



Shaping Tomorrow



SHAPING A SAFER AND SUSTAINABLE FUTURE



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🏭 SERVICE CENTER

Plot# LE-73-79, 102-103, 112-118, 125-129
Survey # Nc.98, Near Arabian Country Club,
National Industrial Park, Bin Qasim, Karachi

✉ SALES INQUIRIES

sales@isl.com.pk

✉ CAREERS

careers@isl.com.pk

✉ GENERAL INFORMATION

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🌐 WEBSITE

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/International Steels Limited



**Annual Report
2021**

TABLE OF CONTENTS

COMPANY INTRODUCTION	02	CORPORATE GOVERNANCE	78
• Corporate Profile and Highlights	02	• Board of Directors Profile	79
• Company Information	06	• List of Other Directorships	83
• About the Group	08	• Governance Framework	85
• Milestones	12	• Board Committees	92
• Vision, Mission and Core Values	14	• Directors Participation in Board and Sub Committee Meetings	95
• Strategic Objectives	16	• Management Team	95
• Products and Services	18	• Report of the Board Audit Committee on Adherence to the Code of Corporate Governance	99
• National Presence	22	• Statement of Compliance with Listed Companies (Code Of Corporate Governance) Regulations, 2019	101
• Global Footprint	22	• Review Report on Statement of Compliance Contained in Listed Companies (Code Of Corporate Governance) Regulations, 2019	104
• COVID-19 and HSE Protocols	25		
• Value Creation	27		
• Code of Conduct	29		
• Organization Chart	31		
• Mechanism for Providing Information	32		
CHAIRMAN'S REVIEW	35	FINANCIAL HIGHLIGHTS	105
• Chairman's Review	36	• Analysis of Financial Statements	107
• Chairman's Review (Urdu)	37	• Key Financial Indicators	111
		• Six Years at a Glance	113
		• Du Point Analysis	116
		• Quarterly Performance Analysis	117
		• Statement of Value Addition	118
		• Statement of Cash Flows	119
		• Free Cash Flow	120
DIRECTORS' REPORT	41	FINANCIAL STATEMENTS	120
• Global Steel Scenario	42	• Independent Auditors' Report to the Members	121
• Pakistan's economy	42	• Statement of Financial Position	125
• Business Review	43	• Statement of Profit or Loss	126
• Sales	43	• Statement of Comprehensive Income	127
• Manufacturing Operations	44	• Statement of Changes in Equity	128
• Health, Safety and Environment	44	• Statement of Cash Flows	129
• Energy Management	44	• Notes to the Financial Statements	130
• Financials	45		
• Earnings Per Share	45		
• VIS Credit Rating	45		
• Human Resources	45		
• Corporate Social Responsibility	46		
• Risk Management	46		
• Recommendation of the Board Audit Committee for Appointment of Auditor	46		
• Dividend	46		
• Appropriations	46		
• Contribution to National Exchequer and the Economy	47		
• Provident Fund & Gratuity Scheme	47		
• Future Prospects	47		
• Acknowledgement	47		
• Recognition	47		
• Directors' Report (Urdu)	53		
SUSTAINABILITY REPORT	56	STAKEHOLDER INFORMATION	180
• Our Relationship with Society and Community	57	• Ownership	181
• 10 UNGC Principles	59	• Pattern of Shareholding	182
• Our Stakeholders	60	• Categories of Shareholders	183
• Stakeholders Communication	61	• Key Shareholding	183
• Employees	65	• Shareholders Composition	184
• Customers	69	• Share Price Trend vs Volume Traded	184
• Shareholders	70	• Notice of Annual General Meeting	185
• Community	73	• Notice of Annual General Meeting (Urdu)	192
		FORMS	193



CORPORATE PROFILE

CORPORATE PROFILE

International Steels Limited “ISL” is the largest Flat Steel manufacturer in Pakistan. The company was incorporated in 2007 and commenced production in 2010. To date, the company has invested approximated US\$ 300 million in establishing a state of the art flat steel complex.

ISL’s manufacturing facilities are located on a 32 acre piece of land in the Port City of Karachi, where the company produces Cold Rolled Steel, Galvanized Steel and Color Coated Steel for numerous industrial and commercial applications. The company has also established a service center in order to provide value added products to its customers. ISL has a strong nationwide supplier network that is served through regional offices in Lahore, Islamabad and Multan. ISL exports its products to more than 30 countries worldwide.

In its short history, ISL has carried out extensive large scale expansion activities to enhance production. With the recent expansion, the company now has a capacity of over 1,000,000 Metric Tons.

The company has played an important role in developing the large scale industrial manufacturing sector of Pakistan. ISL’s high quality steel serves as an essential input for various upstream and downstream industries of the country. Through consistently expanding manufacturing capacity, the company has substituted a significant portion of Pakistan’s flat steel imports, resulting in a significant foreign exchange saving for the county.

ISL believes in sustainability of operations and aims to maintain good relationship with all its stakeholders. Driven by the Clean, Lean and Green approach, the company strives to continuously reduce its carbon footprint, promote effective utilization of resources, reduce waste and promote green practices through recycling and reusing resources.

The company partakes various social initiatives to promote wellbeing and welfare of the society, especially in the segments that are most challenged. ISL is a frequent supporter of various health care and educational initiatives in the country.





DRIVEN BY A VISION TO PROMOTE INDUSTRIAL DEVELOPMENT IN PAKISTAN

Since its inception, International Steels Limited has been driven by its vision to promote industrial development in Pakistan. At ISL, Innovation and responsibility have been at the core of building a sustainable enterprise and exploring possibilities towards creating a better future with sustainability and resilience.

From investing in state-of-the-art technology to redefining what it is to be “Made in Pakistan”, ISL has been determined to transform the industrial landscape of the country and at the same time, remain conscious of the society at large. Our products are fully compliant with the national and global standards of steel-making. As the largest manufacturer and exporter of flat steel products in Pakistan, we deploy the best available technology to deliver quality, reliability and availability to provide sustenance to thousands of small and large-sized businesses across Pakistan.

Our resolve is steel - the material for the future and the fabric that shapes a better tomorrow!

