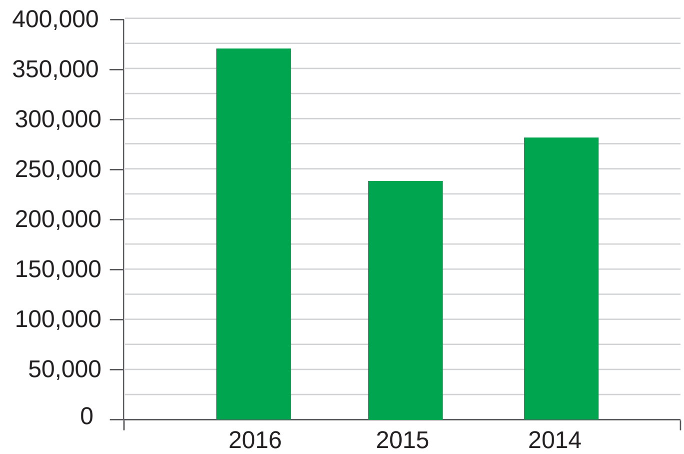
Net sales / gross profit

	2015-2016	2014-2015
	Rs in Million	
Net sales	20,499	17,938
Gross profit	2,913	1,485



Raw material purchases (in tons)

	2016	2015	2014
Tons	398,266	250,391	293,841



Production (in tons)

	2016	2015	2014
Tons	370,811	238,640	281,772

Corporate Governance

Statement of Directors' Responsibility:

- 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.
- Proper books of accounts of the company have been maintained as required under Companies Ordinance, 1984.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent business judgment.
- International Accounting Standards as applicable in the country have been followed.
- The system of internal control has been effectively placed.
- There are no significant doubts upon company's ability to continue as a going concern.
- There is no material departure from the best practices.

Roles and Responsibilities of the Chairman and Chief Executive

The Chairman and the Chief Executive Officer have separate distinct roles. The Chairman has all the powers vested under the Code of Corporate Governance and presides over all the Board Meetings. The Chief Executive Officer performs his duties under the powers vested by the law and the Board. He is responsible for preparing business strategy, overall control and operation of the company as well as for implementing the business plans approved by the Board.

Business Philosophy

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

The Board of Directors provides the overall direction for the Company operations, 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 while the Chief Executive Officer is responsible for day to day operations and execution of the business strategy by devising business plans and monitoring the same.

Governance Framework

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 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 attain a fair value for the shareholders.

The Board meets at least once after every quarter to review the financial performance and to provide oversight to the management to achieve key performance indicators. A Board Meeting Calendar is issued annually to reflect the dates planned for the Board and Audit Committee Meetings. All the Board members are given appropriate documentation in advance of each meeting, which normally includes a detailed analysis of business and on matters, where the Board will be requested to make a decision or give its approval.

During the year under consideration, the Board met Seven (07) times and the Directors, like always took active participation in discussions during the Board meetings to add value and to provide strategic leadership to the Company. The average attendance of the directors during the year was 77%.

The Board Committees

The Board has formed four sub-committees to assist its operational functions, which are:

The Audit Committee comprises of the following:

- **Mr. Tariq Iqbal Khan**
  Chairman - Independent Director
- **Mr. Kamal A. Chinoy**
  Member - Non-Executive Director
- **Mr. Kamran Y. Mirza**
  Member - Independent Director
- **Mr. Usman Ahmad**
  Secretary – Chief Internal Auditor

Terms of Reference of Audit Committee:

The salient features of Audit Committee's Terms of Reference are:

1. **Review responsibilities:**

    a) Periodically review its Charter and improve/ amend it according to changes in the laws and regulations and global best practices from time to time.

    b) Review from time to time its responsibilities in terms of revisions in the laws, rules, regulations and Code of Corporate Governance.

2. **Financial Reporting:**

    a) Review the quarterly, half yearly and annual financial statements of the company, prior to approval by the Board, focusing on significant issues like:

    i. Disclosures and judgmental areas, used in preparing the same especially those regarding valuation of assets, liabilities,

    ii. Significant related party transactions,

    iii. Assumptions on the basis of going concern.

    iv. Any significant legal matters etc.

    b) Discuss with the management and assess that the financial statements has been prepared in accordance with the prevailing rules and regulations, accounting principles etc., including any significant changes in the accounting policies etc.

    c) Consider and review any material changes in the financial statements which may have any significant effect on the profitability of the company.

3. **External Audit:**

    a) Review the scope of the External Auditors including but not limited to the independence, objectivity and effectiveness of the audit process.

    b) Review and recommend the terms of appointment of the External Auditors annually, ensure that the selection of the audit firm and / or rotation of the partner of such a firm is as per existing rules and regulations.

    c) Review, no less than annually with the External Auditors about significant issues regarding financial reporting and major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, if needed).

    d) Develop and review the policy on engagement of the external auditors in any non-audit services for the company, its associated concerns and subsidiaries.

    e) Review the External auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial statements or systems of control and management's response;

    f) Review and discuss with External auditors at least once in a year the major aspects of their report without the management and internal auditors being present.

4. **Internal Audit and Risk Controls:**

    a) Review the scope of the Internal Audit function; ensure that the scope and extent of internal audit has sufficient resources.

    b) Ensure co-ordination between the internal and external auditors.

    c) Ascertain that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective.

    d) Review the internal control systems and internal audit report prior to endorsement by the Board of Directors.

    e) Review and ensure that the regulatory compliance system is effective.

    f) Review and prepare report on any investigative matters where flags have been raised by the Board of Directors and/or external auditors and/ or internal auditors and/ or management.

    g) Review and recommend to the Board of Directors, a Policy for transactions with the Related Parties, based on the agreements/ policy already defined and existing between IIL & ISL.

    h) Provide guidance to prepare a Risk Policy; ensure that a robust system is in place in the form of well-defined policies and procedures.

    i) Overview the Risk Policy periodically.

j) Establish procedures for the receipt, retention and treatment of complaints received by the Company and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Reporting of all such matters shall be to the Chairman of Board Audit Committee only.

k) Review and provide oversight to prepare the "Code of Conduct" annually and oversee that the same is properly disseminated and acknowledged by the Directors as well as the employees.

l) Review and discuss with internal auditors at least once in a year the major aspects of their report without the management being present.

5. Any Other Responsibility

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

b) Assist the Board in any other task assigned.

The Audit Committee met five (05) times, during the financial year ended June 30, 2016.

B. HUMAN RESOURCES & REMUNERATION COMMITTEE:

The Human Resources & Remuneration Committee of the Board is as follows:

- **Mr. Kemal Shoaib**
  Chairman - Independent Director
- **Mr. Towfiq H. Chinoy**
  Member - Non-Executive Director
- **Mr. Yousuf H. Mirza**
  Member - Chief Executive Officer
- **Mr. Mustapha A. Chinoy**
  Member - Non-Executive Director
- **Syed Hyder Ali**
  Member - Non-Executive Director
- **Mr. Bilal Khawar**
  Secretary - Head of HR

Terms of Reference of Human Resources & Remuneration Committee [HR&RC]:

The role of the Human Resources & Remuneration Committee is to assist the Board of Directors in its oversight of the evaluation and approval of the employee benefit plans etc. The salient features of the terms of HR&RC are as follows:

1. The HR&RC shall recommend Human Resource Management Policies to the Board.
2. Recommendations on selection, appointment, remuneration and succession of the CEO, to the Board.
3. Recommendations on selection, appointment, remuneration and succession of the CEO, CFO and Company Secretary, to the Board.
4. Set the Policy framework including compensation structures of various levels of executives.
5. Recommend compensation structure of the Board of Directors and its sub-committees.
6. Ensure implementation of the development needs of new Directors.
7. Review and ensure that a robust employee evaluation system is in place.

The Human Resource Committee met three (3) times, during the financial year ended June 30, 2016.

C. STRATEGIC PLANNING COMMITTEE :

The Strategic Committee of the Board is as follows:

- **Syed Salim Raza**
  Chairman - Independent Director
- **Mr. Towfiq H. Chinoy**
  Member - Non-Executive Director
- **Mr. Yousuf H. Mirza**
  Member - Chief Executive Officer
- **Mr. Mustapha A. Chinoy**
  Member - Non-Executive Director

The Meetings of this Committee take place as and when the Board desires a focused strategic oversight, while the strategic guideline is discussed in the Board Meetings frequently.

D. TREASURY COMMITTEE :

The Treasury Committee of the Board is as follows:

- **Syed Salim Raza**
  Chairman - Independent Director
- **Mr. Towfiq H. Chinoy**
  Member - Non-Executive Director
- **Mr. Yousuf H. Mirza**
  Member - Chief Executive Officer
- **Mr. Ali Zaidi**
  Secretary - Head of Treasury

The objective of the Committee is to set treasury related policies within the overall policy framework established by the Board. The formation of Treasury committee does not impair or limit the management of day to day treasury operations and routine activities. Any deviation arising due to special circumstances or financial market behavior shall be placed in subsequent Committee meeting for ratification.

The Committee shall aim to meet each quarter but it is required that a majority of the Committee members shall meet at least two times each financial year and also at other times as the Chairman of the Committee shall require. The Committee shall carry out the following:

(a) Will present to the Board, on at least an annual basis, the Treasury Policy Statements (the "policy"), for approval.

(b) The Committee shall review, supervise and oversee Treasury activities in implementing the policies approved by the Board or the Committee.

(c) The Committee shall review, supervise, consider and as appropriate approve, or where it considers appropriate, propose to the Board for the Board's approval, revisions to the planned strategies, in relation to inter alia:

1. Treasury's role and objectives
2. Treasury Policies
2.1 Borrowing Policy
2.2 Investment Policy
3. Corporate Funding
4. Cash Management & Liquidity
4.1 Liquidity and Cash Forecasts
4.2 Cash Management
4.3 Counterparty Risk
5. Currency/ Commodity Transaction Risk
6. Foreign Exchange Risk
7. Interest Rate Risk
8. Relationship with banks and allocation of business
9. Treasury Internal Controls - Evaluation and risk mitigation strategies

The Treasury Committee met twice (2) during the financial year ended June 30, 2016.

DIRECTORS' PARTCIPATION IN BOARD AND SUB-COMMITTEE MEETINGS

Board / Sub-Committee Members	Board Meetings	Audit Committee	HR&R Committee	Treasury Committee
Number of Meetings Held	**7**	**5**	**3**	**2**
Mr. Kemal Shoaib	7		3	
Mr. Towfiq H. Chinoy	7		3	2
Mr. Mustapha A. Chinoy	6		2	
Mr. Kamal A. Chinoy	5	4		
Mr. Tariq Iqbal Khan	7	5		
Syed Salim Raza	6			2
Mr. Kamran Y. Mirza	6	4		
Syed Hyder Ali	2			
Mr. Kazuteru Mihara*	1			
Mr. Yousuf H. Mirza	5		3	2
Mr. Otomichi Yano	2			

* Mr. Kazuteru Mihara was appointed as director on April 13, 2016 to fill the casual vacancy created by the resignation of Mr. Otomichi Yano.

Since all the retiring directors were re-elected in the Annual General Meeting held on October 2, 2013, no formal orientation was conducted. Additionally the Board is regularly briefed on various developments in the business fields in each meeting. However, an orientation session was held to share company information and relevant regulations with Mr. Kazuteru Mihara, the newly appointed director.

Stakeholders and Social Responsibility

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

Board Performance Evaluation

The Board has adopted a mechanism for self-evaluation of its performance evaluation, which encompasses the evaluation of the Board as an entity. The annual review of the Board is aimed at evaluation in the following:-

• Board composition • Skill and experience • Board functions • Internal controls • Statutory obligation • Corporate Governance • Operational performance • Strategic guidance • Risk Management etc.

In order to ensure accountability and integrity in our conduct, we have placed an effective whistleblowing mechanism for sounding of alerts against deviations from policies, applicable regulations or the code of professional conduct.

Speak-up Policy

In order to ensure accuntability and integrity in our conduct, we have placed an effective whistlebowing mechanism for sounding of alerts against deviations from policies, applicable regulations or the code of professional conduct.

Pattern of Shareholding

A statement on the pattern of shareholding along with a pattern of shareholding of certain classes of shareholders, where disclosure is required under the reporting framework and the statement of shares held by the directors and executives as on June 30, 2016 is placed on Page 95.

Management Team

Good corporate governance is the basis of our decision making and control processes. The management's decision making is based on long term strategic objectives in which the Board, comprising of majority independent directors, provides strategic oversight and guidance to the management and monitors the performance of the company regarding business objectives, share holders' interests and regulatory compliance.

The Management Team is headed by the Chief Executive Officer and the Functional Heads are:

- **Mr. Yousuf H. Mirza**
  Chief Executive Officer
- **Mr. Samir Chinoy**
  GM Marketing & Sales
- **Mr. Rashid Umer Siddiqui**
  Chief Financial Officer
- **Mr. Zafar Majeed**
  GM Manufacturing
- **Mr. Bilal Khawar**
  GM Human Resources
- **Mr. Sohail Ahamad Jilani**
  Div. Mgr. Supply Chain
- **Mr. Usman Ahmed**
  Secretary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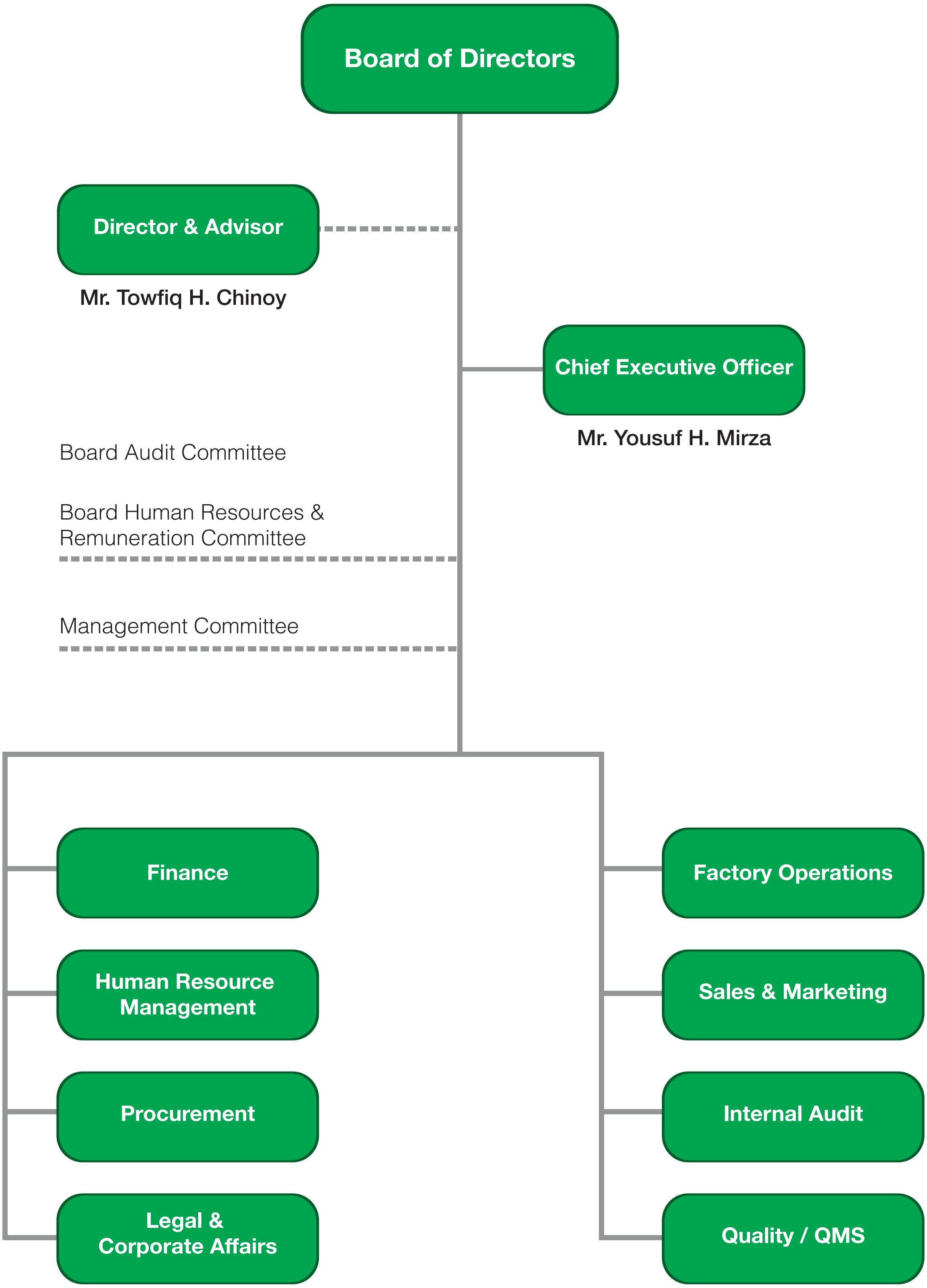
Organization Chart

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Report of the Board Audit Committee

on Adherence to the Code of Corporate Governance

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

- The Company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Company's Code of Conduct and the international best practices of Corporate Governance throughout the year.
- Compliance has been confirmed from the members of the Board, the Management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- 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. Applicable accounting standards were followed in preparation of the financial statements of the Company on a going concern basis, for the financial year ended 30 June 2016, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the Directors' Report. They acknowledge their responsibility for true and fair presentation of the financial statements, 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 and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance 1984 and applicable "International Accounting Standards (IAS / IFRS) notified by the SECP.
- All direct and indirect trading 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 holdings have been disclosed in the Pattern of Shareholdings.