INVESTMENT TO DATE

US\$ 250

MILLION

PRODUCTION FACILITY

32

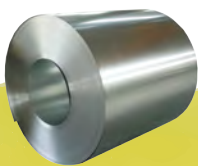
ACRES

PRODUCTION CAPACITY

1,000,000

METRIC TONS

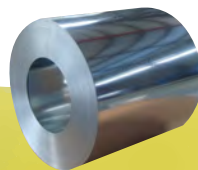
PRODUCTION CAPABILITY



COLD ROLLED STEEL

1,000,000

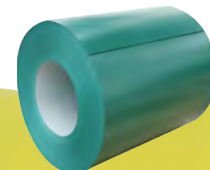
METRIC TONS



HOT DIP GALVANIZED STEEL

450,000

METRIC TONS



COLOR COATED STEEL

84,000

METRIC TONS

ORIGINAL EQUITY CONTRIBUTORS



Promising Reliability, For Now and Tomorrow



COMPANY INFORMATION



Chairman (Independent)

Dr. Amjad Waheed

Independent Directors

Mr. Babar Badat
Ms. Nausheen Ahmad
Mr. Nihal Cassim

Non-Executive Directors

Mr. Fuad Azim Hashimi
Mr. Haroun Rashid
Mr. Kamal A. Chinoy
Mr. Mustapha A. Chinoy
Mr. Shuji Tsubota

Director & Chief Executive Officer

Mr. Yousuf H. Mirza

Director & Chief Operating Officer

Mr. Samir M. Chinoy

Chief Financial Officer

Mr. Mujtaba Hussain

Company Secretary

Mr. Mohammad Irfan Bhatti

Chief Internal Auditor

Mrs. Asema Tapal

External Auditors

A. F. Ferguson & Co., Chartered Accountants

Legal Advisor(s)

Mrs. Sana Shaikh Fikree

Investor Relations Contact

Shares Registrar
THK Associates (Pvt.) Ltd
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D.H.A., Phase VII, Karachi-75500
Phone: +92 21-35890051 Mobile: +92 334-2404222
Email: info@thk.com.pk

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Factory

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Fax: +92 21 35013108 E-mail: info@isl.com.pk

Service Center

Plot# LE-73-79, 102-103, 112-118, 125-129
Survey # Nc.98, Near Arabian Country Club,
National Industrial Park, Bin Qasim, Karachi

Website

www.isl.com.pk

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited



**ABOUT
THE
GROUP**



AMIR S. CHINYOY GROUP

The Amir S. Chinoy Group (ASCG) has been at the forefront of Pakistan's industrial development for over 70 years. Our founder, Mr. Amir S. Chinoy, a pioneer of industrialization in Pakistan since Partition, laid the foundation of ASCG by setting up concerns in heavy chemicals (Pak Chemicals Ltd, 1951), steel and GI pipes (International Industries Limited, 1948) and electrical wires and cables (Pakistan Cables Limited, 1953). His commercial interests also extended to trading, electrical contracting and representation of major European and International companies in South Asia, which later inspired the group to establish international presence in Australia, US and Canada. As flag bearers of determination and innovation, the group invested in a green field project for the manufacture of Cold Rolled Steel & GI sheets (International Steels Limited, 2007).

Today, the ASCG provides manufacturing, import, export, trading and industrial services of diversified nature to various sectors and segments across Pakistan. The Group has an extensive network of distribution of its products in Pakistan. To the best of our knowledge, the ASCG has the largest geographical footprint, with presence in over 200 cities and towns through 1,500+ outlets in Pakistan.

The ASCG companies are also members of the Pakistan Stock Exchange since 1956. Headquartered in Karachi, the business hub of Pakistan, ASCG companies offer a variety of world class products and service primarily related to construction. Its brands are a household name and a hallmark of trust among customers, across generations. The broad range of products manufactured by the member companies, uniquely position ASCG with a deep knowledge and expertise in construction products, services and solutions, developed anticipating and responding to customer needs. Some of the materials and products that the companies manufacture (but are not limited to) include:

- Cold Rolled Steel
- Galvanized Steel Sheet
- Colour Coated Steel

- Pipes & Tubes of CR & HR Steel, Galvanized Steel, Stainless Steel, UPVC, PE
- Hollow Structural Sections (Steel)
- Scaffolding Systems
- Electric Wires & Cables (LV & MV)
- Electric Overhead Conductors of Aluminum & Copper
- Special Cables
- PVC Compound
- Copper Rod
- Aluminium Sections for Architectural Purposes

ASCG companies have attracted international equity partners of repute, which have further enriched technical expertise and best practices across its companies. The leading equity partners, ASCG has been associated with:

- British Insulated Callender's Cable (BICC), UK
- General Cables, USA
- JFE Steel Corporation, Japan
- Sumitomo Corporation, Japan
- International Finance Corporation (IFC)

The Group has acquired the status of a market leader of several categories amongst local manufacturers but has grown its exports base to several countries due to its maintained quality and product expertise. Over 2,400 dedicated professionals work industriously to meet the needs of a diverse range of business segments and households – be it infrastructure, industries, or households.

Historically, the Group has been active in lending support to social and community upliftment. All CSR activities undertaken ensure compliance with local legislations, and maintain the highest degree of ethics and integrity.

Within the member companies, inducing sustainable business practices has already taken root. Best practices are continually explored and implemented, to enhance manufacturing capabilities, and contributing to society by providing excellent products and services in its journey to contribute towards sustainability.



884,088
[Metric Tons]
Total Metals Produced



2,451
Number of Employees



1,620
Number of Dealers/Distributors



200
Geographic Footprint
Cities and towns



111.8
PKR Billion
Sales Turnover
[USD 697 Mn.]



73.7
PKR Billion
Market Capitalisation
[USD 466 Mn.]



68
Years of Production



60
Number of Export Destinations



24
PKR Billion
Contribution to National Exchequer
[USD 150 Mn.]



17.88
PKR Billion
Export Sales
[USD 111.5 Mn.]

*as of FY ending 30 June 2021





Promising Reliability, For Now and Tomorrow

Incorporated in 1948
Listed on PSX since 1984
Credit Rating AA/A-1

PRODUCTS

Steel Tubes and Pipes
Polymer Pipers and Fittings
Stainless Steel Tubes

2021 Turnover

28.9 BILLION



Shaping Tomorrow

Incorporated in 2007
Listed on PSX since 2011
Credit Rating A+ /A-1

PRODUCTS

Cold Rolled Steel
Hot Dip Galvanized Steel
Color Coated Steel

2021 Turnover

69.8 BILLION



TRUSTED NOT TO COMPROMISE

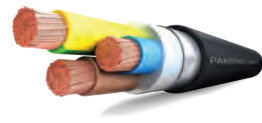
Incorporated in 1953
Listed on PSX since 1955
Credit Rating A/A-1

PRODUCTS

Wires, Cables and Copper Rod
Aluminium Profiles
PVC Compound

2021 Turnover

13.1 BILLION



GROUP TURNOVER

112 BILLION

JOURNEY AND MILESTONES





2007

- Incorporated in September
- Installation of 19 Mega Watt Power Generation Plant

2008-2009

- Civil works and plant installation in process

2010

- Cold Rolling and Galvanizing complex is commissioned

2011

- Commercial operations of Cold rolling and Galvanizing complex commences
- Installed capacity 250,000 MT
- ISL gets listed on Pakistan Stock Exchange
- Certifications acquired:
 - ISO 9001 Quality Management System
 - ISO 14001 Environmental Management
 - ISO 18001 Occupational Health & Safety Management Systems

2012

- Commercial operations of Cold Rolling and Galvanizing Complex commences with an installed capacity of 250,000 MT

2013

- Production exceeds 166,000 MT
- Sales exceed 161,000 MT
- Net turnover exceeds PKR 13 Billion

2014

- Production exceeds 220,000 MT
- Sales exceed 217,000 MT
- Net turnover exceeds PKR 17 Billion

2015

- Production exceeds 280,000 MT
- Sales exceed 257,000 MT
- Net turnover exceeds PKR 21 Billion

2016

- Second Galvanizing plant is commissioned and starts commercial production
 - Galvanizing capacity increased to 450,000 MT from 150,000 MT
- Pakistan's first Color Coating line is established at ISL
 - Color Coating capacity 84,000 MT
- A new electrolysis plant is installed to produce Hydrogen Second strand on the 4-Hi Reversing Mill is commissioned, converting it into a Continuous Compact Mill "CCM"
- Production exceeds 238,000 MT
- Sales volume exceeds 239,000 MT
- Net turnover exceeds PKR 17.5 Billion

2017

- Commercial production of the enhanced 4-Hi Continuous Compact Mill commences
- Cold Rolled capacity increases to 500,000 MT from 250,000 MT
- Production exceeds 370,000 MT
- Sales volume exceeds 364,000 MT
- Net turnover exceeds PKR 20 Billion

2018

- Debottlenecking of Push Pull pickling line.
- Pickling capacity enhances to 600,000 MT from 500,000 MT
- Successful commissioning of additional annealing capacity
- Annealing capacity enhanced to 200,000 MT from 160,000 MT
- Second Continuous Compact Mill "CCM-2" is commissioned
- SNI certification of Indonesia is acquired
- Production exceeds 465,000 MT
- Sales volume exceeds 490,000 MT
- Net turnover exceeds PKR 33 Billion

2019

- Second Continuous Compact Mill "CCM-2" commences commercial production.
 - Cold Rolling capacity increases to 1,000,000 MT from 500,000 MT
- Annealing capacity is enhanced
 - Annealing capacity increases to 360,000 MT from 300,000 MT
- New continuous pickling line is commissioned and starts commercial production
 - Capacity of new continuous pickling line becomes 1,000,000 MT
- Production exceeds 470,000 MT
- Sales volume exceeds 539,000 MT
- Sales value exceeds PKR 47 Billion
- ISL wins Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Export Award 2017 in the Steel category
- Pakistan Stock Exchange's status at Morgan Stanley Composite Index (MSCI) is upgraded to "Emerging Market" and ISL is listed in the MSCI
- ISL wins Management Association of Pakistan (MAP) Corporate Excellence Award 2019
- JCR-VIS credit rating company awards ISL a credit rating of "A+/A-1"

2020

- ISL Service Center commences operations. The state-of-the-art service center is envisioned to provide value added services to the customers.
- ISL bags 1st award at the "7th Employer of the year award" in the Medium National Category.
- ISL received 43rd FPCCI Best Export Performance Awards 2018-19
- International Steels Limited (ISL) wins the prestigious Top 25 Performing Companies award conferred by the Pakistan Stock exchange
- ISL wins Management Association of Pakistan (MAP) Corporate Excellence Award 2020 for the second consecutive year

2021

- ISL receives "Employers Federation of Pakistan's Exporters Recognition Award", being acknowledged among the Top 45 largest exporters of Pakistan.
- ISL wins "8th Employer of the Year Award" for the year 2019-2020.
- ISL wins three CSR Awards at the NFEH's (National Forum for Environment and Health) 13th Corporate Social Responsibility Summit – 2021 in the categories of:
 - Education and Scholarships
 - Community Development and Services Waste Management
 - Recycling
- ISL secures 2nd position in the Asian Management Games 2021



**VISION
MISSION
AND
CORE VALUES**



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 partnerships. 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.

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.

A golden chess king piece stands prominently on a dark chessboard. The background is a vibrant green watercolor splash that frames the scene. In the blurred background, other chess pieces are visible, suggesting a strategic game in progress. The lighting is dramatic, highlighting the metallic texture of the king piece.

STRATEGIC OBJECTIVES

We are committed to continually enhance the effectiveness of our quality, environment, 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.

CREATING SHARED VALUE

ISL aims to strengthen its relationship with its shareholders by maximizing value for them and ensuring fair returns through operational excellence. Striving to bring innovation through its products, processes and services while optimizing the resources, ISL applies best operational practices and continuously improves them through institutional learning.

INVESTING IN HUMAN CAPITAL

The company attributes its success to its human capital and its quality. It strives to attract, develop and retain the best talent available, providing career growth opportunities through a system of skill development, motivation and rewards. Aspiring to be an “Employer of Choice”, we are committed to providing a safe, collaborative and high performance workplace to our employees.