INTERNAL AUDIT FUNCTION

- The internal control framework has been effectively implemented through in house Internal Audit function which is led by the Head of Internal Audit.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
- The Company maintains an established internal control framework comprising clear structures, authority limits, and accountabilities, well understood policies and procedures and budgeting for review processes under oversight of Board of Directors. All policies and control procedures are documented in manuals.
- As a part of internal control framework, the Board of Directors acts in accordance with the recommendations of the Audit Committee as documented in its terms of reference.
- In line with the requirements of Code of Corporate Governance, the Company has established an independent Internal Audit function who reports to the Audit Committee. During the year, the Internal Audit function carried out its activities in accordance with its approved Audit Program and made its recommendations for value addition and improvement in existing internal controls / operations. Internal Audit function has played a vital role in improving the overall control environment within the organization. It is also acting as an advisor to other functions for streamlining systems in addition to ensuring effective implementation of Company's policies and suggesting procedures for revenue maximization and cost savings.

EXTERNAL AUDITORS

- The Statutory Auditors of the Company, M/s KPMG Taseer Hadi & Co., Chartered Accountants, have completed their Audit Assignment of the "Company's Financial Statements" and the "Statement of Compliance with the Code of Corporate Governance" for the financial year ended 30 June 2016 and shall retire on the conclusion of the 9th Annual General 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 the ICAP. The Auditors have indicated their willingness to continue as Auditors.
- Being eligible for reappointment under the listing regulations, the Board Audit Committee recommends the reappointment of M/s KPMG Taseer Hadi & Co. for the financial year 30 June 2016 on remuneration, as negotiated by the Chief Executive Officer.

Karachi
12 August 2016

Tariq Iqbal Khan
Chairman –
Board Audit Committee


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Statement of Compliance

with the Best Practices of the Code of Corporate Governance

INTERNATIONAL STEELS LIMITED

June 30, 2016

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

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category / Names	Names
Independent Directors	Mr. Kemal Shoaib
	Mr. Tariq Iqbal Khan
	Syed Salim Raza
	Mr. Kamran Y. Mirza
Executive Director	Mr. Yousuf H. Mirza
Non-Executive Directors	Mr. Towfiq H. Chinoy
	Mr. Kamal A. Chinoy
	Mr. Mustapha A. Chinoy
	Syed Hyder Ali
	Mr. Kazuteru Mihara

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

2. The Directors have confirmed that none of the directors 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 resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The Board of Directors appointed Mr. Yousuf H. Mirza as the new Chief Executive Officer of the Company w.e.f. 14 August, 2015 following the retirement of Mr. Towfiq H. Chinoy as the Managing Director & CEO of the Company on August 13, 2015. In addition, Mr. Kazuteru Mihara was appointed as a director on April 13, 2016 to fill in a casual vacancy created by the resignation of Mr. Otomichi Yano. There was no other change in the Board of Directors of the Company.

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

6. The Board has developed a vision/mission statement and reviews and approves business plans and overall corporate strategy. 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, where needed, have been developed and adopted during the year. The Company has documented the following policies and statements in compliance with the Code of Corporate Governance:

   a) Our Vision

   b) Our Mission

   c) Code of Conduct

   d) Our Values

   e) Budgetary Control Policy

   f) Profit Appropriation Policy

   g) Acquisition of Fixed Assets

   h) Related Party Transaction Policy

   i) Human Resource Policies

   j) Directors' Remuneration Policy

   k) Speak Up Policy

   l) Investment Policy

   m) Policy for Write Off of Bad Debts , Advances and Receivables

   n) Borrowing Policy

   o) Policy for CSR

   p) Board Evaluation Policy & Procedure

   q) Stores and Spares Policy

   r) Credit Policy

   s) Investors Relations Policy

7. All 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, and non-executive directors, have been taken by the Board/shareholders.

8. All meetings of the Board were presided over by the Chairman, who is an independent non-executive director. The board met seven times, which includes meeting at least once in every quarter. The Board normally meets at least once in every quarter to consider the operational results out of which one quarterly meeting in addition includes the strategy of the Company. Also the Board meets once a year to consider the budget for the following year however, this year the Company had two meetings to discuss the Company's budget. Besides, there was one additional board meeting held during the year for the appointment of new Chief Executive Officer of the Company. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated to the Board of Directors.

9. Orientation Program for the Board of Directors was conducted in 2010, when the BOD met after elections. A detailed briefing session was also conducted for the Board when the Revised Code of Corporate Governance was implemented by SECP in 2012. The directors have also been provided with copies of Listing Regulations of the Pakistan Stock Exchange Ltd., Memorandum and Articles of Association and the Code of Corporate Governance and they are well conversant with their duties and responsibilities. All the directors have been re-elected in October 2013; the management keeps the Board abreast with the latest changes in the business environment and regulatory framework.

10. Six directors have acquired the formal training certificates in earlier years. Majority of the directors has more than 14 years of education and 15 years of experience on the Board of at least one listed company, in terms of section (xi) of the Code of Corporate Governance. The Company however intends to facilitate further training for the directors in near future as defined in the Code of Corporate Governance.

11. The Board has approved the appointment, remuneration and terms & conditions of employment of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and Chief Internal Auditor.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed execpt for:

    Due to security reasons the Company has not disclosed the information as required under clause (xvi) and sub-clauses (j-iii) directors and their spouse(s) and minor children (name wise details), and clause (xvi) (I) 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 Compnay has applied for relaxation before Securities and Exchange Commission of Pakistan for the above on Ausust 12, 2016. However, reply is yet to be received.

13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

14. 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.

15. The Company has complied with all the corporate and financial reporting requirements of the CCG.

16. The Board has formed an Audit Committee. It comprises 3 members; of whom all are Non-Executive Directors, out of which the Chairman and one member are Independent Directors.

17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and noted by the Committee for compliance.

18. The Board has formed a Human Resources & Remuneration Committee. It comprises 5 members; the Chairman of the Committee is an independent director, whereas the remaining members comprise one executive director and three non- executive directors. The Terms of Reference of Human Resources & Remuneration Committee has been approved by the BOD and noted by the Human Resources & Remuneration Committee for compliance.

19. The Board has setup an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

20. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 the ICAP.

21. The Statutory Auditors or the 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.

22. 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 Pakistan Stock Exchange.

23. Material/price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange.

24. We confirm that all other material principles contained in the Code have been complied with except for those stated above towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

Tariq Iqbal Khan
Chairman –Audit Committee

Yousuf H. Mirza
Chief Executive Officer

Our Milestones

2010-11

- Assets and liabilities of steel unit hived down from International Industries Ltd.

2011-12

- Commencement of Commercial Operation
- Listed as Public Company at the PSX
- Certifications acquired
  - ISO 9001
  - ISO 14001
  - OHSAS 18001

2012-13

- Production exceeded 221,000 MT
- Turnover exceeded Rs.20 billion

2013-14

- Production exceeded 280,000 MT
- Turnover exceeded Rs.24 billion

2015-16

- Production exceeded 380,000 MT
- Increased cold rolling mill capacity from 250,000 MT to 500,000 MT
- Added:
  - second galvanizing line increasing galvanizing capacity from 150,000 MT to 400,000 MT
  - first ever color coating line in Pakistan
  - electrolysis plant to produce hydrogen
  - new product by selling oxygen to the non-medical industry

Review Report to the Members
on Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of International Steels Limited ("the Company") for the year ended 30 June 2016 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Further, we highlight instances of non-compliance with the requirement of the Code as reflected in paragraph 12 of the annexed Statement with respect to non-disclosure of pattern of shareholding and trades in the shares of the Company by certain persons as required by clause (xvi) of the Code of Corporate Governance. The Company has applied to the Securities and Exchange Commission of Pakistan (SECP) for relaxation from such compliance and currently awaits their response in this regard.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Karachi
12 August 2016

Financial Statements

Contents

Auditors' Report to the Members

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

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.5 with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Karachi
12 August 2016

Balance Sheet

As at 30 June 2016

	Note	2016	2015
		(Rupees in '000)	
ASSETS			
Non Current Assets			
Property, plant and equipment	4	12,620,022	12,332,043
Intangible assets	5	-	551
Long term deposit with Central Depository Company of Pakistan Limited		100	100
Total Non Current Assets		12,620,122	12,332,694
Current Assets			
Stores and spares	6	442,597	349,577
Stock-in-trade	7	5,314,131	4,437,944
Receivable from K-Electric Limited (KE) - unsecured, considered good		40,513	56,895
Trade debts - considered good	8	520,801	362,464
Advances - considered good	9	35,069	47,918
Trade deposits and prepayments	10	12,324	15,135
Sales tax receivable		410,259	38,295
Taxation - net	11	1,550,697	1,396,122
Cash and bank balances	12	37,615	37,731
Total Current Assets		8,364,006	6,742,081
Total Assets		20,984,128	19,074,775
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
500,000,000 (2015: 500,000,000) ordinary shares of Rs. 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up capital	13	4,350,000	4,350,000
Unappropriated profit		1,818,328	628,114
Total shareholders' equity		6,168,328	4,978,114
Surplus on revaluation of property, plant and equipment - net of tax	14	974,298	551,828
LIABILITIES			
Non Current Liabilities			
Long term finances - secured	15	4,044,973	5,740,767
Staff retirement benefits	30.2	24,496	20,686
Deferred taxation - net	16	810,748	371,243
Total Non Current Liabilities		4,880,217	6,132,696
Current Liabilities			
Trade and other payables	17	4,694,800	2,280,259
Short term borrowings - secured	18	3,523,755	4,069,462
Current portion of long term finances	15	699,016	849,878
Accrued mark-up		43,714	212,538
Total Current Liabilities		8,961,285	7,412,137
Contingencies and Commitments	19		
Total Equity and Liabilities		20,984,128	19,074,775

The annexed notes 1 to 40 form an integral part of these financial statements.

Tariq Iqbal Khan	**Rashid Umer Siddiqui**	**Yousuf H. Mirza**
Director & Chairman Board Audit Committee	Chief Financial Officer	Chief Executive Officer

Profit and Loss Account

For the year ended 30 June 2016

	Note	2016	2015
		(Rupees in '000)	
Net sales	20	20,499,054	17,938,077
Cost of sales	21	(17,585,833)	(16,452,775)
Gross profit		2,913,221	1,485,302
Administrative expenses	22	(161,479)	(168,022)
Selling and distribution expenses	23	(206,862)	(167,707)
		(368,341)	(335,729)
Financial charges	24	(731,525)	(1,028,277)
Other operating charges	25	(264,675)	(22,119)
		(996,200)	(1,050,396)
Other income	26	105,816	136,368
Profit before taxation		1,654,496	235,545
Taxation - net	27	(475,532)	(33,765)
Profit for the year		1,178,964	201,780
		(Rupees)	
Earnings per share - basic and diluted	28	2.71	0.46

The annexed notes 1 to 40 form an integral part of these financial statements.

Tariq Iqbal Khan
Director & Chairman
Board Audit Committee

Rashid Umer Siddiqui
Chief Financial
Officer

Yousuf H. Mirza
Chief Executive
Officer

Statement of Comprehensive Income

For the year ended 30 June 2016

	2016	2015
	(Rupees in '000)	
Profit for the year	1,178,964	201,780
Other Comprehensive Income		
Items that will never be reclassified to profit and loss account		
Remeasurements of defined benefit liability	(1,043)	(9,674)
Recognition of tax	313	3,096
Total other comprehensive income - net of tax	(730)	(6,578)
Total comprehensive income for the year	1,178,234	195,202

The annexed notes 1 to 40 form an integral part of these financial statements.

Tariq Iqbal Khan
Director & Chairman
Board Audit Committee

Rashid Umer Siddiqui
Chief Financial
Officer

Yousuf H. Mirza
Chief Executive
Officer

Cash Flow Statement

For the year ended 30 June 2016

	Note	2016	2015
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,654,496	235,545
Adjustments for:			
Depreciation		710,551	539,205
Amortisation		551	3,270
Gain on sale of property, plant and equipment		(8,121)	(4,284)
Provision for staff gratuity		14,139	8,715
Provision for compensated absences		5,354	12,660
Financial charges		731,525	1,028,277
		3,108,495	1,823,388
Changes in working capital	29	955,841	939,009
Net cash from operations		4,064,336	2,762,397
Payment of compensated absences		(14,113)	(1,512)
Financial charges paid		(900,349)	(961,287)
Gratuity paid		(11,372)	(12,401)
Taxes paid - net		(266,902)	(288,895)
Net cash from operating activities		2,871,600	1,498,302
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(492,383)	(3,121,573)
Proceeds from sale of property, plant and equipment		13,037	26,118
Net cash used in investing activities		(479,346)	(3,095,455)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (Repayment) of long term financing - net		(1,846,656)	2,839,778
Dividend paid		(7)	(434,609)
Net cash (used in) / generated from financing activities		(1,846,663)	2,405,169
Net increase in cash and cash equivalents		545,591	808,016
Cash and cash equivalents at beginning of the year		(4,031,731)	(4,839,747)
Cash and cash equivalents at end of the year		(3,486,140)	(4,031,731)
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances	12	37,615	37,731
Short term borrowings	18	(3,523,755)	(4,069,462)
		(3,486,140)	(4,031,731)

The annexed notes 1 to 40 form an integral part of these financial statements.

Tariq Iqbal Khan
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Board Audit Committee

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Officer

Yousuf H. Mirza
Chief Executive
Officer

Statement of Changes in Equity

For the year ended 30 June 2016

	Issued, subscribed & paid up capital	Accumulated profit	Total
	(Rupees in '000)		
Balance as at 01 July 2014	4,350,000	856,325	5,206,325
Profit for the year	-	201,780	201,780
Other comprehensive income	-	(6,578)	(6,578)
Total comprehensive income for the year	-	195,202	195,202
Transactions with owners of the Company - distribution			
Dividend:			
- Final dividend @ 10% (Re.1 per share) for the year ended 30 June 2014	-	(435,000)	(435,000)
Total transactions with owners of the Company	-	(435,000)	(435,000)
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	11,587	11,587
Balance as at 30 June 2015	4,350,000	628,114	4,978,114
Balance as at 01 July 2015	4,350,000	628,114	4,978,114
Profit for the year	-	1,178,964	1,178,964
Other comprehensive income	-	(730)	(730)
Total comprehensive income for the year	-	1,178,234	1,178,234
Transferred from surplus on revaluation of property, plant and equipment - net of deferred tax	-	11,980	11,980
Balance as at 30 June 2016	4,350,000	1,818,328	6,168,328

The annexed notes 1 to 40 form an integral part of these financial statements.

Tariq Iqbal Khan
Director & Chairman
Board Audit Committee

Rashid Umer Siddiqui
Chief Financial
Officer

Yousuf H. Mirza
Chief Executive
Officer

Notes to the Financial Statements

For the year ended 30 June 2016

1. STATUS AND NATURE OF BUSINESS

International Steels Limited ('the 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. The net assets of the Steel Project Undertaking amounted to Rs. 4,177.167 million were determined as at 23 August 2010 (day immediately preceding the completion date) in accordance with the Scheme of Arrangement and net assets of the Steel Project Undertaking were transferred to the Company on 24 August 2010 and 417,716,700 shares of Rs. 10 each of the Company there against were issued to International Industries Limited ('the Holding Company'). The Company was listed on the Pakistan Stock Exchange (formerly Karachi Stock Exchange) on 01 June 2011. As at 30 June 2016, the Holding Company held 245,055,543 shares (2015: 245,055,543 shares) of the Company.

The primary activities of the Company are business of manufacturing of cold rolled steel coils and galvanized coils. The Company commenced commercial operations on 01 January 2011. The registered office of the Company is situated at 101, Beaumont Plaza, 10 Beaumont Road, Civil Lines, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets and land & buildings that are stated at fair values determined by an independent valuer and derivative financial instruments which are stated at fair value.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is also the Company's functional currency. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

2.4 Use of significant 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 recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have 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 3.1 and 3.2)
- Trade debts, advances and other receivables (note 3.3.1.1)
- Derivative financial instruments (note 3.3.3 and 3.3.4)
- Inventories (note 3.4)
- Taxation (note 3.5)
- Staff retirement benefits (note 3.6)
- Impairment (note 3.9)
- Provisions (note 3.10)

2.5 Standards, amendments and interpretations which became effective during the year

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

IFRS - 13 'Fair Value Measurement' became effective during the year which establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 - 'Financial Instruments: Disclosures'. As a result, the Company has included additional disclosures in this regard in note 33 to these financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosure. Notwithstanding the above, the change had no impact on the measurements of the Company's assets and liabilities.

2.6 Standards, Interpretations and Amendments 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 2016:

- Amendments to IAS 38 - 'Intangible Assets' and IAS 16 - 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - 'Investments in Associates and Joint Ventures') (effective for annual periods beginning on or after 01 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 - 'Joint Arrangements' (effective for annual periods beginning on or after 01 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 - 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 01 January 2016). Bearer plants are now in the scope of IAS 16 - 'Property, Plant and Equipment' for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 - 'Agriculture'. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 12 - 'Income Taxes' are effective for annual periods beginning on or after 01 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 7 - 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 01 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. The amendment is likely to result in additional disclosure in Company's financial statements.

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

Annual Improvements 2012-2014 cycles (amendments effective for annual period beginning on or after 01 July 2016). The new cycle of improvements contain amendments to the following standards:

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

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

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

The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set out below are consistently applied for all periods presented in these financial statements except for adoption of IFRS 13 as disclosed in note 2.5 to these financial statements.

3.1 Property, plant and equipment

3.1.1 Operating assets and depreciation

Initial Recognition

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of plant and equipment ceases when the items is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at revalued amounts and buildings on freehold land are stated at revalued amounts less accumulated depreciation. The costs of property, plant and equipment include:

(a) its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and

(b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) 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.

Subsequent expenditure

Expenditure incurred to replace a significant component of an item of plant and equipment is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other expenditure (including repairs and normal maintenance) is recognised in the profit and loss account as an expense when it is incurred.

Depreciation

Depreciation on all items except for freehold land is charged on straight line method at the rates specified in respective note in these financial statements and is generally recognised in profit and loss account.

Depreciation on additions to buildings, plant and machinery, furniture, fixtures, computers and office equipment and vehicles is charged from the month the asset is available for use up to the month prior to 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.