INVESTING IN TECHNOLOGY

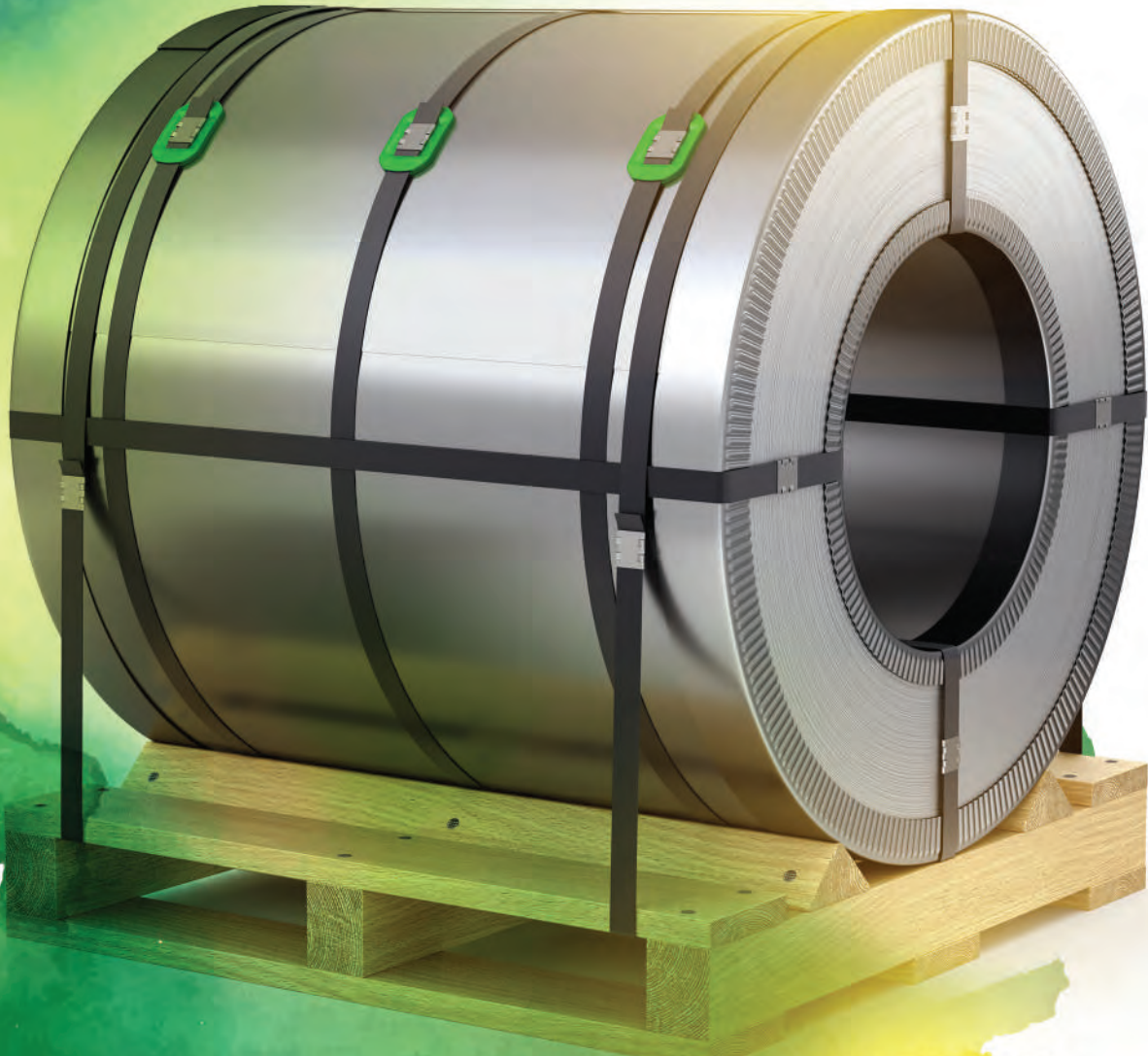
ISL aims to become a technology driven company, one that fulfills its commitment to its customers by effectively anticipating customers’ requirements. The company strives to exceed expectations by utilizing and continuously enhancing its technical capabilities and service levels.

REDUCING WASTE

The company makes considerable efforts to reducing waste, thereby promoting efficient utilization of resources and lowering waste levels, ultimately promoting efficiency throughout the value chain.

ENSURING SUSTAINABILITY

ISL regards sustainability of its operations as a key responsibility towards its stakeholders. ISL remains committed towards its causes of waste reduction, protection of environment, ensuring wellbeing, safety and welfare of people and incessant technological advancement.



PRODUCTS



ISL's cold rolling mill is a modern, advanced facility designed and supplied by SMS Siemag, Germany. With strict quality control processes and advanced technology, our product provides outstanding finish and workability, highly valued by customers in the automobile, home appliances, furniture, drum, tube, filter, tin plate and various other industrial segments. Cold rolled steel manufactured by ISL is available in thicknesses ranging from 0.15 mm to 3.0 mm and is offered in a maximum width of 1,250 mm. 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 expansions, ISL's capacity has increased to over 1,000,000 MT.



ISL's Hot Dipped Galvanized Steel is produced on a state-of-the-art, fully automated 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. Hot dip galvanized steel is available in thicknesses ranging from 0.15 mm – 2.50 mm. After addition of our new galvanizing line, ISL's capacity to produce galvanized steel increased to 462,000 MT.



Our Continuous Color Coil Coating facility was developed using wet paint coating technology. The 84,000 MT 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 0.20 mm – 1.50 mm.



SERVICE CENTER

ISL Service Center

ISL's Service Center shapes flat rolled steel into various forms for a wide range of industrial and commercial applications, ranging from profiles that form highly durable structures and roofs, to custom-cut sheets and slitted coils that serve as ready-to-use input for various purposes.

ISL's value added services include:



CUT-TO-LENGTH

Thickness Range: 0.15 to 2.50 mm
 Coil Width: 1,250 mm max.
 Coil Weight: 25 Tons max.
 Cutting Width: 400 mm to 1,250 mm
 Cutting Length: 600 mm to 4,000 mm
 Pallet Weight: 2.5 Metric Tons max.
 Tolerance of Cutting Length: +/-1 max.



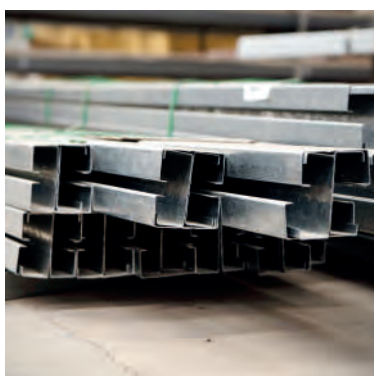
SLITTING

Thickness Range: 0.15 to 2.60 mm
 Coil Width: 1,250 mm max.
 Coil Weight: 25 Tons max.
 Internal Diameter: 508 mm
 External Diameter: 1,700 mm
 Minimum Slitted Width: 26 mm
 Slit Width Tolerance : +/- 0.1 max.



SHEET PROFILES

Sinusoidal Profile Available in 0.30 mm to 0.60 mm	Screw down Profile Available in 0.30 mm to 0.70 mm
Clip Lock Profile Available in 0.40 mm to 0.60 mm	



FRAMECAD

As per requirement
 Available in
 0.75 mm, 0.95 mm and 1.15 mm



REGIONAL NETWORK



GLOBAL FOOTPRINT





SHAPING COMMITMENTS



ISL is determined to make Pakistan self-sufficient in high quality steel. To this end, the company continues to invest in its people and technology.

To date, ISL has invested over **US\$ 300 million**.

Starting with an initial capacity of **250,000 MT**, ISL has evolved to a **1,000,000 MT** steel complex, providing steels of various specifications that serve a wide range of applications. Besides increasing capacity, the company has also invested in enhancing its value proposition through a fully equipped service center, which renders steel in a ready to use form.

HEALTH AND SAFETY STATISTICS

2.42 MILLION

SAFE MAN-HOURS

1.50 TOTAL

RECORDABLE
INCIDENT RATE

3,175

TRAINING
HOURS

ZERO

FIRE CASES

ZERO

LOST TIME INJURY
FREQUENCY RATE

COVID PROTOCOLS

PCR TESTING
RECOMMENDED

SANITIZERS
AND MASKS ARE BEING
REGULARLY DISTRIBUTED



TEMPERATURE
MONITORING OF MANPOWER
AT ALL FACILITIES

**VIRTUAL
MEETINGS**
CONDUCTED



**ROUTINE
DISINFECTION**
OF OFFICES AND FACILITIES



**DISPOSABLE
MATERIAL**
USED FOR BEVERAGES

152

TOTAL TESTED EMPLOYEES

65

POSITIVE CASES

87

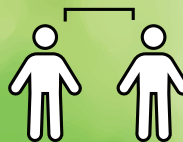
NEGATIVE CASES



COVID SOPs

DEVELOPMENT
AND COMPLIANCE

**MANDATORY
SOCIAL DISTANCING**
AND USE OF MASKS





COVID INFECTION AND RECOVERY DATA

WAVES	TOTAL TESTED	TOTAL INFECTED	INFECTION RATE	LOST WORKING DAYS	AVERAGE RECOVERED DAYS
FIRST WAVE	81	26	32.1%	4118.4	19.8
SECOND WAVE	46	26	56.5%	3265.6	15.7
THIRD WAVE	20	09	45%	1080	15
FOURTH WAVE	05	04	80%	0	0
TOTAL	152	65	42.76	8464	16.80

TESTING STATISTICS

LOCATION	TESTING SUMMARY					
	POSITIVE	NEGATIVE	AWAITED	TOTAL TESTED	RECOVERED	ACTIVE
ISL FACTORY	43	81	0	124	40	03
HEAD OFFICE (KARACHI)	06	01	0	07	06	0
REGIONAL OFFICE (LAHORE)	05	03	0	08	04	01
SERVICE CENTER	04	01	0	05	04	0
FINANCE DEPARTMENT	07	01	0	08	07	0
TOTAL	65	87	0	152	61	04

VACCINATION STATISTICS

TOTAL NUMBER OF EMPLOYEES	STATUS (NUMBERS)
TOTAL NUMBER OF EMPLOYEES (CURRENT HEAD COUNT)	704
TOTAL NUMBER OF EMPLOYEES (CURRENT HEAD COUNT)	691* 477 PARTIALLY VACCINATED 214 FULLY VACCINATED

*The unvaccinated employees have not been vaccinated yet due to some medical reasons and/or their doctors' advice.

VALUE CREATION FROM 2011 - 2021



CONTRIBUTION
TO GOVERNMENT

OVER
**PKR 77
BILLION**
CONTRIBUTED TO THE
NATIONAL EXCHEQUER



SUBSTITUTING
IMPORTS

SAVING
**\$327
MILLION**
WORTH OF FOREIGN
EXCHANGE OUTFLOW
THROUGH LOCALIZATION



EXPORT
VALUE

CONTRIBUTED
**\$341
MILLION**
CONTRIBUTED TO THE
NATIONAL EXCHEQUER



EXPORTS
GLOBAL FOOTPRINT

EXPORTING TO OVER
**30
COUNTRIES**
WORLDWIDE



EXPORT AWARD
IRON & STEEL CATEGORY

3 TIMES WINNER OF
**THE EXPORT
AWARD**
BY FEDERATION OF PAKISTAN
CHAMBERS OF COMMERCE
AND INDUSTRY (FPCCI)





ENVIRONMENTAL
RESPONSIBILITY

PRACTICING
**CLEAN, LEAN &
GREEN APPROACH**
MANUFACTURING WITH
SUSTAINABLE PRACTICES



CSR
CONTRIBUTIONS

ALLOCATING
**1.5% OF PROFIT
AFTER TAX**
ANNUALLY FOR SOCIAL UPLIFT
AND CHARITABLE CAUSES



EMPLOYER OF CHOICE
RECOGNITION

DIAMOND CATEGORY
**EMPLOYER
OF THE YEAR**
AT 8TH EMPLOYER OF THE
YEAR AWARDS ORGANIZED BY
EFP PAKISTAN FY-2018-19



SKILL
DEVELOPMENT

IMPARTED
**15,000
MAN HOURS**
TO TRAIN AND DEVELOP
HUMAN RESOURCES



CREDIT
RATING

ACQUIRED
**A+ / A-1
RATING**
FROM JCR-VIS
CREDIT RATING COMPANY





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 both committed to ensure that the company is a responsible corporate citizen and the business shall be carried out in a 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 as a part of our Corporate Social Responsibility.

(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 either

(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) All employees shall avoid any kind of bribery, extortion and all other forms of corruption.

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

(c) Accounting Records, Controls & Statements

- i) All books, records, accounts and statements should conform to generally accepted and applicable accounting principles and to all applicable laws and regulations and should be maintained accurately.
- ii) Employees are expected to sign only documents or records which they believe to be accurate and truthful.

(d) Environment

- i) The company is committed to carry its business in an environmentally sound and sustainable manner and promote preservation and sustainability of the environment.
- ii) All employees are required to adhere strictly to all applicable environmental laws and regulations that impact the company's operations.