Surplus on revaluation

Revaluation of freehold land and building on freehold land is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Surplus on revaluation of freehold land and buildings on freehold land is credited to the surplus on revaluation account, to the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings. The Company uses elimination approach to account for revaluation surplus by eliminating accumulated depreciation against the gross carrying amount of the assets.

Gains and losses on disposal

Gains and losses on disposal of assets are taken to the profit and loss account, and the related surplus on revaluation of property, plant and equipment, if any, is transferred directly to retained earnings.

3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

3.2 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 entity 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.

Infinite Intangible

These are stated at cost less impairment, if any.

Definite Intangible

a) These are stated at cost less accumulated amortisation and impairment, if any.

b) Intangible assets are amortised on straight line basis over their estimated useful lives (refer note 5).

c) Amortisation on additions during the financial year is charged from the month in which the asset is put to use, whereas no amortisation is charged from the month the asset is disposed off.

3.3 Financial Instruments

3.3.1 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalents. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

3.3.1.1 Trade debts, advances and other receivables

Trade debts, advances and other receivables are recognised initially at fair value and subsequently measured at amortised cost or cost, as the case may be, 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. Other receivables considered irrecoverable are written-off.

3.3.1.2 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand and balances 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 statement of cash flows.

3.3.2 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when its contractual obligations are discharged or cancelled or expired. Financial liabilities other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

3.3.2.1 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value which is usually the cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the profit and loss account over the period of the borrowings.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

3.3.2.2 Trade and other payables

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

3.3.3 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.

3.3.4 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 account. 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.

3.3.5 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 the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

3.4 Inventories

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 net estimated cost of completion and selling expenses. Scrap is valued at estimated realisable value.

3.5 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 equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

Deferred tax

Deferred tax is recognised using 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 realisation 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 recognises a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.6 Staff retirement benefits

3.6.1 Defined benefit plan

The Company 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 one month's basic salary (eligible salary) for each completed year of service. For executives and officers 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 one month's gross salary less conditional allowances (eligible salary) for each completed year of service. The 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 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.

3.6.2 Defined contribution plan

The Company provides provident fund benefits to all its officers. Equal contributions are made, both by the Company and the employees, 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.

3.6.3 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.

3.7 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange ruling on the balance sheet date. Exchange differences are included in the profit and loss account currently.

3.8 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.
- Revenue from power generation plant on account of sale of surplus electricity is recognised on transmission of electricity to K-Electric Limited.
- Mark-up on bank deposit accounts is recognised on time proportion basis taking into account effective yield.
- Toll manufacturing income is recognised when related services are rendered.
- Miscellaneous income is recognised on receipt basis.

3.9 Impairment

3.9.1 Financial assets

Financial assets are assessed at each reporting 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.

3.9.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

3.10 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 measured at the present value of expected expenditure, discounted at a pre-tax rate reflects current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.11 Segment reporting

Segment results that are reported to the Company's Chief Executive Officer ('CEO') - the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items, if any, comprise mainly corporate assets, head office expenses and tax assets and liabilities. Management has determined that the Company has a single reportable segment and therefore it has only presented entity wide disclosures (refer note 37).

3.12 Dividend and appropriations

Dividend distribution to the Company's shareholders and appropriations to / from reserves are recognised in the period in which these are approved.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		(Rupees in '000)	
Operating assets	4.1	12,446,381	10,722,479
Capital work-in-progress	4.2	173,641	1,609,564
		12,620,022	12,332,043

4.1 Operating assets

2016

	Cost / Revalued Amount						Depreciation						
	As at 01 July 2015	Additions/ transfers	Revaluation surplus (note 4.4)	Other adjustment	(Disposals)	As at 30 June 2016	As at 01 July 2015	For the year	Revaluation surplus (note 4.4)	(Disposals)	As at 30 June 2016	Net book value as at 30 June 2016	Rate %
	(Rupees in '000)												
Freehold land	1,216,875	-	243,375	-	-	1,460,250	-	-	-	-	-	1,460,250	-
Buildings on freehold land	1,201,903	79,882	72,450	96,490	-	1,450,725	124,073	71,165	(195,238)**	-	-	1,450,725	3% - 5%
Plant and machinery*	10,169,223	1,811,503	-	(96,490)	-	11,884,236	1,798,038	616,439	-	-	2,414,477	9,469,759	3% - 33%
Furniture, fixtures, computers and office equipment	39,517	5,394	-	-	-	44,911	26,453	5,936	-	-	32,389	12,522	10% - 33%
Vehicles	82,487	31,527	-	-	(17,790)	96,224	38,962	17,011	-	(12,874)	43,099	53,125	20%
	12,710,005	1,928,306	315,825	-	(17,790)	14,936,346	1,987,526	710,551	(195,238)	(12,874)	2,489,965	12,446,381	

2015

	Cost / Revalued Amount						Depreciation						
	As at 01 July 2014	Additions/ transfers	Revaluation surplus (note 4.4)	Other adjustment	(Disposals)	As at 30 June 2015	As at 01 July 2014	For the year	Revaluation surplus (note 4.4)	(Disposals)	As at 30 June 2015	Net book value as at 30 June 2015	Rate %
	(Rupees in '000)												
Freehold land	1,216,875	-	-	-	-	1,216,875	-	-	-	-	-	1,216,875	-
Buildings on freehold land	1,169,752	32,151	-	-	-	1,201,903	61,992	62,081	-	-	124,073	1,077,830	3% - 5%
Plant and machinery *	8,383,229	1,788,984	-	(2,990)	-	10,169,223	1,344,423	453,615	-	-	1,798,038	8,371,185	3% - 33%
Furniture, fixtures, computers and office equipment	35,869	3,747	-	-	(99)	39,517	19,839	6,713	-	(99)	26,453	13,064	10% - 33%
Vehicles	71,595	41,908	-	(50)	(30,966)	82,487	31,298	16,796	-	(9,132)	38,962	43,525	20%
	10,877,320	1,866,790	-	(3,040)	(31,065)	12,710,005	1,457,552	539,205	-	(9,231)	1,987,526	10,722,479	

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

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

4.2 Capital work-in-progress

	2016				2015			
	Cost As at 01 July 2015	Additions	(Transfers)	As at 30 June 2016	Cost As at 01 July 2014	Additions	(Transfers)	As at 30 June 2015
	(Rupees in '000)							
Building	-	79,882	(79,882)	-	-	32,151	(32,151)	-
Plant and machinery	1,608,871	374,770	(1,811,503)	172,138	351,741	3,046,114	(1,788,984)	1,608,871
Furniture, fixtures, computers and office equipment	693	4,701	(5,394)	-	-	693	-	693
Vehicles	-	33,030	(31,527)	1,503	-	-	-	-
	1,609,564	492,383	(1,928,306)	173,641	351,741	3,078,958	(1,821,135)	1,609,564

4.2.1 Additions to plant and machinery include interest and other charges on loan obtained for expansion project amounting to Rs. 24 million (2015: Rs. 127 million). Rate of mark-up capitalisation ranges from 5.5% to 8.98% per annum (2015: 5.5% to 11.25%).

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

	Note	2016	2015
		(Rupees in '000)	
Cost of sales	21	633,671	461,957
Administrative expenses	22	5,951	6,853
Selling and distribution expenses	23	3,321	2,767
Income from power generation	26.1	67,608	67,628
		710,551	539,205

4.4 The Company had carried out valuation of freehold land and buildings on freehold land as at 30 June 2016. The resulting revaluation surplus was credited to revaluation surplus account net of related tax effect and disclosed in note 14 to these financial statements. The valuation was conducted by an independent valuer. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost, 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.

Had these assets been carried at historical cost, at 30 June 2016 the carrying amount would have been as follows:

	Cost	Accumulated depreciation	Net book value
	(Rupees in '000)		
Freehold land	836,599	-	836,599
Buildings on freehold land	1,217,034	267,233	949,801
As at 30 June 2016	2,053,633	267,233	1,786,400
As at 30 June 2015	1,877,334	213,255	1,664,079

4.5 Details of property, plant and equipment disposed off during the year are:

	Original cost	Accumulated depreciation	Book value	Proceeds	Mode of disposal	Purchaser
	(Rupees)					
Vehicles						
Honda Civic	2,121	919	1,202	1,950	As per Company Policy	Mr. Alee Arsalan
Honda Civic	2,045	1,943	102	1,114	As per Company Policy	Mrs. Tanveer Fatima Shoaib
Toyota Corolla	1,673	892	781	1,475	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,037	450	587	847	Negotiation	Mr. Numari Abrar
Suzuki Mehran	696	279	417	475	Negotiation	Mr. Muhammad Khurram
Suzuki Mehran	683	171	512	650	Insurance Claim	Jubilee General Insurance Company Limited
Suzuki Mehran	683	170	513	673	Insurance Claim	Jubilee General Insurance Company Limited
Suzuki Mehran	667	311	356	600	Insurance Claim	Jubilee General Insurance Company Limited
Suzuki Mehran	560	345	215	418	Negotiation	Mr. Numari Abrar
Suzuki Mehran	561	365	196	416	Negotiation	Mr. Numari Abrar
Various vehicles of book value up to Rs. 50,000/- each	7,064	7,029	35	4,419	Negotiation	Various
Grand total	17,790	12,874	4,916	13,037		

5 INTANGIBLE ASSETS

	2016							
	Cost			Amortisation			Net book value as at 30 June 2016	Rate % / Life
	As at 01 July 2015	Additions	As at 30 June 2016	As at 01 July 2015	For the year	As at 30 June 2016		
	(Rupees in '000)							
Computer software	17,691	-	17,691	17,140	551	17,691	-	33% / 3 years
Computer software as at 30 June 2015	17,691	-	17,691	13,870	3,270	17,140	551	33% / 3 years

5.1 Total amount of amortisation has been charged to cost of sales in these financial statements.

6 STORES AND SPARES

	Note	2016	2015
		(Rupees in '000)	
Stores		91,230	114,215
Spares		345,657	231,115
Loose tools		5,710	4,247
		442,597	349,577

7 STOCK-IN-TRADE

	Note	2016	2015
Raw material - in hand		2,192,576	2,211,014
Raw material - in transit		932,278	294,169
Work-in-process		546,887	365,261
Finished goods	21	1,602,250	1,552,343
Scrap material		40,140	15,157
		5,314,131	4,437,944

8 TRADE DEBTS - considered good

	Note	2016	2015
- Secured	8.1	517,972	337,940
- Unsecured		2,829	24,524
		520,801	362,464

8.1 This represents trade debts arising on account of export sales of Rs. 467.95 million (2015: Rs. 297.05 million) which are secured by way of Export Letters of Credit and Documents of Acceptance and Rs. 50.02 million (2015: Rs. 40.89 million) arising on account of domestic sales which are secured by way of Inland Letter of Credit.

8.2 Trade debts include Rs. 91.40 million (2015: Nil) receivable from a related party. The balance is receivable from M/s. Sumitomo Corporation and is not over due as at 30 June 2016.

9 ADVANCES - considered good

	2016	2015
	(Rupees in '000)	
Advances:		
- to suppliers	35,059	47,918
- to employees	10	-
	35,069	47,918

9.1 These advances are non interest bearing.

10 TRADE DEPOSITS AND PREPAYMENTS

	2016	2015
Trade deposits	3,948	11,067
Short term prepayments	6,280	4,068
Other receivable	2,096	-
	12,324	15,135

10.1 The trade deposits and other receivable are non-interest bearing.

10.2 Other receivable includes rent receivable from a related party amounting to Rs. 0.472 million (2015: Nil). The amount is receivable from M/s. Intermark (Private) Limited for last quarter.

11 TAXATION - NET

	Note	2016	2015
		(Rupees in '000)	
Tax receivable as at 01 July		1,396,122	1,132,133
Tax payments / adjustments during the year - net of refund		266,902	288,895
		1,663,024	1,421,028
Less: Provision for tax - current year	27	(112,327)	(24,906)
		1,550,697	1,396,122

12 CASH AND BANK BALANCES

	2016	2015
Cash in hand	145	52
Cash at bank - current accounts in local currency	9,121	30,312
- deposit accounts in foreign currency	28,349	7,367
	37,615	37,731

12.1 Mark-up rate on deposit accounts ranges from 5% to 8% per annum (2015: 6% to 9% per annum). The deposit accounts are placed with banks under conventional banking arrangements.

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		2016	2015
(Number of shares)			(Rupees in '000)	
30,000	30,000	Fully paid ordinary shares of Rs. 10 each issued for cash	300	300
417,716,700	417,716,700	Fully paid ordinary shares of Rs. 10 each issued against transfer of net assets	4,177,167	4,177,167
17,253,300	17,253,300	Fully paid ordinary shares of Rs. 10 each issued as right shares	172,533	172,533
435,000,000	435,000,000		4,350,000	4,350,000

13.1 As at 30 June 2016, the Holding Company and other associates held 245,055,543 (2015: 245,055,543) and 79,936,457 (2015: 79,936,457) ordinary shares respectively of Rs. 10 each.

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax

	2016	2015
	(Rupees in '000)	
Freehold land		
Balance as at 01 July	380,276	380,276
Revaluation during the year	243,375	-
	623,651	380,276
Buildings on freehold land		
Balance as at 01 July	250,350	267,390
Revaluation during the year	267,688	-
Transferred to retained earnings in respect of incremental depreciation charged during the year	(17,114)	(17,040)
Related deferred tax liability	(150,277)	(78,798)
	350,647	171,552
	974,298	551,828

15 LONG TERM FINANCES - secured

	Note	2016	2015
		(Rupees in '000)	
Long-term finances utilised under mark-up arrangements	15.1	4,743,989	6,590,645
Current portion of long term finances shown under current liabilities		(699,016)	(849,878)
		4,044,973	5,740,767

15.1 Long term finances utilised under mark-up arrangements

		Sale price	Purchase price	Number of instalments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	2016	2015
		(Rupees in '000)					(Rupees in '000)	
Conventional								
i)	**Syndicated Term Financing under LTFF Scheme - Local currency** Assistance for plant and machinery of Cold Rolled and Galvanized Sheet Project (note 15.1.1)	4,000,000	9,376,178	16 half yearly instalments 19-Mar-11	11-Jun-16	1.50% over SBP Refinance rate (Fixed rate)	-	2,341,715
ii)	**Long Term Finance - Local currency** Assistance for plant and machinery (note 15.1.2)	1,988,427	4,675,000	32 quarterly instalments 16-Oct-16	11-Nov-26	1.00% over SBP Refinance rate (Fixed rate)	1,988,433	1,790,747
iii)	**Long Term Finance - Local currency** Assistance for plant and machinery (note 15.1.3)	900,000	1,263,602	08 half yearly instalments 27-Dec-12	02-May-16	1.25% over 06 months KIBOR	-	383,183
iv)	**Long Term Finance - Local currency** Assistance for plant and machinery (note 15.1.4)	300,000	406,886	08 half yearly instalments 02-Jun-15	30-Jun-16	1.25% over 06 months KIBOR	-	275,000
v)	**Long Term Finance - Local currency** Assistance for plant and machinery (note 15.1.5)	800,000	1,112,512	18 half yearly instalments 30-Jun-16	01-Sep-20	1.00% over 06 months KIBOR	755,556	800,000
vi)	**Long Term Finance - Local currency** Assistance for plant and machinery (note 15.1.6)	1,000,000	1,610,411	60 equal monthly instalments 28-Jul-16	28-Jun-21	0.15% over 03 months KIBOR	1,000,000	-
Islamic								
vii)	**Long Term Finance - Local currency** Assistance for plant and machinery (note 15.1.7)	1,000,000	1,743,300	08 half yearly instalments 26-Dec-16	26-Jun-20	0.20% over 06 months KIBOR	1,000,000	1,000,000
							4,743,989	6,590,645

15.1.1 The syndicated term financing is obtained for plant and machinery of Cold Rolling Mill and Galvanizing Plant and is secured by way of mortgage of land located at Survey No. 399-404, Landhi Town, Karachi and joint hypothecation of all present and future fixed assets (excluding land and building), as per the terms of syndicated term financing agreement.

15.1.2 This finance has been obtained from United Bank Limited and Bank Al Habib Limited and is secured by way of pari passu charge over fixed assets of the Company.

15.1.3 This finance is obtained from Faysal Bank Limited for plant & machinery and is secured by way of pari passu charge over fixed assets of the Company.

15.1.4 This finance is obtained from various banks for plant & machinery and is secured by way of pari passu charge over fixed assets of the Company.

15.1.5 This finance has been obtained from MCB Bank Limited and is secured by way of pari passu charge over fixed assets of the Company.

15.1.6 This finance has been obtained from Bank Al Habib Limited and is secured by way of ranking charge over fixed assets of the Company.

15.1.7 This finance has been obtained from Meezan Bank Limited and is secured by way of ranking charge over fixed assets of the Company.

16 DEFERRED TAXATION - net

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

	Note	2016	2015
		(Rupees in '000)	
Taxable temporary difference			
Accelerated tax depreciation		1,798,700	1,637,249
Deductible temporary differences			
Provision for unavailed leaves		(1,055)	(1,363)
Staff retirement benefits		(6,464)	(8,045)
Unrealised exchange losses		(2,166)	(24)
Provision for Infrastructure Cess		(19,677)	-
Tax loss		(958,590)	(1,256,574)
		810,748	371,243

17 TRADE AND OTHER PAYABLES

	Note	2016	2015
Trade creditors	17.1	3,622,348	1,610,845
Derivative financial liabilities	17.2	8,286	-
Payable to provident fund		-	1,916
Sales commission payable		34,653	20,396
Accrued expenses		426,750	163,388
Advances from customers		177,170	158,587
Provision for infrastructure cess	17.3	362,076	287,508
Provision for government levies	17.4	409	568
Unclaimed dividend		384	391
Short term compensated absences		4,000	12,759
Workers' Profit Participation Fund	17.5	13,817	12,664
Workers' Welfare Fund		41,337	5,752
Others		3,570	5,485
		4,694,800	2,280,259

17.1 Trade creditors include Rs. 3,299.72 million (2015: Rs. 1,196.68 million) payable to a related party.

17.2 The Company has entered into forward exchange contracts for USD 17.66 million (2015: Rs. Nil) for future payments against the import of raw material. The instrument has been remeasured at its fair value at reporting date. At 30 June 2016, the fair value of the derivative liability amounts to Rs. 8.29 million (2015: Rs. Nil).