(e) Regulatory Compliance

- i) The company is committed to make prompt public disclosure of “material information” regarding the company as prescribed in the Pakistan Stock Exchange Regulations, if required.
- ii) Where an employee is privy to the information, which is generally referred to as “material inside information”, the same must be held in strict confidence by the employee involved until it is publicly released.
- iii) The employees shall abide by the appropriate Competition Laws and shall not enter into understandings, arrangements or agreements with competitors, which have the effect of fixing or controlling prices, dividing and allocating markets or territories, or boycotting suppliers or customers.

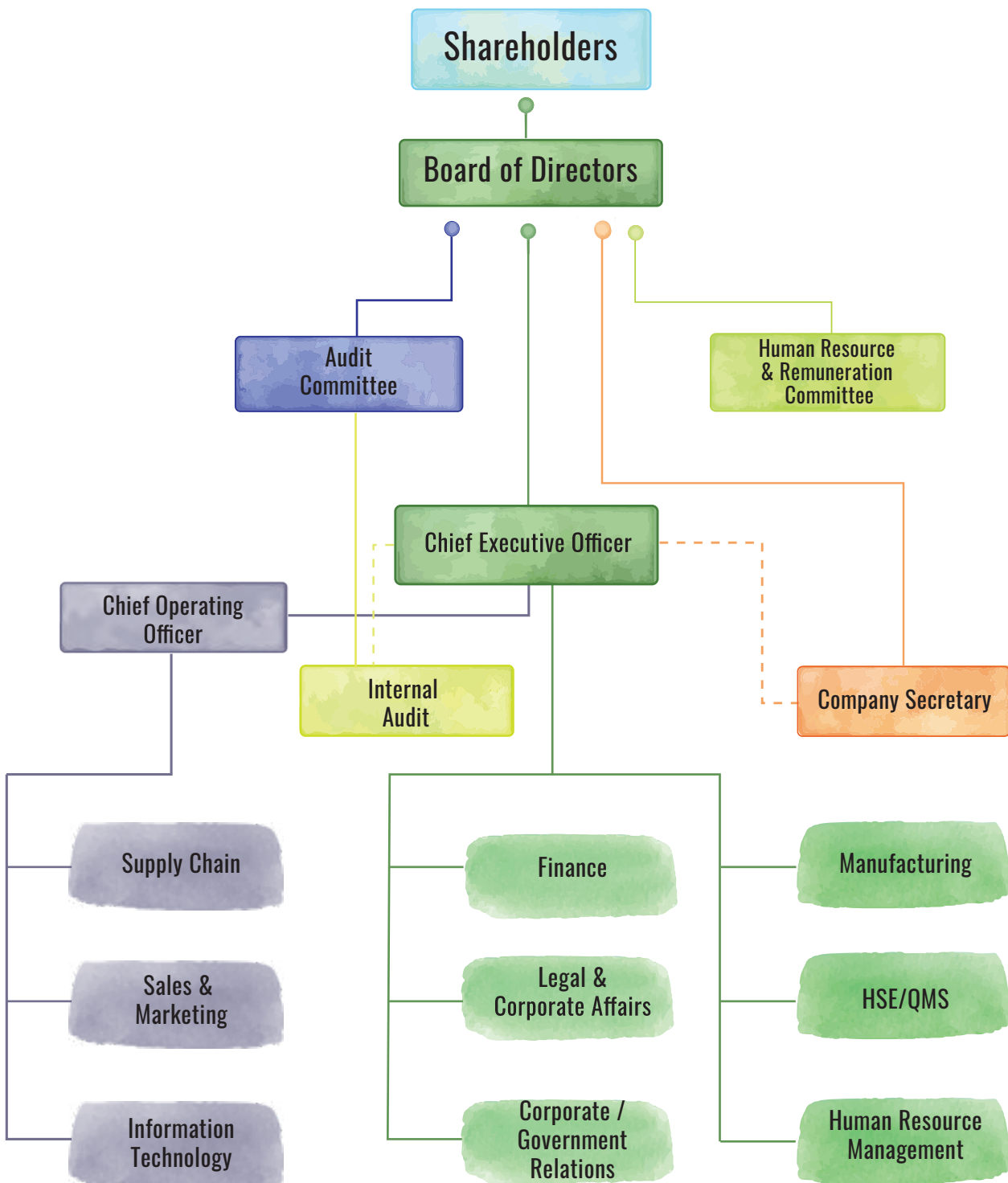
(f) Personal Conduct

- i) All employees should conduct themselves with the highest degree of integrity and professionalism in the workplace or any other location while on company business.
- ii) The employees shall be careful while dealing with personal or business associates and not disclose, divulge or provide any information regarding the company to anyone except where the same is used as a part of his/ her official obligations and as required for official purpose and shall abide by the Close 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 Company may amount to gross misconduct, which may result in summary dismissal. Further, the company reserves the right to seek redress and damages from such individuals.
- ii) Employees at all levels will be required to certify annually that they understand the code and that they are in full compliance with this code. The Board monitors the findings of this certification on annual basis.
- iii) The Company has in place a confidential “Whistle Blowing policy” as whistleblowing mechanism and process to encourage the reporting of any non-compliance with this code of conduct.

ORGANIZATIONAL CHART





MECHANISM FOR PROVIDING INFORMATION

Formal Reporting Line

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

Employees

Employees are encouraged to express their views and forward their suggestions. We follow an open door policy and employees are free to send emails, phone or even talk directly to the CEO. The employees can give suggestions, grievances and concerns or raise any matter related to the Company. In case the matter is of significant nature, the same is addressed in the meetings of the Management Committee, the Board of Directors or the relevant Board committee.

The Company also has a Whistle Blowing Policy to enable employees to raise serious concerns to the Management regarding the business or Company without fear of repercussions.

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

Shareholders

Every year the Annual General Meeting of shareholders is held in accordance with the requirements of the Companies' Act 2017, which is attended by the Board, CEO, Company Secretary, CFO and the senior management of the Company. The interactive session with the shareholders allows the shareholders to ask questions on financial, economic, social and other issues and also give suggestions and recommendations. The CEO responds to all questions.

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

Managing Conflict of Interest

As per the Code of Corporate Governance, the Company annually circulates the Code of Conduct amongst all employees and Directors. Further, the Directors and key employees are reminded of insider trading and to avoid dealing in shares during closed period.

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

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

A large roll of paper is being processed by machinery in a paper mill. The machinery is green and yellow, and the paper is white. The background is a bright, cloudy sky. The text 'SHAPING EXCELLENCE' is overlaid on the bottom right of the image.