17.3 This represents provision against fifty percent amount guaranteed to Excise and Taxation Officer (refer note 19.1.1).

	Note	2016	2015
		(Rupees in '000)	
Opening balance		287,508	211,800
Provided during the year		74,568	75,708
Closing balance		362,076	287,508

17.4 Provision for government levies

Opening balance		568	742
Payment / adjustment during the year		(159)	(174)
Closing balance		409	568

17.5 Movement of Workers' Profit Participation Fund

Opening balance		12,664	46,998
Allocation for the year	25	88,963	12,664
Interest on Workers' Profit Participation Fund		221	-
Payment during the year		(88,031)	(46,998)
Closing balance		13,817	12,664

18 SHORT TERM BORROWINGS - secured

Conventional			
Running finance under mark-up arrangement	18.1	2,663,844	50,505
Running finance under FE-25 Import Scheme	18.2	-	1,590,724
Running finance under Export Refinance Scheme	18.3	-	1,225,000
Islamic			
Short term finance under Istisna		-	399,110
Short term finance under Musharakah		-	798,102
Short term finance under Running Musharakah	18.4	39,102	6,021
Short term finance under Term Musharakah	18.5	820,809	-
		3,523,755	4,069,462

18.1 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from 6.04% to 9.68% (2015: 8.41% to 10.35%) per annum. These facilities mature within twelve months and are renewable.

18.2 The facilities for short term running finance under Foreign Exchange Circular No. 25 dated 20 June 1998 available from various commercial banks are for the purpose of meeting import requirements. The facilities were not availed as at 30 June 2016 (2015: USD 15.61 million equivalent to Rs. 1,590.7 million). The rates of mark-up on these finances range from 1.0% to 2.5% (2015: 2.5% to 4.0%) per annum. These facilities mature within six months and are renewable.

18.3 The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. This facility was not availed as at 30 June 2016. The rate of mark-up on this facility is 3.96% (2015: 5.53%) per annum. This facility matures within six months and is renewable.

18.4 The Company has obtained facilities for short term finance under Running Musharakah. The rate of profit is 6.55% to 7.18% (2015: 9.43% to 9.68%) per annum. This facility matures within twelve months and is renewable.

18.5 The Company has obtained facilities for short term finance under Term Musharakah. The rate of profit is 6.07% to 6.58% (2015: Nil) per annum. This facility matures within twelve months and is renewable.

18.6 As at 30 June 2016, the unavailed facilities from the above borrowings amounted to Rs. 7,876.24 million (2015: 5,205.54 million).

18.7 The above facilities are secured by way of joint and pari passu charges over current assets of the Company.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The High Court of Sindh on petition filed by the petitioner, passed an interim order directing that every Company subsequent to 27 December 2006 is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount as directed. Bank guarantees issued as per the above mentioned interim order amounting to Rs. 376.5 million (2015: Rs. 298.5 million), have been provided to the Department. 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 17.3).

19.1.2 As per the Gas Infrastructure and Development Cess Act 2011 (the Act), certain companies as specified in the Act (including 'Sui Southern Gas Company' (SSGC)) shall collect and pay Gas Infrastructure and Development Cess (GID Cess) in such manner as the Federal Government may prescribe. As per the second schedule of the Act, GID Cess of Rs. 13 per MMBTU was applicable on the Company. Through Finance Bill 2012 – 2013, an amendment was made to the Act whereby the rate of GID Cess applicable on the Company was increased to Rs. 100 per MMBTU. On 01 August 2012, the Company filed a suit bearing number 859/2012 wherein it has impugned the Act on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Honourable High Court of Sindh at Karachi vide its ad-interim order dated 06 September 2012 has restrained (SSGC) from charging GID Cess above Rs.13 per MMBTU. As a result, SSGC invoices to the Company at Rs. 13 per MMBTU which has been recorded.

Peshawar High Court vide order dated 13 June 2013 declared that the provisions of the Act, imposing, levying and recovering the impugned Cess, as absolutely expropriatory and exploitative and being constitutionally illegitimate, having no sanction therefore under the Constitution, hence, are declared as such and set at naught. However, Supreme Court of Pakistan vide its order dated 30 December 2013 has suspended the judgment of Peshawar High Court. On 22 August 2014, Supreme Court of Pakistan upheld the decision of the Peshawar High Court stating the 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.

Last year, 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/MMBTU on industrial and Rs. 200/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. 380.8 million (from 01 July 2011 till 22 May 2015) in these financial statements.

Further management has not recognised GIDC amounting to Rs. 633.34 million pertaining to period from 01 July 2011 to 30 June 2016 with respect to its captive power plant from which power generation is supplied to K-Electric Limited. Management considers that, in the event such levy is imposed, it shall recover GIDC from K-Electric Limited through fuel adjustments after getting requisite approval from National Electric Power Regulatory Authority (NEPRA).

19.1.3 Section 113(2)(c) of the Income Tax Ordinance, 2001 was interpreted by a Divisional Bench of the Sindh High Court (SHC) 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 Company based on legal counsels' advices considered that certain strong grounds are available whereby the aforesaid decision can be challenged in a Larger Bench of the SHC or the Supreme Court of Pakistan. A leave to appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by other companies which is pending for hearing. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Accumulated minimum tax liability of Rs. 219.18 million was determined for the tax years 2012 and 2013. However, based on the assessment and estimation for availability of sufficient taxable profits on the basis of 5 years projections and tax credits available to the Company under section 65B of the Income Tax Ordinance, 2001, accumulated minimum tax liability amounting to Rs. 781.34 million has not been recorded on the same basis in the financial statements for the year ended 30 June 2016.

19.1.4 Guarantees issued in favour of Sui Southern Gas Company Limited by the bank amounted to Rs. 262.7 million (2015: Rs. 222.7 million) as a security for supply of gas.

19.1.5 Guarantees issued in favour of Pakistan State Oil Company Limited issued by bank on behalf of the Company amounted to Rs. 5.5 million (2015: Rs. 2.5 million).

19.1.6 Guarantees issued in favour of K-Electric Limited issued by bank on behalf of the Company amounted to Rs. 8.67 million (2015: Nil).

19.1.7 Guarantees issued in favour of Nazir High Court issued by bank on behalf of the Company amounted to Rs. 2.65 million (2015: Nil).

19.2 Commitments

19.2.1 Capital expenditure commitments outstanding as at 30 June 2016 amounted to Rs. 320.07 million (2015: Rs. 407.68 million).

19.2.2 Commitments under Letters of Credit for raw materials and spares as at 30 June 2016 amounted to Rs. 6,578.36 million (2015: Rs. 2,552.60 million).

19.2.3 The unavailed facilities for opening Letters of Credit and Guarantees from banks as at the year end amounted to Rs. 7,934.56 million (2015: Rs. 8,500 million) and Rs. 194 million (2015: Rs. 293 million) respectively.

20 NET SALES

	Note	2016	2015
		(Rupees in '000)	
Local		21,577,681	18,395,543
Export		2,477,153	2,490,002
		24,054,834	20,885,545
Toll manufacturing		6,957	135,960
		24,061,791	21,021,505
Sales tax		(3,283,515)	(2,715,402)
Trade discounts		(50,019)	(168,170)
Sales commission		(229,203)	(199,856)
		(3,562,737)	(3,083,428)
		20,499,054	17,938,077

21 COST OF SALES

	Note	2016	2015
Opening stock of raw material and work-in-process		2,576,275	2,388,667
Purchases		16,292,785	15,817,795
Salaries, wages and benefits	21.1	327,394	273,922
Electricity, gas and water		912,178	454,764
Insurance		18,783	20,887
Security and janitorial		20,588	18,544
Depreciation	4.3	633,671	461,957
Amortisation	5	551	3,270
Stores and spares consumed		93,496	46,210
Repairs and maintenance		100,465	74,057
Postage, telephone and stationery		4,959	5,192
Vehicle, travel and conveyance		16,518	15,981
Internal material handling		13,782	6,254
Environment controlling expense		1,326	1,063
Computer stationery and software support fees		3,217	4,020
Toll manufacturing expenses	21.2	10,768	-
Sundries		8,902	7,478
Recovery from sale of scrap		(660,455)	(296,320)
		20,375,203	19,303,741
Closing stock of raw material and work-in-process		(2,739,463)	(2,576,275)
Cost of goods manufactured		17,635,740	16,727,466
Finished goods:			
Opening stock		1,552,343	1,277,652
Closing stock	7	(1,602,250)	(1,552,343)
		(49,907)	(274,691)
		17,585,833	16,452,775

21.1 Salaries, wages and benefits include Rs. 18.24 million (2015: Rs. 14.48 million) in respect of staff retirement benefits.

21.2 Due to undergoing expansion during the year, the Company has entered into a Toll Manufacturing arrangement with its Holding Company.

22 ADMINISTRATIVE EXPENSES

	Note	2016	2015
		(Rupees in '000)	
Salaries, wages and benefits	22.1	98,712	119,962
Rent, rates and taxes		4,124	6,329
Electricity, gas and water		1,223	1,451
Insurance		2,064	721
Depreciation	4.3	5,951	6,853
Security and janitorial services		513	248
Printing and stationery		1,775	1,199
Computer stationery and office supplies		104	80
Postage and communication		688	588
Vehicle, travel and conveyance		5,285	5,526
Legal and professional charges		33,475	16,891
Certification and registration charges		540	315
Directors' fee		3,540	3,120
Others		3,485	4,739
		161,479	168,022

22.1 Salaries, wages and benefits include Rs. 3.28 million (2015: Rs. 1.88 million) in respect of staff retirement benefits.

23 SELLING AND DISTRIBUTION EXPENSES

	Note	2016	2015
Salaries, wages and benefits	23.1	48,836	43,611
Rent, rates and taxes		8,674	6,641
Electricity, gas and water		1,331	631
Insurance		821	721
Depreciation	4.3	3,321	2,767
Postage, telephone and stationery		1,722	1,308
Vehicle, travel and conveyance		10,493	3,932
Freight and forwarding charges		110,436	95,433
Sales promotion		15,350	7,481
Others		5,878	5,182
		206,862	167,707

23.1 Salaries, wages and benefits include Rs. 3.1 million (2015: Rs. 3.1 million) in respect of staff retirement benefits.

24 FINANCIAL CHARGES

	Note	2016	2015
		(Rupees in '000)	
Mark-up on:			
- long term finances		438,616	321,572
- short term borrowings		214,916	538,696
	24.1	653,532	860,268
Bank charges		8,957	2,649
Interest on Workers' Profit Participation Fund		221	-
Exchange loss on FE financing		68,815	165,360
		731,525	1,028,277

24.1 It includes mark-up under shariah compliant arrangements amounting to Rs. 71.28 million (2015: Rs. 140.27 million).

25 OTHER OPERATING CHARGES

	Note	2016	2015
		(Rupees in '000)	
Auditors' remuneration	25.1	2,063	1,847
Donations		8,690	2,543
Workers' Profit Participation Fund	17.5	88,963	12,664
Workers' Welfare Fund		35,585	5,065
Loss on derivative financial instruments		27,572	-
Exchange loss - net		101,802	-
		264,675	22,119

25.1 Auditors' remuneration

		2016	2015
Audit fee		1,254	1,254
Half yearly review		358	358
Other services including certifications		110	110
Sales tax		184	103
Out of pocket expenses		157	22
		2,063	1,847

26 OTHER INCOME

	Note	2016	2015
Income from non financial assets			
Income from power generation	26.1	38,241	43,015
Income on supply of utilities	26.2	32,920	23,444
Gain on sale of property, plant and equipment		8,121	4,284
Rental income	26.3	1,962	1,716
Exchange gain - net		-	40,809
Others - Scrap		24,205	23,039
		105,449	136,307
Income / return on financial assets			
Interest on bank deposit - conventional		367	61
		105,816	136,368

26.1 Income from power generation

	Note	2016	2015
Net sales		444,205	479,986
Cost of electricity produced:			
Salaries, wages and benefits	26.1.1	18,010	16,008
Electricity, gas and water		750,873	616,828
Depreciation	4.3	67,608	67,628
Stores and spares consumed		21,046	17,997
Repairs and maintenance		45,797	41,024
Sundries		1,336	1,566
		904,670	761,051
Less: Self consumption		(498,706)	(324,080)
		405,964	436,971
Income from power generation		38,241	43,015

26.1.1 Salaries, wages and benefits include Rs. 0.68 million (2015: Rs. 0.73 million) in respect of staff retirement benefits.

26.1.2 The Company has electricity power generation facility at its premises. The Company has generated electricity in excess of its requirements which is supplied to K-Electric Limited under an agreement. The agreement is valid for a period up to 20 years w.e.f. 31 August 2007.

26.2 This represents utilities supplied to Holding Company and is recognised based on the terms of the agreement with the Holding Company.

26.3 This represents rental income earned through renting of office premise to an associated concern and recognised on straight line basis over the terms of the arrangement.

27 TAXATION - net

	Note	2016	2015
		(Rupees in '000)	
Current - for the year	11	112,327	24,906
Deferred		363,205	8,859
		475,532	33,765

27.1 Relationship between income tax expense and accounting profit

	2016	2015
Profit before taxation	1,654,496	235,545
Tax at the enacted tax rate of 32% (2015: 33%)	529,439	77,730
Effect on income under final tax regime	(30,575)	(19,293)
Effect of adjustments on account of change in rates and proportionate etc.	(23,203)	(31,327)
Others	(129)	6,655
Tax effective rate / tax charge	475,532	33,765

28 EARNINGS PER SHARE - BASIC AND DILUTED

	2016	2015
Profit after taxation for the year	1,178,964	201,780
	(Number)	
Weighted average number of ordinary shares in issue during the year	435,000,000	435,000,000
	(Rupees)	
Earnings per share	2.71	0.46

29 CHANGES IN WORKING CAPITAL

	2016	2015
	(Rupees in '000)	
(Increase) / decrease in current assets:		
Stores and spares	(93,020)	(30,255)
Stock-in-trade	(238,078)	(476,535)
Trade debts	(158,337)	823,416
Receivable from K-Electric Limited ('KE')	16,382	(7,178)
Advances	12,849	218,209
Trade deposits, short term prepayments and other receivables	2,811	(3,418)
Sales tax receivable	(371,964)	396,085
	(829,357)	920,324
Increase in current liabilities:		
Trade and other payables	1,785,198	18,685
	955,841	939,009

30 STAFF RETIREMENT BENEFITS

30.1 Staff Provident fund

Salaries, wages and benefits include Rs. 11.26 million (2015: Rs. 9.11 million) in respect of provident fund contribution.

The following information is based on un-audited financial statements of the Fund:

	2016	2015
	(Rupees in '000)	
Size of the fund - Total assets	91,374	74,950
Cost of investments made	81,114	57,739
Percentage of investments made	99.7%	82.4%
Fair value of investments	91,059	61,737

The break-up of fair value of investments is:

	2016		2015	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
Government securities	69,729	76.58	47,749	77.34
Debt securities	-	-	1,132	1.84
Equity shares	21,330	23.42	12,856	20.82
	91,059	100	61,737	100

The investments out of 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.

30.2 Staff Gratuity fund

The actuarial valuation of gratuity was carried out at 30 June 2016 by an independent actuary under projected unit credit method.

The following significant assumptions have been used:

Financial assumptions	2016	2015
Rate of discount	9.00%	10.50%
Expected rate of salary increase	8.00%	9.50%

Demographic assumptions	2016	2015
Mortality rate	SLIC 2001-2005	SLIC 2001-2005
Rates of employee turnover	Moderate	Moderate
Retirement assumption	Age 60 years	Age 60 years

The amounts recognised in balance sheet are as follows:

	2016	2015
	(Rupees in '000)	
Present value of defined benefit obligation	75,829	58,676
Fair value of plan assets	(51,333)	(37,990)
Liability as at 30 June	24,496	20,686
Movements in the present value of defined benefit obligation		
Present value of defined benefit obligation - beginning of the year	58,676	41,608
Current service cost	12,566	9,896
Interest cost	5,976	5,372
Remeasurements: Actuarial (gains) / losses on obligation	2,094	5,425
Benefits paid	(3,483)	(3,625)
Present value of defined benefit obligation - closing date	75,829	58,676
Movements in the fair value of plan assets		
Fair value of plan assets - beginning of the year	37,990	26,910
Interest income on plan assets	4,403	4,372
Return on plan assets, excluding interest income	1,051	(4,249)
Benefits paid	(3,483)	(3,625)
Contribution to fund	11,372	14,582
Fair value of plan assets - closing date	51,333	37,990
Movement in net defined benefit liability		
Opening balance	20,686	14,698
Re-measurements recognised in other comprehensive income during the year	1,043	9,674
Expense chargeable to profit and loss account	14,139	10,896
Contribution paid during the year	(11,372)	(14,582)
Closing balance	24,496	20,686

Amount 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:

	2016	2015
Component of defined benefit costs recognised in profit and loss account	(Rupees in '000)	
Current service cost	12,566	9,896
Net interest cost		
- Interest cost on defined benefit obligation	5,976	5,372
- Interest income on plan assets	(4,403)	(4,372)
	14,139	10,896
Component of defined benefit costs (re-measurement) recognised in other comprehensive income		
Re-measurements: Actuarial (gain) / loss on obligation		
- (Gain) / loss due to change in experience adjustments	2,094	5,425
- Interest income on plan assets	(1,051)	4,249
Net re-measurement recognised in other comprehensive income	1,043	9,674
Total defined benefit cost recognised in profit and loss account and other comprehensive income	15,182	20,570
Components of defined benefit cost for the next year		
Current service cost	14,867	12,564
Interest expense on defined benefit obligation	6,580	5,882
Interest on plan assets	(4,887)	(4,475)
Net interest cost	1,693	1,407
Cost for the next year to be recognised in profit and loss account	16,560	13,971

Composition of fair value of plan assets

	2016		2015	
	Fair value (Rupees in '000)	Percentage	Fair value (Rupees in '000)	Percentage
Government securities	35,311	69	23,499	62
Shares - listed	15,104	29	10,510	28
Bank deposits	918	2	3,981	10
Fair value of plan net assets	51,333	100	37,990	100

	2016	2015
	(Number of years)	
Weighted average duration of the Defined Benefit Obligation	12	11

Sensitivity analysis on significant actuarial assumptions: Actuarial Liability

	2016	2015
	(Rupees in '000)	
Discount rate + 100 basis points	67,775	52,575
Discount rate - 100 basis points	85,465	65,972
Salary increases + 100 basis points	85,621	66,093
Salary increases - 100 basis points	67,499	52,365

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.

31 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2016			2015**		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees in '000)					
Managerial remuneration	18,916	18,797	107,521	28,519	-	84,035
Bonus	4,849	-	30,313	8,912	-	28,012
Retirement benefits	1,835	-	10,888	-	-	10,466
Rent, utilities, leave encashment etc.	7,438	198	48,825	14,409	-	44,949
	33,038	18,995	197,547	51,840	-	167,462
Number of persons	* 2	1	70	1	-	53

* As at 30 June 2016 the number of Chief Executive was one.

** Comparatives relating to executives are represented for the purposes of comparison.

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

31.2 Fee paid to non-executive directors is Rs. 3.54 million (2015: Rs. 3.12 million).

32 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management

The Board of Directors 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 faced by the Company, to set appropriate risk limits and controls, and to monitor risks and 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 standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how 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.

32.1 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 obligations without considering the fair value of the collateral available thereagainst.

Exposure to credit risk

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

	2016	2015
	(Rupees in '000)	
Trade debts - secured	517,972	337,940
Trade debts - unsecured	2,829	24,524
Receivable from K-Electric Limited (KE)	40,513	56,895
Trade deposits and other receivables	6,044	11,067
Bank balances	37,470	37,679
	604,828	468,105

The Company's principal credit risk arises from trade debts, K-Electric Limited (KE) and bank balances. Receivable from K-Electric Limited (KE) is monitored on an on going basis in accordance with settlement agreement. The Company does not expect to incur loss thereagainst. The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company has no major concentration of credit risk with any single customer. The majority of the customers have been transacting with the Company for several years. The Company establishes an allowance for impairment where it considers recoveries are not probable.

32.1.1 Trade debts and receivable from K-Electric (KE) amounting to Rs. 93.3 million (2015: Rs. 122.3 million) at the balance sheet date belong only to domestic region whereas trade debts amounting to Rs. 467.95 million (2015: Rs. 297.05 million) belong to foreign customers.

32.1.2 Impairment losses

The aging of trade debtors and receivable from K-Electric Limited (KE) at the balance sheet date was:

	2016		2015	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	553,958	-	419,359	-
Past due 1-60 days	4,148	-	-	-
Past due 61 days -1 year	3,208	-	-	-
Total	561,314	-	419,359	-

32.1.3 Based on the past experience, consideration of financial position, past track records and recoveries of trade debts including subsequent recoveries and receivable from K-Electric Limited (KE) in accordance with the settlement agreement, the Company believes that receivables that are past due do not require any impairment.

32.1.4 Cash is held only with reputable banks with high quality external credit enhancements. Following are the credit ratings of banks within which balances are held or credit lines available:

Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	JCR-VIS	A-1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
	JCR-VIS	A-1+	AA
Bank Al Habib Limited	PACRA	A1+	AA+
MCB Bank Limited	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Meezan Bank Limited	JCR-VIS	A-1+	AA
Bank Al Falah Limited	PACRA	A1+	AA
Dubai Islamic Bank Limited	JCR-VIS	A-1	A+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AA+
Samba Bank Limited	JCR-VIS	A-1	AA

32.1.5 Other receivable represents rent receivable from M/s. Intermark (Private) Limited. Management does not consider to incur impairment thereagainst and considers it good.

Concentration of credit risk

Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentration of risk, the management focuses on the maintenance of a diversified portfolio. Identified concentration of credit risks is controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at the reporting date.

32.2 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 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 cash to meet expected working capital requirements by having credit lines available. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2016					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
Non-derivative financial liabilities						
Long term financing	4,743,989	(6,207,983)	(516,637)	(511,496)	(3,950,134)	(1,229,716)
Short-term borrowings	3,523,755	(3,523,755)	(3,523,755)	-	-	-
Accrued mark-up	43,714	(43,714)	(43,714)	-	-	-
Trade and other payables	3,622,732	(3,622,732)	(3,622,732)	-	-	-
	11,934,190	(13,398,184)	(7,706,838)	(511,496)	(3,950,134)	(1,229,716)
Derivative financial liabilities	8,286	(8,286)	(8,286)	-	-	-
	11,942,476	(13,406,470)	(7,715,124)	(511,496)	(3,950,134)	(1,229,716)

	2015					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
Non-derivative financial liabilities						
Long term financing	6,590,645	(8,290,440)	(662,974)	(749,091)	(5,601,825)	(1,276,550)
Short-term borrowings	4,069,462	(4,069,462)	(4,069,462)	-	-	-
Accrued mark-up	212,538	(212,538)	(212,538)	-	-	-
Trade and other payables	1,611,236	(1,611,236)	(1,611,236)	-	-	-
	12,483,881	(14,183,676)	(6,556,210)	(749,091)	(5,601,825)	(1,276,550)

32.2.1 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 15 and 18 to these financial statements.

32.3 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 optimising the return. The Company is exposed to currency risk and interest rate risk only.

32.3.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exposure to currency risk

The Company is exposed to currency risk on trade debts, borrowings, accrued mark-up and trade creditors that are denominated in a currency other than the respective functional currency of the Company, primarily U.S. Dollar. The Company's exposure to foreign currency risk is as follows:

	2016		2015	
	Rupees	US Dollars	Rupees	US Dollars
	(Amount in '000)			
Trade debts and bank balance in foreign currency	496,297	4,742	304,417	2,993
Short term borrowings	-	-	(2,388,826)	(23,447)
Accrued mark-up	-	-	(28,469)	(279)
Trade creditors	(3,452,192)	(32,925)	(1,628,102)	(15,981)
Balance sheet exposure	(2,955,895)	(28,183)	(3,740,980)	(36,714)

The following significant exchange rates were applied during the year:

	2016	2015	2016	2015
	Average Rates		Balance Sheet date rate	
	Rupees			
US Dollars to PKR	104.37	101.77	104.67 / 104.85	101.70 / 101.88

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pak Rupee against the US Dollar at 30 June would have (decreased) / increased the profit by Rs. 380.54 million (2015: Rs. 321.72 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

32.3.2 Interest rate risk

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

a) Cash flow sensitivity analysis for variable rate instruments

The Company holds various variable rate financial instruments amounting to Rs. 6,279 million (2015: Rs. 6,527 million) exposing the Company to fair value interest rate risk. A change of 100 basis points as at 30 June 2016 would have increased / (decreased) profit after tax and equity for the year by Rs. 44.74 million (2015: Rs. 56.13 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

b) Cash flow sensitivity analysis for fixed rate instruments

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

33 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 financial liabilities.

Management engaged an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) and obtained rates from financial institutions 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 asset 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 categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

	30 June 2016					
	Carrying amount			Fair Value		
	Loan and receivables	Liabilities at fair value through profit or loss	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees in '000)					
Financial assets not measured at fair value						
Trade debts	561,314	-	-	-	-	-
Deposits and other receivable	6,044	-	-	-	-	-
Cash and bank balances	37,615	-	-	-	-	-
Financial liabilities not measured at fair value						
Long term financing	-	-	4,044,973	-	-	-
Current maturity of long term financing	-	-	699,016	-	-	-
Trade and other payables	-	8,286	3,622,732	-	8,286	-
Short term borrowings	-	-	3,523,755	-	-	-

Management assessed that the fair values of cash & cash equivalent and short term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. For long term deposit asset and long term liabilities, management considers that their carrying values approximates fair value.
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 and current replacement cost method adjusted for depreciation factor for the existing assets in use. In determining the valuations for land and buildings, the valuer refers to current market conditions, structure, current replacement cost and 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 material sensitivity to the fair values arising from the non-observable inputs.
Liabilities measured at fair value:			
Derivative financial liabilities			
Forward exchange contract	30 June 2016	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 does not expect material sensitivity to the fair values arising from the non-observable inputs.

The fair value of land and buildings is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value is provided below:

	2016
	(Rupees in '000)
Opening net book value	2,294,705
Additions / adjustment during the year	176,372
Revaluation during the year	439,898
Closing net book value	2,910,975

34 CAPITAL MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company intends to manage its capital structure by monitoring return on net assets and make adjustments to it in the light of changes in economic conditions.

35 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the Holding Company, associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract/arrangement/agreement. The contributions to defined contribution plan (provident fund) are made as per the terms of employment and contributions to the defined benefit plan (gratuity fund) are made on the basis of latest actuarial advice. Remuneration of key management personnel is in accordance with their terms of engagements. Details of transactions with related parties are as follows:

	2016	2015
	(Rupees in '000)	
Holding Company		
Transactions		
Sales	2,495,708	1,209,080
Purchases	3,933	21,196
Office rent	10,556	9,597
Income on supply of utilities	32,920	23,444
Reimbursement of expenses	2,761	2,650
Toll manufacturing - Sales	4,593	133,507
Toll manufacturing - Purchases	12,599	-
Corporate, legal, marketing & IT services	4,493	2,774
Dividend paid	-	245,056
Associated companies / undertaking		
Sales	428,211	-
Purchases	9,697,194	10,877,003
Dividend paid	-	39,478
Rental income	1,962	1,716
Associated Person		
Sales commission	446	5,720
Key Management Personnel		
Remuneration	118,787	129,769
Staff retirement benefits	5,782	5,418
Staff Retirement Fund		
Contribution paid - Provident Fund	11,265	9,113
Contribution paid - Gratuity Fund	11,372	12,401

36 ANNUAL PRODUCTION CAPACITY

	2016	2015
	(Metric Tonnes)	
The production capacity at the year end was as follows:		
Galvanizing	462,000	150,000
Cold rolled steel strip	550,000	250,000
The actual production for the year was:		
Galvanizing	252,910	169,167
Cold rolled steel strip	370,811	238,640

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

37 OPERATING SEGMENT

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

37.2 Revenue from sales of steel products represents 98% (2015: 97%) of total revenue whereas remaining represent revenue from sale of surplus electricity to K-Electric Limited (KE). The Company does not consider sale of electricity to KE as separate reportable segment as the power plant of the Company is installed primarily to supply power to its Galvanizing Plant and Cold Rolling Plant and currently any excess electricity is sold to KE.

37.3 All non current assets of the Company as at 30 June 2016 are located in Pakistan.

37.4 90% (2015: 88%) of sales of steel sheets are domestic sales whereas 10% (2015: 12%) of sales are export/ foreign sales.

37.5 Geographic information

	2016	2015
	(Rupees in '000)	
Domestic Sales	21,584,638	18,531,503
Export Sales	2,477,153	2,490,002
	24,061,791	21,021,505

38 NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2016	2015
	Number of employees	
Average number of employees during the year	551	490
Number of employees as at 30 June	570	532

39 GENERAL

39.1 Non-adjusting event after balance sheet date

The Board of Directors of the Company in their meeting held on 12 August 2016 has proposed a cash dividend of Rs. 1.25 per share amounting to Rs. 543.74 million (2015: Nil) for the year ended 30 June 2016. The approval of the shareholders of the Company for the dividend shall be obtained at the upcomping Annual General Meeting for the year ended 30 June 2016. The financial statements for the year ended 30 June 2016, do not include the effect of the proposed cash dividend which will be accounted for in the year ending 30 June 2017.

39.2 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant rearrangements and reclassifications in these financial statements.

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 12 August 2016 by the Board of Directors of the Company.

Tariq Iqbal Khan Director & Chairman Board Audit Committee	**Rashid Umer Siddiqui** Chief Financial Officer	**Yousuf H. Mirza** Chief Executive Officer

Financial Calendar

RESULTS

First quarter ended September 30, 2015	Approved & Announced on	October 20, 2015
Half year ended December 31, 2015	Approved on	January 25, 2016
	Announced on	January 26, 2016
Third quarter ended March 31, 2016	Approved & Announced on	April 22, 2016
Year ended June 30, 2016	Approved & Announced on	August 12, 2016

LAST ANNUAL REPORT ISSUED ON	September 5, 2016
9TH ANNUAL GENERAL MEETING HELD ON	September 27, 2016

TENTATIVE DATES FOR THE APPROVAL OF FINANCIAL RESULTS DURING 2016-17

For the period	To be announced on
First Quarter	October 18, 2016
Half Year	January 24, 2017
Third Quarter	April 18, 2017
Year End	August 15, 2017

Pattern of Shareholding

As at 30 June 2016

Number of shareholders	Having shares From	Having shares To	Shares held	Percentage
211	1	100	2,261	0.0005
414	101	500	200,483	0.0461
290	501	1,000	287,744	0.0661
498	1,001	5,000	1,477,756	0.3397
154	5,001	10,000	1,307,776	0.3006
67	10,001	15,000	898,219	0.2065
50	15,001	20,000	918,538	0.2112
39	20,001	25,000	928,252	0.2134
24	25,001	30,000	685,563	0.1576
8	30,001	35,000	273,000	0.0628
19	35,001	40,000	738,707	0.1698
15	40,001	45,000	643,955	0.1480
18	45,001	50,000	881,604	0.2027
9	50,001	60,000	490,075	0.1127
14	60,001	70,000	946,927	0.2177
16	70,001	80,000	1,181,948	0.2717
4	80,001	90,000	344,000	0.0791
18	90,001	100,000	1,786,674	0.4107
6	100,001	120,000	671,000	0.1542
20	120,001	150,000	2,730,898	0.6279
3	150,001	165,000	480,000	0.1103
11	175,001	200,000	2,174,500	0.4999
6	205,001	230,000	1,309,500	0.3010
3	250,001	300,000	853,000	0.1961
4	325,001	350,000	1,366,500	0.3141
3	350,001	375,000	1,081,110	0.2485
1	385,001	390,000	390,000	0.0897
6	405,001	500,000	2,856,000	0.6566
4	510,001	600,000	2,213,000	0.5087
2	635,001	640,000	1,275,500	0.2932
2	640,001	695,000	1,331,146	0.3060
2	695,001	700,000	1,397,500	0.3213
4	710,001	800,000	2,955,500	0.6794
4	805,001	870,000	3,355,000	0.7712
4	925,001	1,000,000	3,904,001	0.8975
2	1,050,001	1,100,000	2,152,000	0.4947
2	1,160,001	1,305,000	2,465,500	0.5667
4	1,400,001	1,500,000	5,844,600	1.3436
3	1,505,001	1,535,000	4,552,100	1.0465
2	1,720,001	1,775,000	3,496,873	0.8038
2	1,820,001	2,000,000	3,824,500	0.8792
4	2,125,001	2,445,000	8,780,299	2.0185
2	2,910,001	2,985,000	5,894,844	1.3551
1	3,300,001	3,305,000	3,304,000	0.7595
1	4,595,001	4,600,000	4,600,000	1.0575
1	5,620,001	5,625,000	5,623,556	1.2928
1	6,725,001	6,730,000	6,728,500	1.5468
1	8,005,001	8,010,000	8,006,500	1.8406
1	20,225,001	20,230,000	20,229,400	4.6504
1	20,625,001	20,630,000	20,626,500	4.7417
1	39,475,001	39,480,000	39,477,657	9.0753
1	245,055,001	245,060,000	245,055,534	56.3346
1,983			435,000,000	100.0000

Categories of Shareholders

As at 30 June 2016

Particulars	No. of Shareholders	No. of Shares Held	Percentage
Sponsor / Holding Company & Nominee Directors	10	245,055,543	56.3346
Directors & Spouses	8	5,186,344	1.1923
Govt. Financial Institutions	1	1,511,000	0.3473
Banks, DFI & NBFI	7	11,530,056	2.6506
Insurance Company	3	6,792,207	1.5614
Mutual Funds	15	14,705,200	3.3805
Public Companies/Trusts & Others	47	12,334,941	2.8356
Strategic Investors	2	59,707,057	13.7258
Foreign Companies	3	21,494,500	4.9413
General Public / Individuals	1,887	56,683,152	13.0306
TOTAL	1,983	435,000,000	100.0000