SHAPING EXCELLENCE



ISL remains committed towards reducing Pakistan's reliance on imported steel. The company has substituted a significant portion of the country's steel imports through localizing an essential raw material.

To date, ISL has saved over **\$327 Million** of foreign exchange outflow and contributed towards diversifying the country's export base.

CHAIRMAN'S REVIEW





CHAIRMAN'S REVIEW

I am pleased to present my review as the new Chairman of the Company for the year ended 30 June 2021, highlighting the Company's performance and the role of the Board of Directors in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

The economy which was impacted last year due to the external business environment and COVID continued to recover during the year. GDP growth for the year is estimated at 4% mainly on account of recovery in agriculture, industrial and services sectors and large-scale manufacturing by 14.9% in FY 2021. The government is anticipating GDP growth for FY 2022 at 5%. The salient financial features of FY 2020-2021 are as follows:

Net Sales increased by 45% to Rs. 69.80 billion
 Gross Profit increase by 220% to Rs 13.49 billion
 Profit after tax increased by 14 times to 7.47 billion
 Earnings per share increased to Rs. 17.16

In March 2021, the Board of Directors approved an investment of Rs.1.23 billion for a debottlenecking project to enhance the finishing capacity of Cold Rolled Coils and sheets by 120,000 tons per annum using Temporary Economic Refinance Facility (TERF) and Long Term Financing Facility (LTFF) offered by the State Bank of Pakistan. The project is expected to be completed by August 2022.

The company, in line with the country's objectives, increased its exports from Rs 8.99 billion to Rs 11.85 billion, an increase of 32%. The Company believes that a strong demand exists for its products in the international markets and aims to further increase its exports.

During the year 2020-21, there were three casual vacancies created on the Board. These were due to the resignation of Mr. Towfiq H. Chinoy, Mr. Koji Fukushima, and the sad demise of Mr. Zakaullah Khan. The Board appreciates the contribution of the outgoing Directors. These casual vacancies were filled within the statutory timelines with the appointment of Mr. Babar Badat, Mr. Shuji Tsubota, and Mr. Haroun Rashid for the remaining term of the existing Board of Directors. I would like to welcome all the new Directors and look forward to their valuable contribution towards your Company.

In line with the Company's vision and mission, the focus of the Company's management will remain on the delivery of quality products, improved profitability and growth for the overall success of the Company. This, we believe is achievable based on our fundamental strengths, the quality of our devoted workforce, our production systems and effective supply chain management. We are confident that the Company will be successful in meeting the future challenges and targets.

The Board has performed its duties and responsibilities diligently and has contributed effectively in guiding the management in its strategic affairs. The Board also played a key role in the monitoring of management performance and

focus on major risk areas. The Board was fully involved in the strategic planning process and enhancing the vision of the Company.

The Board recognizes that well-defined corporate governance processes are vital in enhancing corporate accountability and transparency. It is committed to ensure high standards of corporate governance to preserve and maintain stakeholders value. All Directors including the Independent Directors fully participate and contribute in the decision-making process.

As Chairman of your Company, I will continue to be responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard, and ensuring that the Board hears from various levels and areas of senior management. I will remain firmly committed to ensuring that your Company complies with all relevant codes and regulations and that our management team continues to take decisions that will create value for you in the short, medium and long term. The Board is aware of the challenges ahead as we focus our effort towards sustainable growth in an industry which is one of the prime indicators of our country's economic progress.

The Board recognizes that well-defined corporate governance processes are vital to enhancing accountability. We are committed to ensuring high standards of corporate governance to maintain stakeholder value. The Company has an independent Internal Audit department that follows a risk-based audit methodology. Internal Audit reports are presented to the Board Audit Committee on a quarterly basis and areas for improvement are highlighted. Apart from the Board Audit Committee (BAC) / Board Human Resources & Remuneration Committee (HRRC) meetings, the Board met six times during the year. The Board normally meets once every quarter to consider and approve financial and operating results, and the other two meetings were held to approve the de-bottlenecking project and the budget for the following year.

Your Company is continuously investing substantial resources to improve the working conditions for its employees, by providing a safe, healthy and comfortable working environment.

On behalf of the Board, I would like to extend my heartfelt appreciation to the employees, customers, suppliers, bankers, business partners and all stakeholders for their commitment, support and passion to advance this Company forward.

We continue to pray to Allah for the continued success of your Company for the benefit of all stakeholders and our country.

Dr. Amjad Waheed

Chairman

Karachi August 24, 2021

چیئر مین کی جائزہ رپورٹ 2021

حکمت عملی سے منصوبہ بندی کر رہا ہے اور کمپنی کے وژن کو وسعت دے رہا ہے۔ بورڈ یہ تسلیم کرتا ہے کہ کارپوریٹ گورننس کے واضح اقدامات کارپوریٹ سے متعلق احتساب اور شفافیت میں اضافے کیلئے انتہائی اہمیت کے حامل ہیں۔ بورڈ اسٹیک ہولڈرز کی قدر و قیمت کو برقرار رکھنے کیلئے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے میں پُر عزم ہے۔ تمام ڈائریکٹرز بشمول آزاد ڈائریکٹرز فیصلہ سازی میں بھرپور حصہ لیتے ہیں۔

میں آپ کی کمپنی کی چیئر مین کی حیثیت سے صاف گوئی کی ثقافت، اصلاحی مباحثے جس میں ہر ایک کو اظہار رائے کی اجازت ہو، کیلئے بورڈ کی رہنمائی کرتا رہوں گا اور اس بات کو یقینی بناتا ہوں کہ بورڈ ہر سطح پر انتظامیہ کی رائے پر اپنی توجہ مرکوز کرے۔ میں اس بات کو یقینی بنانے میں مکمل طور پر پُر عزم رہوں گا کہ آپ کی کمپنی تمام متعلقہ قوانین و ضوابط پر مکمل عمل پیرا ہو اور یہ کہ ہمارا انتظامیہ ملکہ آپ کیلئے مختصر، درمیانی اور طویل مدت میں ویلیو میں اضافے کیلئے بہتر فیصلے جاری رکھے۔ بورڈ مستقبل میں آنے والے چیلنجز سے آگاہ ہے اور ہم نے اپنی تمام تر کاوشیں صنعت میں مستحکم اضافے پر مرکوز رکھی ہیں جو ہمارے ملک کی معاشی ترقی کیلئے انتہائی اہمیت کی حامل ہے۔