Key Shareholding

As at 30 June 2016

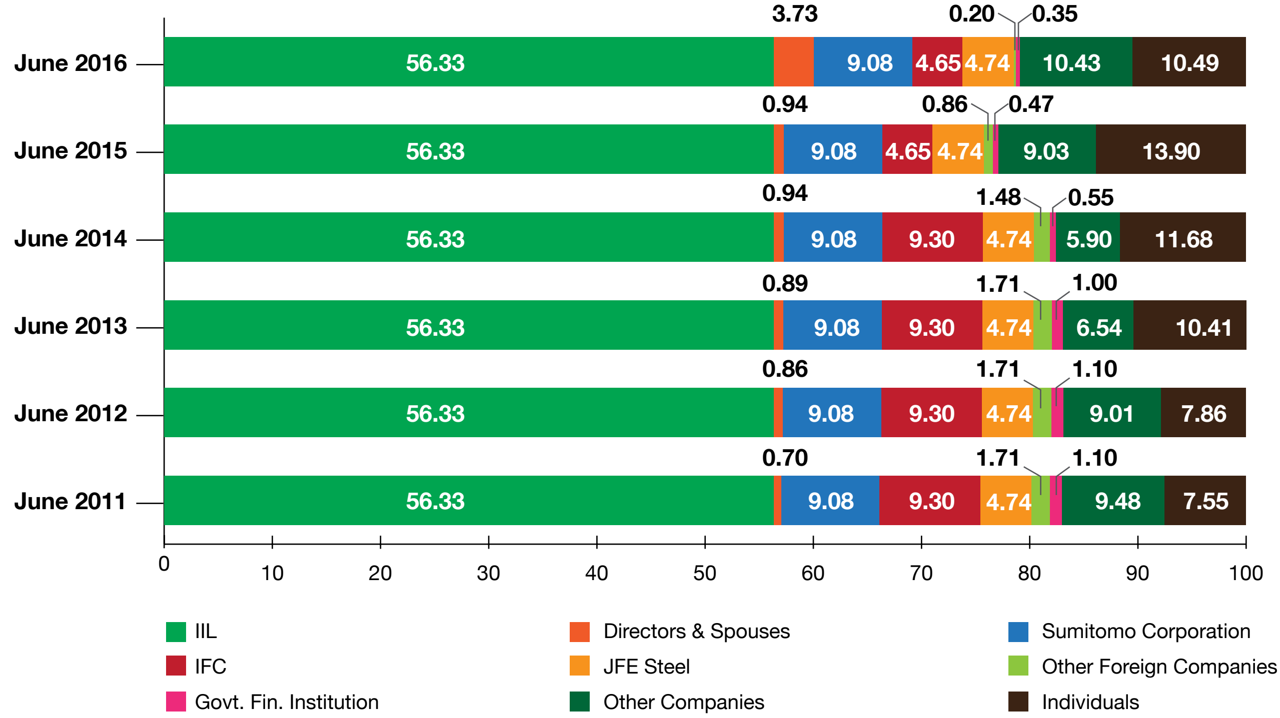
Information on shareholding required under reporting framework is as follows:

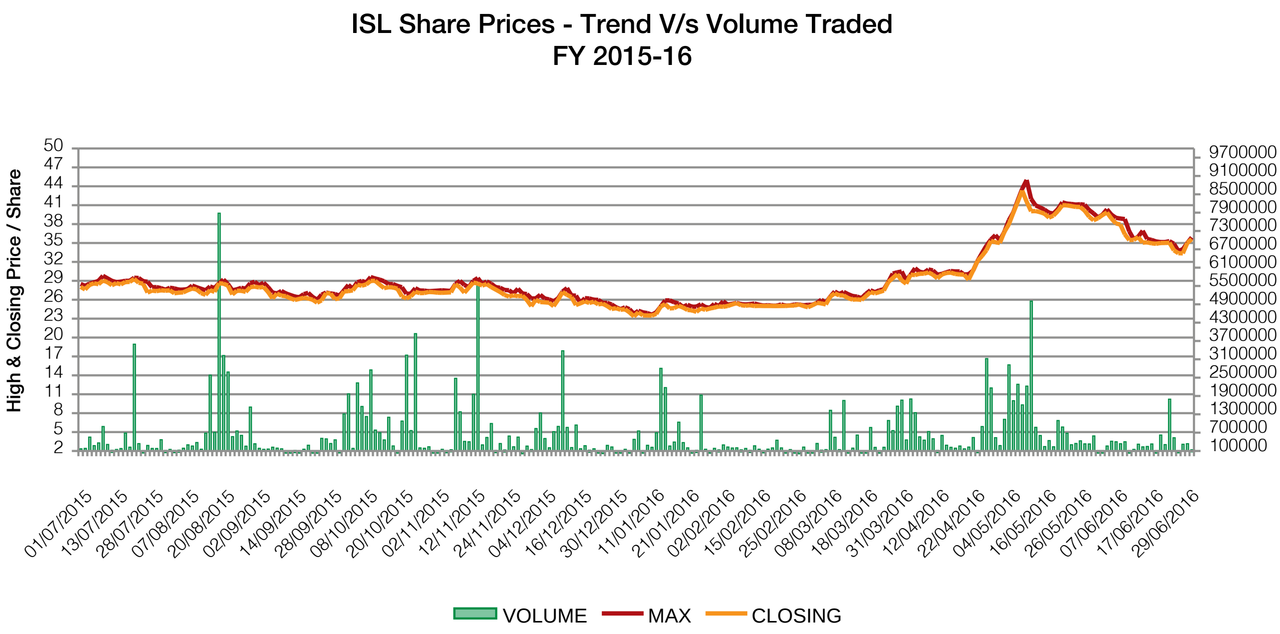
	No. of Shareholders	No. of shares	Percentage
Sponsor / Holding Company			
International Industries Ltd.	1	245,055,534	56.3346
Nominee Directors	9	9	0.0000
		245,055,543	56.3346
Directors & spouses	8	5,186,344	1.1923
Government Financial Institutions			
CDC - Trustee National Investment (Unit) Trust	1	1,511,000	0.3474
Strategic Investors			
International Finance Corporation	1	20,229,400	4.6504
Sumitomo Corporation	1	39,477,657	9.0753
		59,707,057	13.7257
Foreign Corporate Investors			
JFE Steel Corporation	1	20,626,500	4.7417
Others	2	868,000	0.1995
		21,494,500	4.9412
Executives	5	4,653,091	1.0697

Shares Trading by Directors / Executives

5,697,000 shares were traded by Directors / Executives of the Company during the financial year July 1, 2015 to June 30, 2016.

Shareholders Composition





Notice of Annual General Meeting

For the year ended June 30, 2016

Notice is hereby given to the Members that the 9th Annual General Meeting of the Company will be held on September 27, 2016 at 11.00 a.m. at the Jasmine Hall, Beach Luxury Hotel, Off: M.T. Khan Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2016 and the Directors' Report and Auditors' Report thereon.
2. To Consider and approve payment of Rs.1.25 (12.50%) per share as cash dividend for the financial year ended June 30, 2016 as recommended by the Board of Directors.
3. To elect 10 Directors for a period of next 3 years
   - As defined U/s 178(1), the Board of Directors has fixed the number of Directors to be elected as Ten (10) and the following Directors will cease to hold office upon the election of new Board of Directors;
   - Messrs Mr. Kemal Shoaib, Mr. Towfiq H. Chinoy, Mr. Mustapha A. Chinoy, Mr. Kamal A. Chinoy, Mr. Tariq Iqbal Khan, Syed Salim Raza, Mr. Kamran Y. Mirza, Syed Hyder Ali and Mr. Kazuteru Mihara
4. To appoint auditors for the year 2016-2017 and fix their remuneration.
5. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

SPECIAL BUSINESS

6. To approve the alteration in the Articles of Association to facilitate e-voting. In this regard, to consider and, if thought fit, to pass the following resolution as a Special Resolution:

"**RESOLVED THAT** in view of the Companies (E-Voting) Regulations, 2016, issued by Securities and Exchange Commission of Pakistan vide SRO 43(I)/2016 dated 22 January 2016, the Members of the Company be and are hereby recommended to approve the amendment to Articles of Association of the Company mentioned hereinbelow and that for this purpose the following resolution be passed as and by way of Special Resolution:

RESOLVED as and by way of Special Resolution that the Articles of Association of the Company, be amended as follows:

(a) by inserting the following new article immediately after Article 52 as Article 52A, namely:

"52A Subject to any rules or regulations that may be made from time to time by the Commission in this regard, Members may exercise voting rights at general meeting through electronic means if the Company receives the requisite demand for poll in accordance with the applicable laws. The Company shall facilitate the voting by electronic means in the manner and in accordance with the requirements prescribed by the Commission."

(b) by substituting for Article 58, the following new Article 58, namely:

"58.The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy must be a Member of the Company. Notwithstanding the above, in case of voting by electronic means, both members and non-members can be appointed as proxy."

(c) by substituting for Article 60, the following new Article 60, namely:

"60.An instrument appointing a proxy may be in the following form or in any other form which the Directors shall approve:-

INTERNATIONAL STEELS LIMITED

I .... of ....……… in the district of.....……... being a Member of INTERNATIONAL STEELS LIMITED, hereby appoint .... of .... as my proxy to vote for me and on my behalf at the (Annual or Extraordinary, as the case may be) General Meeting of the Company to be held on the .... day of .... and at any adjournment thereof.

Signed this .... day of ....

Notwithstanding the above, in case of voting by electronic means, in default, the instrument of proxy shall not be treated as valid. For the purposes of voting by electronic means, the instrument appointing the proxy shall be in such form and provided to the Company in the manner stipulated under the applicable laws."

A statement as required by Section 160(1)(b) of the Companies Ordinance, 1984, in respect of the special business to be considered at the AGM is annexed.

By Order of the Board
International Steels Limited

Yasir A. Quraishi
Company Secretary

Karachi
August 12, 2016

NOTES

1. The Share Transfer Books of the Company shall remain closed from September 19, 2016 to September 27, 2016 (both days inclusive).
2. A Member entitled to attend, speak and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote on his/her behalf.
3. Instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power or authority must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. Form of proxy is enclosed.

CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

a) For Attending AGM

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

b) For Appointing Proxy

- In case of individuals, the account holder or sub-account holder whose securities and their registration details are uploaded as per the regulations shall submit the proxy form as per the above requirement.
- Attested copies of CNIC of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his original CNIC at the time of the meeting.

c) **For CNIC & Zakat**

4. Members are requested to submit a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission of CNIC (copy), all future dividend warrants may be withheld.

5. Members are requested to submit declaration as per Zakat & Ushr Ordinance 1980 for zakat exemption and to advise change in address, if any.

ITEM 3

a) To elect 10 Directors being the number fixed by the Board of Directors for election for a period of three years from the date of the Annual General Meeting.

b) Any person or retiring director who seeks to contest election of the office of the director must file with the Company, or not later than fourteen days before the date of meeting, notice of his/her intention to offer himself/herself for election.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the company to be held on September 27, 2016.

ITEM (6) OF THE AGENDA:

The Companies (E-Voting) Regulations, 2016 provides the members of the company an option to vote electronically and a member may in this regard appoint another member or a non-member as their proxy to vote on their behalf through electronic voting. As such, in order to enable electronic voting and to allow non-members to be appointed as a proxy for electronic voting shareholders' approval is being sought to amend the Articles of Association of the Company

The resolution required for the above purpose is set forth in the notice convening the Annual General Meeting and that resolution will be proposed and passed as a Special Resolution.

None of the directors of the Company has any direct or indirect interest in the above said special business.

E-DIVIDEND

In compliance of Securities and Exchange Circular No.8(4) SM/CDC 2008 dated April 5, 2013 shareholders are informed that to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged whereby shareholders can get the amount of dividend credited into their respective bank accounts electronically without any delay. In addition, by this way, dividends may be instantly credited to respective accounts.

The shareholders can avail the benefit of e-dividend mechanism by providing a dividend mandate in their CDS accounts through their participants or to the respective listed companies / Share Registrar.

CIRCULATION OF NOTICE OF MEETING & ANNUAL ACCOUNTS

With reference to SRO 787(I/2014 dated September 8, 2014 issued by SECP, shareholders have the 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 THK Associates (Pvt) Ltd., 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi-75530 to update our record if they wish to receive Annual Audited Financial Statements and Notice of General Meeting through email. However, if a shareholder, in addition, requests for hard copy of Audited Financial Statements the same shall be provided free of cost within seven days of receipt of such request.

FILER AND NON FILER STATUS

i) The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a) For filers of income tax returns	12.5%
b) For non-filers of income tax returns	20.0%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20.0%, all 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 27, 2016 otherwise tax on their cash dividend will be deducted @ 20.0% instead of @ 12.5%.

ii) For any query / problem / information , the investors may contact the Company and / or the Share Registrar at the following phone Numbers, email address:

ISL Shares Department	**ISL Shares Registrar**
Mr. Mohammad Irfan Bhatti	THK Associates (Pvt) Ltd.
021-35680045 – 54	021-111-000-322
irfan.bhatti@isl.com.pk	info@thk.com.pk

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. THK Associates (Pvt) Ltd. The shareholders while sending copies of the NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

(ii کسی بھی استفسار/مسئلہ/ معلومات کے لیے انویسٹرز درج ذیل ٹیلیفون نمبر، ای میل ایڈریس پر کمپنی اور/یا شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

آئی ایس ایل شیئرز ڈیپارٹمنٹ	آئی ایس ایل شیئرز رجسٹرار
جناب محمد عرفان بھٹی	THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ
021-35680045-54	021-111-000-322
irfan.bhatti@isl.com.pk	info@thk.com.pk

(iii جن کارپوریٹ شیئر ہولڈرز کے CDC اکاؤنٹس ہیں، ان کے لیے ضروری ہے کہ اپنے متعلقہ شراکت داروں کے ساتھ اپنا نیشنل ٹیکس نمبر (NTN) اپ ڈیٹ کرائیں جبکہ کارپوریٹ فزیکل شیئر ہولڈرز اپنے این ٹی این سرٹیفکیٹ کی کاپی کمپنی یا اس کے شیئر رجسٹرار THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو بھیجیں۔ شیئر ہولڈرز این ٹی این یا این ٹی این سرٹیفکیٹس، جو بھی صورت ہو، کی کاپیاں بھیجتے وقت اپنی کمپنی کے نام اور متعلقہ فولیو نمبر کا حوالہ ضرور دیں۔

مذکورہ بالا مقصد کے لیے مطلوبہ قرارداد کا ذکر سالانہ اجلاس عام کے نوٹس میں کیا گیا ہے، اس میں قرارداد پیش کی جائے گی اور اسے خصوصی قرارداد کے طور پر منظور کیا جائے گا۔

مذکورہ بالا اسپیشل بزنس میں کمپنی کے کسی ڈائریکٹر کا کوئی بالواسطہ یا بلاواسطہ مفاد نہیں ہے۔

ای-ڈیویڈنڈ

سیکیورٹیز اینڈ ایکسچینج سرکلر نمبر SM/CDC 2008 (4)8 مورخہ 5 اپریل 2013 پر عمل کرتے ہوئے شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ نقد منافع منقسمہ کی ادائیگی کے عمل کو زیادہ بہتر بنانے کے لیے ای-ڈیویڈنڈ میکنزم تیار کیا گیا ہے، جس سے شیئر ہولڈرز، اپنے منافع منقسمہ کی رقم کسی تاخیر کے بغیر الیکٹرانک طریقے سے اپنے اپنے بینک اکاؤنٹ میں وصول کرسکتے ہیں اس طریقے سے منافع منقسمہ فوری طور پر اکاؤنٹ میں کریڈٹ ہوجاتا ہے۔

شیئر ہولڈرز اپنے شراکت داروں کے ذریعے یا متعلقہ لسٹیڈ کمپنیوں / شیئر رجسٹرار کو اپنے سی ڈی ایس اکاؤنٹس میں ڈیویڈنڈ مینڈیٹ فراہم کرکے ای-ڈیویڈنڈ میکنزم سے فائدہ اٹھا سکتے ہیں۔

اجلاس اور سالانہ اکاؤنٹس کے نوٹس کا سرکولیشن

بحوالہ، ایس ای سی پی کی طرف سے جاری کردہ ایس آر او (I/2014)787 مورخہ 8 ستمبر 2014 شیئر ہولڈرز کے پاس یہ آپشن موجود ہے کہ وہ سالانہ آڈٹ شدہ فائنانشل اسٹیٹمنٹس اور اجلاس عام کے نوٹس ای میل کے ذریعے وصول کریں۔ کمپنی کے شیئر ہولڈرز سے گزارش ہے کہ وہ مقررہ طریقہ کار کے مطابق ہمارے شیئر رجسٹرار، میسرز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ واقع 2nd فلور، اسٹیٹ لائف بلڈنگ نمبر 3، ڈاکٹر ضیا الدین احمد روڈ، کراچی-75530 کو اپنی رضامندی سے آگاہ کریں، تاکہ اگر وہ سالانہ آڈٹ شدہ فائنانشل اسٹیٹمنٹس اور اجلاس عام کے نوٹس بذریعہ ای میل وصول کرنا چاہتے ہیں تو ان کے ریکارڈ کو اپ ڈیٹ کیا جاسکے۔ تاہم اگر کوئی شیئر ہولڈر آڈٹ شدہ فائنانشل اسٹیٹمنٹس کی ہارڈ کاپی کی درخواست کرے تو درخواست موصول ہونے کے سات یوم کے اندر اسے یہ بلا معاوضہ فراہم کردیے جائیں گے۔

فائیلر اور نان فائیلر اسٹیٹس

(i حکومت پاکستان نے انکم ٹیکس آرڈیننس 2001، کے سیکشن 150 میں بعض ترامیم کی ہیں جن کی رو سے کمپنیوں کی طرف سے ادا کیے جانے والے منافع منقسمہ کی رقم پر ود ہولڈنگ ٹیکس کی کٹوتی کے لیے مختلف شرحیں مقرر کی گئی ہیں۔ ٹیکس کی یہ شرحیں اس طرح سے ہیں:

a) انکم ٹیکس گوشوارے داخل کرانے والوں کے لیے 12.5%

b) انکم ٹیکس گوشوارے داخل نہ کرانے والوں کے لیے 20.0%

کمپنی کو اس قابل بنانے کے لیے کہ وہ نقد منافع منقسمہ کی رقم پر 20% کی بجائے 12.5% کی شرح سے ٹیکس منہا کرے، ایسے تمام شیئر ہولڈرز کو جن کے نام اس حقیقت کے باوجود کہ وہ فائیلرز ہیں

ایف بی آر کی ویب سائیٹ پر مہیا کردہ ایکٹو ٹیکس پیئرز لسٹ (ATL) میں درج نہیں کیے گئے، مشورہ دیا جاتا ہے کہ وہ اس امر کو یقینی بنائیں کہ 27 ستمبر 2016 کو سالانہ اجلاس عام میں نقد منافع منقسمہ کی منظوری کی تاریخ سے پہلے ان کے نام ATL میں درج ہوجائیں، ورنہ ان کے نقد منافع منقسمہ پر ٹیکس 12.5% کی بجائے 20% کی شرح سے منہا کیا جائے گا۔

ایسے تمام شیئر ہولڈرز کو جن کے نام اس حقیقت کے باوجود کہ وہ فائیلرز ہیں ایف بی آر کی ویب سائیٹ پر مہیا کردہ ایکٹو ٹیکس پیئرز لسٹ (ATL) میں درج نہیں کیے گئے، مشورہ دیا جاتا ہے کہ وہ اس امر کو یقینی بنائیں کہ ان کے نام اے ٹی ایل میں درج ہوجائیں۔

(a) برائے شرکت سالانہ اجلاس عام

☆ افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جن کی سیکیورٹیز اور رجسٹریشن کی تفصیلات ضابطوں کے مطابق اپ لوڈ ہیں، اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) دکھا کر اپنی شناخت کی تصدیق کریں گے / گی۔

☆ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نامزد کردہ فرد کے دستخط نمونہ (اگر یہ اس سے قبل پیش نہیں کیے گئے) اجلاس میں شرکت کے وقت پیش کرنا ہوں گے۔

(b) برائے تقرر پراکسی

☆ افراد کی صورت میں، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر، جن کی سیکیورٹیز اور رجسٹریشن کی تفصیلات ضابطوں کے مطابق اپ لوڈ ہیں، اجلاس میں شرکت کے وقت مندرجہ بالا شرط کے مطابق پراکسی فارم پیش کریں گے۔

☆ پراکسی فارم کے ساتھ بینی فیشل اونرز اور پراکسی کی سی این آئی سی کی تصدیق شدہ کاپیاں پیش کی جائیں گی۔

☆ اجلاس کے وقت پراکسی اپنا اصل سی این آئی سی پیش کرے گا۔

(c) برائے سی این آئی سی اور زکوٰۃ

(4 ممبرز سے درخواست کی جاتی ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی کاپی جمع کرائیں تاکہ ان کے ریکارڈ کو اپ ڈیٹ کیا جا سکے۔ CNIC (کاپی) پیش نہ کرنے کی صورت میں مستقبل میں تمام ڈیویڈنڈ وارنٹس روک لیے جائیں گے۔

(5 ممبرز سے درخواست کی جاتی ہے کہ وہ زکوٰۃ سے استثنا کے لیے زکوٰۃ اینڈ عشر آرڈیننس 1980 کے مطابق ڈیکلریشن داخل کریں اور اگر پتے میں کوئی تبدیلی ہوئی ہو تو اس سے مطلع کریں۔

آئٹم 3

(a بورڈ آف ڈائریکٹرز کی طرف سے، سالانہ اجلاس عام کی تاریخ سے تین سالہ مدت کے لیے مقرر کردہ تعداد یعنی 10 ڈائریکٹرز کا انتخاب۔

(b کوئی بھی فرد یا ریٹائرنگ ڈائریکٹر جو ڈائریکٹر کے عہدہ کا انتخاب لڑنا چاہتا ہے، اسے کمپنی کو آگاہ کرنا ہوگا اور اجلاس کی تاریخ سے کم از کم 14 یوم قبل الیکشن لڑنے کی اپنی خواہش کے بارے میں نوٹس دینا ہوگا۔

کمپنی آرڈیننس 1984ء کے سیکشن (B)(1)160 کے تحت اسٹیٹمنٹ

یہ اسٹیٹمنٹ اس اسپیشل بزنس سے متعلق مادی حقائق کا بیان ہے، جنھیں 27 ستمبر، 2016 کو منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں نمٹایا جائے گا۔

ایجنڈا کا آئٹم (6):

کمپنیز (ای ووٹنگ) ریگولیشنز 2016, کمپنی کے ممبرز کو الیکٹرانک طریقے سے ووٹ دینے کا آپشن دیتے ہیں اور اس ضمن میں کوئی ممبر، کسی دوسرے ممبر یا نان ممبر کو اپنی طرف سے الیکٹرانک طریقے سے ووٹ ڈالنے کے لیے اپنا پراکسی مقرر کر سکتا / سکتی ہے۔ الیکٹرانک ووٹنگ کو عملی شکل دینے اور نان ممبرز کو الیکٹرانک ووٹنگ کے لیے بطور پراکسی مقرر کرنے کے لیے شیئرز ہولڈرز کی اجازت حاصل کی جا رہی ہے تاکہ آرٹیکل آف ایسوسی ایشن آف کمپنی میں ترمیم کی جا سکے۔

(c) آرٹیکل 60 کی جگہ مندرجہ ذیل نیا آرٹیکل 60 لے گا

60، پراکسی کے تقرر کا انسٹرومنٹ درج ذیل شکل میں یا کسی دوسری ایسی شکل میں ہوگا جس کی ڈائریکٹر صاحبان منظوری دیں گے۔

انٹرنیشنل اسٹیلز لمیٹڈ

"میں ----------- آف ---------- ضلع --------------- میں، انٹرنیشنل اسٹیلز لمیٹڈ کے ممبر کی حیثیت سے بذریعہ ہذا ----------- کے ----------- کو بتاریخ ------ یا اس کے کسی التوا پر ہونے والے کمپنی کے اجلاس عام (سالانہ یا غیر معمولی، جو بھی صورت ہو) میرے لیے اور میری جانب سے ووٹ ڈالنے کے لیے پراکسی مقرر کرتا ہوں۔

دستخط -------------- تاریخ ------------"

مذکورہ بالا کے باوجود، الیکٹرانک طریقے سے ووٹنگ کی صورت میں، ڈیفالٹ میں، پراکسی کے انسٹرومنٹ کو کارآمد نہیں مانا جائے گا۔ الیکٹرانک طریقے سے ووٹنگ کے مقصد کے لیے پراکسی کے تقرر کا انسٹرومنٹ اس شکل میں ہوگا اور اسی طرح سے کمپنی کو فراہم کیا جائے گا جس کی صراحت قابل اطلاق قوانین میں کی گئی ہے"۔

اسپیشل بزنس کے ضمن میں، جس پر اجلاسِ عام میں غور کیا جانا ہو ایک اسٹیٹمنٹ، جیسا کہ کمپنیز آرڈیننس 1984 کے سیکشن (b)(1)160 کا تقاضا ہے، اس کے ساتھ منسلک ہے۔

بحکم بورڈ
انٹرنیشنل اسٹیلز لمیٹڈ

یاسر علی قریشی
کمپنی سیکرٹری

کراچی
مورخہ: 12 اگست 2016

نوٹس:

1. کمپنی کی شیئر ٹرانسفر بکس 19 ستمبر 2016 سے 27 ستمبر 2016 تک (بشمول دونوں دن) بند رہیں گی۔
2. کوئی بھی ممبر جو عام اجلاس میں شرکت، اظہار خیال کرنے اور ووٹ ڈالنے کا مجاز ہے، کسی دوسرے ممبر کو اپنی جانب سے اجلاس میں شرکت، اظہار خیال کرنے اور ووٹ ڈالنے کے لیے اپنا پراکسی مقرر کرنے کا / کی مجاز ہے۔
3. پراکسی مقرر کرنے کا انسٹرومنٹ اور پاور آف اٹارنی، یا کوئی دوسری ایسی اتھارٹی جس کے تحت اس پر دستخط کیے گئے ہوں یا پاور آف اٹارنی کی نوٹریائی تصدیق شدہ کاپی اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں پیش کرنا لازمی ہے پراکسی کا فارم اس کے ساتھ منسلک ہے۔

سی ڈی سی اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کیے جانے والے سرکلر مورخہ 26 جنوری 2000 میں طے کردہ درج ذیل ہدایات پر بھی عمل کرنا ہوگا۔

نوٹس برائے سالانہ اجلاسِ عام

برائے 30 جون 2016 کو ختم ہونے والے مالی سال کے لئے

ممبرز کو بذریعہ ہذا اطلاع دی جاتی ہے کہ کمپنی کا 9واں سالانہ اجلاس عام 27 ستمبر، 2016 بوقت 11.00 بجے پنج لگژری ہوٹل، آف ایم ٹی خان روڈ، کراچی کے جیسمین ہال میں منعقد ہوگا، جس میں درج ذیل امور نمٹائے جائیں گے۔

عمومی کاروائی

1. 30 جون، 2016 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالی حسابات اور اس بارے میں ڈائریکٹرز کی رپورٹ اور آڈیٹرز کی رپورٹ کی وصولی، غور وخوض اور منظوری۔
2. بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 30 جون، 2016 کو ختم ہونے والے سال کے لیے 1.25 روپے (12.50%) فی شیئر نقد منافع منقسمہ کی ادائیگی پر غور وخوض اور منظوری۔
3. اگلے تین سال کی مدت کے لیے 10 ڈائریکٹر صاحبان کا انتخاب۔

☆ جیسا کہ سیکشن (I)178 کے تحت صراحت کی گئی ہے، بورڈ آف ڈائریکٹرز کی مقررہ تعداد 10 ڈائریکٹرز پر مشتمل ہوگی جو منتخب ہوں گے۔ سبکدوش ہونے والے ڈائریکٹرز مندرجہ ذیل ہیں۔

☆ جناب کمال شعیب، جناب توفیق ایچ چنائے، جناب مصطفی اے چنائے، جناب کمال اے چنائے، جناب طارق اقبال خان، سید سلیم رضا، جناب کامران وائی مرزا، سید حیدر علی اور جناب کازوتیرو میہارا

4. سال 17-2016 کے لیے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین۔
5. دوسرا کوئی ایسا معاملہ جو سالانہ اجلاس عام میں چیئر کی اجازت سے نمٹایا جاسکتا ہو۔

خصوصی کاروائی

6. ای ووٹنگ میں سہولت پیدا کرنے کے لیے آرٹیکلز آف ایسوسی ایشن میں تبدیلی کی منظوری۔ اس ضمن میں غور وخوض اور اگر مناسب سمجھا گیا تو خصوصی قرارداد کی حیثیت سے درج ذیل قرارداد کی منظوری۔

"سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے SRO 43(I)/2016 مورخہ 22 جنوری، 2016 کے حوالے سے جاری کردہ کمپنیز (ای ووٹنگ) ریگولیشنز 2016 کے پیش نظر کمپنی کے ارکان سے ذیل میں درج کمپنی کے آرٹیکلز آف ایسوسی ایشن میں ترمیم کو منظور کرنے کی سفارش کی جاتی ہے اور یہ کہ اس مقصد کے لیے مندرجہ ذیل قرارداد، خصوصی قرارداد کی حیثیت سے منظور کی جاتی ہے:

یہ عزم کیا جاتا ہے کہ خصوصی قرارداد کی حیثیت سے آرٹیکلز آف ایسوسی ایشن میں درج ذیل کے مطابق ترمیم کردی جائے:

(a) آرٹیکل 52 کے فوری بعد ایک نیا آرٹیکل 52A شامل ہوگا، جس میں کہا گیا ہے کہ:

52A " کسی قسم کے قواعد یا ضابطوں کے باوجود جو اس ضمن میں کمیشن کی طرف سے بنائے جائیں گے، اگر کمپنی کو قابل اطلاق قوانین کے مطابق انتخاب کے لیے مطلوبہ ڈیمانڈ موصول ہوتی ہے تو اجلاس عام میں ارکان الیکٹرانک طریقے سے ووٹ کا اپنا حق استعمال کرسکیں گے۔ کمپنی، کمیشن کے مقرر کردہ تقاضوں اور طے شدہ طریقوں کے مطابق الیکٹرانک طریقے سے ووٹنگ میں سہولت پیدا کرے گی"۔

(b) آرٹیکل 58 کی جگہ درج ذیل نیا آرٹیکل 58 لے گا:

پراکسی کے تقرر کا انسٹرومنٹ تحریری طور، تقرر کرنے والے یا اس کے اٹارنی، جسے اس کا اختیار ہوگا، کے دستخط سے ہوگا اور اگر تقرر کنندہ کارپوریشن ہے تو پھر کسی افسر یا مجاز اٹارنی کی مہر یا دستخط سے ایسا ہوگا۔ پراکسی کو اس کمپنی کا ممبر ہونا چاہیئے: مذکورہ بالا سے قطع نظر، الیکٹرانک طریقے سے ووٹنگ کی صورت میں ممبرز اور نان ممبرز، دونوں کو پراکسی کی حیثیت سے مقرر کیا جاسکتا ہے۔

منافع منقسمہ

کمپنی کے مالی نتائج کو سامنے رکھتے ہوئے بورڈ آف ڈائریکٹرز نے %12.5 حتمی نقد منافع منقسمہ کی سفارش کی ہے۔

قومی خزانے اور معیشت میں حصہ

آپ کی کمپنی نے (پچھلے سال 3.86 بلین روپے کے مقابلے میں) اس سال کے دوران انکم ٹیکس سیلز ٹیکس، کسٹم ڈیوٹیوں اور دوسری لیویز کی شکل میں قومی خزانے میں 4.73 بلین روپے کا حصہ ڈالا۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

اس سال کے دوران جناب اوتو میچی یانو نے کمپنی کے ڈائریکٹر کی حیثیت سے استعفیٰ دے دیا، ان کی جگہ جناب کازوتیرو میہارا نے لی۔ جناب یانو نے اپنی مدت کے دوران جو گراں قدر خدمات انجام دیں، بورڈ ان کی تعریف ریکارڈ پر لانا چاہتا ہے۔ ہم جناب میہارا کو خوش آمدید کہتے ہیں جو سبکدوش ہونے والے ڈائریکٹر کی باقی مدت تک اس عہدے پر کام کریں گے۔

مستقبل کے امکانات

آپ کی کمپنی نے 250 ملین روپے مالیت کا ایک نیا توسیعی پراجیکٹ شروع کیا ہے جس کا مقصد پکلنگ لائن پر رکاوٹوں کو دور کرنا ہے۔ یہ منصوبہ مکمل ہونے کے بعد رولنگ کی گنجائش سالانہ MT 600,000 تک بڑھا دے گا۔

آئی ایس ایل نے خام مال اور ہماری طرف سے تیار کی جانے والی فنشڈ گڈز پر درآمدی ڈیوٹیوں میں معقولیت پیدا کرنے کے لیے پاکستان کی حکومت اور دوسرے متعلقہ اداروں سے رجوع کیا ہے۔ اگر ان میں توازن پیدا ہو گیا تو یہ پالیسیاں پائیدار افزائش اور قومی خزانے میں زیادہ حصہ ادا کرنے کی انتہائی مضبوط بنیاد فراہم کریں گی۔ کولڈ رولڈ اور گیلوینائزڈ کوائلز پر اینٹی ڈمپنگ ڈیوٹیوں کے لیے بھی ہماری درخواستیں این ٹی سی کی طرف سے غور و خوض کے آخری مراحل میں ہیں۔ انتظامیہ کو امید ہے کہ ان معاملات پر جو مقامی صنعت کے حق میں ہیں منصفانہ اور ہمدردانہ طریقے سے غور کیا جائے گا۔

خام مال کی عالمی قیمتوں میں اتار چڑھاؤ اور اس مشکل کاروباری ماحول کو مدنظر رکھتے ہوئے جس میں آپ کی کمپنی کام کر رہی ہے، آگے اہم چیلنجوں کا سامنا کرنا ہوگا۔

اظہار تشکر

بورڈ، تعاون اور خلوص پر اپنے تمام اسٹیک ہولڈرز، ملازمین، کسٹمرز، سپلائرز، شیئر ہولڈرز اور بینکرز کا شکر گزار ہے۔ اس قسم کی مدد نہ صرف معمول کے کمرشل چیلنجز بلکہ ان چیلنجز کو پورا کرنے کے لیے بھی درکار ہوتی ہے جو سیکیورٹی کے مسائل اور کٹھن معاشی حالات کی وجہ سے لاحق ہوتے ہیں۔ اسٹیک ہولڈرز کے بھروسے اور نیک نیتی نے کمپنی کو برسوں کے دوران پائیدار ترقی حاصل کرنے کے قابل بنایا ہے۔

ہم اپنے تمام اسٹیک ہولڈرز اور عام طور سے ملک کے مفاد میں آپ کی کمپنی کی کامیابی کے لیے رب العزت کے حضور مسلسل دعا گو ہیں۔

کمال شعیب

چیئرمین

کراچی

12 اگست 2016ء

صحت، سیفٹی اور ماحول

سماجی اور ماحولیاتی طور پر ایک ذمہ دار ادارے کے اپنے مقصد پر کاربند رہتے ہوئے آئی ایس ایل نے سیفٹی کے سخت ترین معیارات نافذ کیے اور ان پر عمل کیا۔ توسیع کا پراجیکٹ کسی بھی بڑے حادثے یا وقت کے زیاں کے کسی واقعے کے بغیر مکمل ہوا۔ ہم نے نیشنل انوائرمینٹل کوالٹی اسٹینڈرڈز کے مطابق ماحولیاتی معیارات کی پابندی کی، ہوا کے اخراج، شور، صاف پانی اور صنعتی آمیزش والے پانی کو ٹھکانے لگانے کے لیے بہترین طور طریقوں پر عمل کو یقینی بنایا۔

ہیومن ریسورس

کمپنی نے افراد کی ضروری تعداد کے ساتھ اپنے آپریشن جاری رکھے۔ توسیع کے باوجود 2016 کے اختتام پر کام کرنے والے افراد کی تعداد پچھلے سال کے اختتام پر 532 افراد کے مقابلے میں معمولی سی بڑھ کر 570 ہوگئی۔

کمپنی نے اپنے تمام ملازمین کے لیے صنعتی امن اور کام کرنے کا مثبت ماحول برقرار رکھا۔ آئی ایس ایل، ہر سطح پر افراد کی ترقی، فعال طریقے سے صلاحیتوں کی تعمیر اور کاروباری تسلسل کے لیے باصلاحیت افراد کو اپنے ساتھ رکھنے کی کوشش جاری رکھتی ہے۔

خطرات کا تدارک

خطرات سے نمٹنے کے لیے کمپنی کی پالیسیوں کا جائزہ لینے اور انھیں بہتر بنانے کی غرض سے وقفے وقفے سے بورڈ کے اجلاس ہوتے ہیں خطرے کے سدباب کی یہ پالیسیاں، کمپنی کو لاحق خطرات کی نشاندہی، خطرات کی مناسب حدود اور کنٹرولز کو طے کرنے اور ان حدود کی پابندی کی نگرانی کرنے کے لیے وضع کی جاتی ہیں۔ مارکیٹ کے حالات میں تبدیلیوں اور آئی ایس ایل کی سرگرمیوں کی عکاسی کے لیے رسک مینجمنٹ پالیسیوں اور سسٹمز پر باقاعدگی سے غور کیا جاتا ہے۔ کمپنی کا مقصد اپنے معیارات اور طریقہ کار کے ذریعے ایک ایسا منظم اور تعمیری کنٹرول کا ماحول تیار کرنا ہے جس میں تمام ملازمین اپنے کام اور ذمہ داریوں کو سمجھ سکیں۔

مالیاتی معاملات

سال کے دوران خالص سیلز %14.0 بڑھ کر 20.5 بلین روپے تک پہنچ گئیں۔ اسٹیل کی تغیر پذیر عالمی قیمتوں اور ملک میں درآمد کیے جانے والے انڈر انوائسڈ اور دوسرے درجے کے مٹیریلز کے مقابلے کی وجہ سے پرافٹ مارجنز پر مسلسل دباؤ کے باوجود مجموعی پرافٹ 2,913 ملین روپے رہا۔ گراس پرافٹ مارجن پچھلے سال کے %8.2 کے مقابلے میں بہتر ہو کر خالص سیلز کا %14.2 ہو گیا، اس کی بنیادی وجہ مالی سال کے دوران مقدار میں زبردست اضافے کے باعث، اسٹیل کی کم قیمتیں اور فکسڈ costs کی بہتر کھپت تھی۔

انتظامی اخراجات کو سختی کے ساتھ کنٹرول کیا گیا اور انھیں 3.9 فیصد کی کمی کے ساتھ 161 ملین روپے تک رکھا گیا۔ فروخت اور تقسیم کے اخراجات میں %23.3 اضافہ ہوا، اس کی بنیادی وجہ باربرداری کے زیادہ چارجز اور سیلز پروموشن کی سرگرمیاں تھیں۔

فائنانشل چارجز 28.9 فیصد کم ہو کر 732 ملین روپے ہو گئے، اس کی بڑی وجہ قرض کی کم شرح سود، بہتر کیش مینجمنٹ اور زرمبادلہ کا کم نقصان تھا۔ منافع میں کارکنوں کے زیادہ حصے اور ورکرز ویلفیئر فنڈز (جن کا براہ راست منافع سے تعلق ہے) کی وجہ سے 264.7 ملین روپے کے دیگر آپریٹنگ اخراجات پچھلے سال کے مقابلے میں بہت زیادہ رہے۔

مجموعی طور پر آئی ایس ایل نے ٹیکسیشن سے پہلے اور بعد بالترتیب 1,654 اور 1,179 ملین روپے (2.71 روپے فی شیئر) کا ریکارڈ منافع پوسٹ کیا۔ اس سے پچھلے سال یہ بالترتیب 236 ملین روپے اور 202 ملین روپے (0.46 روپے فی شیئر) تھا آپ کی کمپنی کی توجہ ورکنگ کیپٹل اور کیش فلو کو بہتر بنانے پر مرکوز ہے۔ سال کے دوران آپ کی کمپنی نے آپریشنز سے 2,872 ملین روپے کا خالص کیش فلو پیدا کیا جو پچھلے سال کے مقابلے میں 1,374 ملین روپے زیادہ ہے۔

سال کے پہلے چھ مہینوں میں، اسٹیل کی بین الاقوامی قیمتوں میں کمی، ایف ٹی اے کے تحت خاص طور سے چین سے، انڈر انوائسڈ اور سستی درآمدات کی وجہ سے آئی ایس ایل کو ایک بڑے چیلنج کا سامنا کرنا پڑا۔ کمپنی نے مقابلہ کرتے رہنے کے لیے سال کے پہلے چھ مہینوں میں دو بار اپنی سیلنگ پرائسز میں کمی کی، جس سے منافع کمانے کی صلاحیت پر شدید اثر پڑا۔

کمپنی نے چین سے درآمد شدہ galvanized کوائلز کی ڈمپنگ کے خلاف نیشنل ٹیرف کمیشن (NTC) میں ایک درخواست دائر کی مگر اس سے پہلے کہ این ٹی سی ہماری درخواست پر کوئی فیصلہ کرتا، جنوری 2016 میں اسلام آباد ہائی کورٹ نے درآمد کنندگان کے حق میں حکم امتناعی جاری کر دیا اور این ٹی سی کو کسی بھی کارروائی سے روک دیا۔ کمپنی انٹروینز کی حیثیت سے اس کیس میں شامل ہوئی، جس کے بعد حکم امتناعی خارج ہو گیا۔ تاہم اس کے ساتھ ہی این ٹی سی کے قیام کو لاہور ہائیکورٹ میں چیلنج کر دیا گیا، جس کی وجہ سے وہ مزید کوئی کارروائی نہ کر سکا۔ این ٹی سی کی تشکیل نو کا عمل جاری ہے۔

مقامی طور پر تیار کردہ فلیٹ اسٹیل پراڈکٹس کے تحفظ کے لیے آپ کی کمپنی کے کیس کو وزارت تجارت، ایف بی آر، پاکستان کسٹمز، این ٹی سی اور انجینئرنگ ڈیویلپمنٹ بورڈ میں باقاعدگی کے ساتھ اعلی ترین سطح پر اٹھایا جارہا ہے۔ ہم ان مسائل کو دیگر مینوفیکچررز کے ساتھ بھی مختلف حکومتی سطحوں پر اٹھاتے رہتے ہیں۔ ان مسائل کے حل سے نہ صرف مقامی صنعت بلکہ وسیع معنوں میں ملک کو بھی فائدہ ہوگا۔

کمپنی نے تیزی سے تبدیل ہوتی ہوئی مارکیٹ میں سپلائی کے متنوع اور قابل بھروسہ ذرائع سے خام مال حاصل کرنے کے لیے اپنی خریداری کی حکمت عملی کو از سر نو ترتیب دیا ہے۔ ہماری پراڈکٹ کوالٹی نے ہمیں اپنے برانڈ کو بین الاقوامی سطح تک لے جانے اور وہاں اسے منوانے کے قابل بنایا ہے۔ ہم مطلوبہ تقاضوں کے ذریعے کوالٹی کنٹرول، سیفٹی اور ماحولیاتی اقدامات اور کسٹمر سروس کو پوری توجہ کے ساتھ اہمیت دیتے ہیں۔

مینوفیکچرنگ آپریشنز

اس سال کے دوران بورڈ آف انویسٹمنٹ کے چیئرمین، ڈاکٹر مفتاح اسماعیل نے نئی موڈیفائیڈ twin اسٹینڈ کولڈ رولنگ مل اور دوسری galvanizing لائن کا افتتاح کیا۔ اس توسیع کے نتیجے میں 4 Hi Mill نے 371,000 MT تیار کیا جو پچھلے مالی سال کے مقابلے میں 55% زیادہ ہے۔ اس پیداوار میں اندازاً 118,000 MT کولڈ رولڈ پراڈکٹس اور 253,000 MT گیلوینائزڈ اسٹیل شامل ہے۔

سیلز

2015-16 کے دوران سیلز میں 52% سے زیادہ اضافہ ہوا اور بڑی مصنوعات 364,000 MT سے تجاوز کر گئیں۔ اس میں 240,000 MT گیلوینائزڈ اور 124,000 MT کولڈ رولڈ پراڈکٹس شامل تھیں۔ تاہم اسٹیل کی قیمتوں میں کمی اور چین و روس سے سستی درآمدات کے ساتھ مقابلے کی وجہ سے سیلز میں خالص اضافہ 14% رہا۔

آپ کی کمپنی کا ملک گیر ڈیلر نیٹ ورک مسلسل مربوط اور برتر رہا جو چھوٹے صنعتی اور تجارتی صارفین تک پہنچنے میں معاون ثابت ہوا۔

کے الیکٹرک کو بجلی کی فروخت

کمپنی کا 19 میگاواٹ کا پاور پلانٹ بدستور اطمینان بخش طریقے سے کام کرتا رہا اور ہم نے معمول کے مطابق کے الیکٹرک کو اضافی بجلی کی سپلائی جاری رکھی، زیادہ پیداوار کے نتیجہ میں بجلی کی داخلی طور پر زائد کھپت کے باعث کے الیکٹرک کو سیلز کم نظر آتی ہیں۔ رواں مالی سال کے دوران، 60,000 گھنٹے مکمل ہونے کے بعد کمپنی اپنے جنریٹر سیٹس کی شیڈول کے مطابق بڑے پیمانے پر اوورہالنگ کرے گی۔

ڈائریکٹرز کی رپورٹ

انٹرنیشنل اسٹیلز لمیٹڈ کے ڈائریکٹرز 30 جون 2016ء کو ختم ہونے والے سال کے لیے 9 ویں سالانہ رپورٹ اور آڈٹ شدہ مالی حسابات پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

اسٹیل کا عالمی منظرنامہ

خام اسٹیل کی عالمی پیداوار جو گزشتہ سال 1.62 بلین میٹرک ٹن (MT) تھی %3.0 کم ہوگئی۔ اسٹیل کی چینی صنعت کی پیداوار نصف یعنی اندازاً 804 ملین ٹن (MT) رہی۔ جولائی اور ستمبر 2015 کے درمیان اسٹیل کی عالمی قیمتیں گر گئیں تاہم سال کے باقی عرصے میں یہ مستحکم رہیں۔ چین میں اسٹیل کے مستقبل کی جارحانہ ٹریڈنگ کے نتیجہ میں 2016 کی پہلی سہ ماہی میں قیمتیں بڑھیں جو اپریل میں اپنی انتہا کو جا پہنچیں جس کے بعد وہ تیزی سے نیچے آئیں۔

پاکستان کی معیشت

مالی سال 2016 (FY16) کے دوران پاکستان کی اقتصادی افزائش 4.7 فیصد رہی، جب کہ صنعتی شعبے کی افزائش 6.8 فیصد رہی۔ پچھلے آٹھ سالوں کے مقابلے میں یہ افزائش سب سے زیادہ تھی۔ لارج اسکیل مینوفیکچرنگ (LSM) سیکٹر میں بھی، جو مینوفیکچرنگ میں %80.0 اور صنعتی شعبے میں %51.8 حصہ ادا کرتا ہے 4.7 فیصد کی شاندار افزائش ہوئی۔ تعمیرات کا سیکٹر بدستور مضبوط رہا اور اس نے اپنے ساتھ جڑی ہوئی سیمنٹ، پینٹ اور اسٹیل کی صنعتوں کی مدد کی۔

میکرو اکنامک اعشاریوں میں بہتری کی وجہ سے اسٹیٹ بینک آف پاکستان نے اپنی مالیاتی پھیلاؤ کی پالیسی %5.75 کے تخفیفی پالیسی ریٹ پر برقرار رکھی، یہ 2016 کے مالی سال میں basis 125 پوائنٹ کی کمی ہے۔ اس کے علاوہ مالیاتی خسارے میں کمی واقع ہوئی؛ ایکسٹینڈڈ فنڈ فیسیلیٹی کے تسلسل نے ایکسٹرنل اکاؤنٹ اور مارکیٹ رجحانات کو بہتر بنایا۔ ان حالات نے پاکستان کی sovereign ریٹنگز میں بہتری پیدا کی۔ اس حاصل شدہ نسبتی میکرو اکنامک استحکام کی جھلک، آگے کی طرف جاری اصل معاشی سرگرمی میں نظر آنی آئیگی۔

پیٹرولیم مصنوعات کی کم قیمتوں، افراط زر کم ہو کر ایک عدد میں آجانے، قرض کی کم شرح، چین پاکستان اقتصادی راہداری کے بعد بہتر معاشی حالات کی امیدوں اور توانائی کے زیر تکمیل منصوبوں کی وجہ سے کاروبار کرنے کی لاگت میں کمی آئی۔ ان عوامل نے کاروباری برادری کے اعتماد کو بڑھایا اور سرمایہ کاری میں اضافہ کیا ہے۔

اس وقت پاکستان کی حکومت کو بجلی کے بحران پر قابو پانے اور امن وامان کے قیام سمیت متعدد چیلنجوں کا سامنا ہے۔ ٹیکسوں کی ناکافی وصولی کی وجہ سے حکومت کو جو خسارہ ہوا اسے بینکوں سے قرض لے کر پورا کیا گیا، جنھوں نے بدلے میں اپنے ڈیپازٹس کو اور اسٹیٹ بینک کی طرف سے بڑے پیمانے پر لیکویڈیٹی انجکیشن کے طور پر استعمال کیا گیا۔ چنانچہ پرائیویٹ سیکٹر دباؤ میں ہے اور ملک کے مالیاتی ڈھانچے میں بہت سی قباحتوں کو متعارف کرایا جارہا ہے۔ یوں لگتا ہے کہ پبلک ڈیولپمنٹ اسکیموں پر توجہ مرکوز ہے، جیسا کہ چین پاکستان اقتصادی راہداری، یا ہائی ویز اور ڈیمز۔ امید ہے کہ یہ منصوبے کنسٹرکشن کی مانگ پیدا کریں گے اور اس میں اسٹیل انڈسٹری بھی شامل ہے۔

درآمدات کے بارے میں، خاص طور سے وہ جن کا تعلق مقامی مینوفیکچرنگ سیکٹر کے تحفظ سے ہے، حکومتی پالیسیوں پر نظر ثانی کی ضرورت ہے۔ آزاد تجارت کے معاہدوں (FTA) اور مجوزہ پسندیدہ ترین ملک کی حیثیت (MFN) پر دوبارہ غور کیا جانا چاہیئے تاکہ مقامی تیار کنندگان ملکی مانگ کا زیادہ بڑا حصہ پورا کرنے کے قابل ہوسکیں۔

کاروباری جائزہ

مالی سال 2016 میں پاکستان میں کولڈ رولڈ اسٹیل کی کھپت میں %16 اور galvanized پراڈکٹس کی کھپت میں %14 اضافہ ہوا۔ توسیعی پراجیکٹ کی کامیاب تکمیل کے بعد آپ کی کمپنی کی سیلز میں %50 سے زیادہ اضافہ ہوا۔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SECP

Consent for Annual Report Through Emails

Dear Shareholder(s)

The Securities & Exchange Commission of Pakistan (SECP) through its Notification (SRO 787(I) 2014) dated September 8 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 & signed and sent to us or our Share Registrar at their below address:

ای میل کے ذریعے AGM کے نوٹس کے ساتھ ساتھ کمپنی کے آڈٹ کے سالانہ مالیاتی بیانات حاصل کرنے کے لئے، اس خط کو پر کریں، دستخط کریں اور ذیل ایڈریس پر ہمیں یا ہمارے رجسٹرار کو بھیج دیں۔

E – Mail Address:______________________________

CNIC Number: ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

FOLIO / CDS ACCOUNT # ________________________

____
SIGNATURE OF SHAREHOLDER

Share Registrar:
THK Associates (Pvt) Ltd.
Ground Floor, State Life Building 3,
Dr. Ziauddin Ahmed Road, Karachi-75530
Phone : 009221-111-000-322
Email: info@thk.com.pk

Yours faithfully,
FOR INTERNATIONAL STEELS LTD.,
YASIR ALI QURAISHI
Company Secretary

Proxy Form

INTERNATIONAL STEELS LIMITED
Shaping Tomorrow

I / We____

of ____

being a member of **INTERNATIONAL STEELS 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 27, 2016 and at any adjournment thereof.

Signed this _______________ day of _______________ 2016

WITNESS:

1 Signature ______________________

Name ______________________

Address ______________________

CNIC or ______________________

Passport No. ______________________

Signature

Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

2 Signature ______________________

Name ______________________

Address ______________________

CNIC or ______________________

Passport No. ______________________

Note: Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A proxy must be 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 STEELS LIMITED
Shaping Tomorrow

تشکیلِ نیابت داری

میں / ہم ____________________

ساکن ____________________ بحیثیت انٹرنیشنل اسٹیلز لمیٹڈ ____________________ کے

رکن وحامل ____________________ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ____________________

اور / یا سی ڈی سی کے شراکتی آئی ڈی نمبر ____________________ اور ذیلی کھاتہ نمبر ____________________

محترم / محترمہ ____________________ ساکن ____________________

یا بصورتِ دیگر محترم / محترمہ ____________________ ساکن ____________________

کو اپنی جگہ بروز منگل مورخہ 27 ستمبر، 2016 بوقت 11:00 بجے صبح بمقام پیچ لگژری ہوٹل مولوی تمیزالدین خان روڈ کراچی میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:

1 دستخط ____________________

نام ____________________

پتہ ____________________

____

سی این آئی سی یا پاسپورٹ نمبر ____________________

ریونیو ٹکٹ چسپاں کریں۔

____
دستخط

(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہیئے)

2 دستخط ____________________

نام ____________________

پتہ ____________________

____

سی این آئی سی یا پاسپورٹ نمبر ____________________

نوٹ: پراکسیز کے موثر ہونے کے لیے ضروری ہے کہ ان کی تفصیل اجلاس شروع ہونے سے 48 گھنٹے قبل کمپنی کو موصول ہو جائے۔

سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی کمپنی کو پیش کرنے سے قبل اس پراکسی کے ساتھ منسلک کریں۔

INTERNATIONAL STEELS LIMITED

Shaping Tomorrow

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Ahmed Centre I-8 Markaz,
Islamabad, Pakistan
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399-404, Rehri Road, Landhi, Karachi, Pakistan
Tel: (92 21) 35013104-05 Fax: (92 21) 35013108

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