بورڈ یہ تسلیم کرتا ہے کہ کارپوریٹ گورننس کے واضح اقدامات کارپوریٹ سے متعلق احتساب میں اضافے کیلئے انتہائی اہمیت کے حامل ہیں۔ ہم اسٹیک ہولڈرز کی ویلیو اور کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کیلئے پُر عزم ہیں۔ کمپنی اپنا ایک خود مختار انٹرنل آڈٹ ڈیپارٹمنٹ رکھتی ہے، جو رسک کی بنیاد پر آڈٹ کے طریقہ کار پر عمل پیرا ہے۔ انٹرنل آڈٹ رپورٹس سے ماہی بنیاد پر بورڈ آڈٹ کمیٹی کو پیش کی جاتی ہیں اور جہاں بہتری ممکن ہو اس کی نشاندہی کی جاتی ہے۔ بورڈ آڈٹ کمیٹی (BAC) اور بورڈ ہونور ریسورس اینڈ ریویژن کمیٹی (HRRC) کی میٹنگز کے علاوہ بورڈ سال میں 6 مرتبہ میٹنگ کا انعقاد کرتا ہے۔ بورڈ عمومی طور پر ہر سہ ماہی میں میٹنگ کا انعقاد کرتا ہے جس میں وہ مالیاتی اور آپریٹنگ نتائج پر غور اور انہیں منظور کرتا ہے، اور دیگر 2 میٹنگز ڈی ہولڈنگ کے منصوبے اور آئندہ سال کے بجٹ کیلئے منعقد کی گئیں۔

آپ کی کمپنی امور کی انجام دہی کیلئے محفوظ و صحت مند اور آرام دہ ماحول کی فراہمی کے ذریعے اور اپنے ملازمین کی درنگ صورت حال میں بہتری کیلئے خاطر خواہ ذرائع کی مسلسل سرمایہ کاری کر رہی ہے۔

میں بورڈ کی جانب سے تمام ملازمین، معزز کسٹمرز، سپلائرز، مییکرز، بزنس پارٹنرز اور تمام اسٹیک ہولڈرز کا کمپنی کیلئے ان کے عزم، معاونت اور اسے ترقی دینے کے جذبے کو دل سے سراہتا ہوں۔

ہم اپنے تمام اسٹیک ہولڈرز اور اپنے ملک کے بہتر مفاد میں آپ کی کمپنی کی مسلسل کامیابی کیلئے دعا گو ہیں۔

ڈاکٹر امجد مجید

چیئر مین

کراچی 24 اگست، 2021

میں کمپنی کے نئے چیئر مین کی حیثیت سے 30 جون 2021 کو ختم ہونے والے سال کیلئے اپنا جائزہ بخوشی پیش کر رہا ہوں، جس میں کمپنی کی کارکردگی اور اپنے تمام اسٹیک ہولڈرز کے بہتر مفاد کیلئے اپنی ذمہ داریوں کو پورا کرنے اور انتظامی امور میں رہنمائی کے سلسلے میں بورڈ آف ڈائریکٹرز کے کردار کو اجاگر کیا گیا ہے۔

بیرونی طور پر کاروباری ماحول اور کووڈ کی صورت حال کے باعث گزشتہ سال معیشت بری طرح متاثر ہوئی جو بحالی کی جانب گامزن ہے۔ اس سال GDP کا اضافہ تقریباً 4 فیصد رہا جس کی وجہ مالی سال 2021 میں زراعت، صنعت اور سروسز کے شعبوں اور بڑے پیمانے پر صنعت سازی میں 14.9 فیصد اضافہ ہے۔ حکومت مالی سال 2022 میں GDP میں 5 فیصد اضافے کی توقع کر رہی ہے۔ 2020-2021 کی اہم مالیاتی تفصیلات درج ذیل ہیں:

کل فروخت میں 69.80 بلین روپے (45 فیصد) کا اضافہ ہوا

مجموعی منافع میں 13.49 بلین روپے (20 فیصد) کا اضافہ ہوا

منافع بعد از ٹیکس میں 14 گنا اضافہ ہوا جو 7.47 بلین روپے ہے

فی حصص منافع میں 17.16 روپے کا اضافہ ہوا

مارچ 2021 میں بورڈ آف ڈائریکٹرز نے ڈی ہولڈنگ ٹیکنگ منصوبے کیلئے 1.23 بلین روپے کی سرمایہ کاری کی منظوری دی ہے تاکہ اسٹیٹ بینک آف پاکستان کی جانب سے پیش کی جانے والی عارضی معاشی ریفرنڈنس فیسیلٹی (TERF) اور طویل مدتی فنانس فیسیلٹی (LTFF) کو استعمال کرتے ہوئے کولڈ رولڈ کوائلز اور شیش کی تیاری میں سالانہ 120,000 ٹن کا اضافہ کر کے اس استعداد کو بڑھایا جاسکے۔ اس منصوبے کا اختتام ماہ اگست 2022 تک متوقع ہے۔

ملکی اہداف کو مد نظر رکھتے ہوئے کمپنی نے اپنی برآمدات 8.99 بلین روپے سے بڑھا کر 11.85 روپے کیا، جو کہ 32 فیصد اضافہ ہے۔ کمپنی کو یقین ہے کہ بین الاقوامی مارکیٹس میں اس کی مصنوعات کی شدید طلب ہے اور اپنی برآمدات میں مزید اضافے کا ہدف رکھتی ہے۔

سال 2020-21 کے دوران بورڈ میں 13 ثقافتی اسامیاں خالی ہوئیں۔ جن کی وجہ جناب توفیق احمد چنائے، جناب فکوشیما کاستھلی ہونا اور جناب ذکاء اللہ خان کی المناک وفات ہے۔ بورڈ رخصت ہونے والے ڈائریکٹرز کی کاوشوں کو سراہتا ہے۔ ان ثقافتی اسامیوں کو بورڈ آف ڈائریکٹرز کی یقینہ مدت کیلئے دی گئی قانونی مدت کے دوران جناب باہر بدات، جناب سوجی سوہوٹا، اور جناب ہارون رشید کی تقرری سے پُر کیا گیا۔ میں تمام نئے ڈائریکٹرز کو خوش آمدید کہنا چاہتا ہوں اور امید کرتا ہوں کہ آپ کی کمپنی ان کی قابل قدر معاونت سے بے حد مستفید ہوگی۔

کمپنی کے وژن اور مشن کو جاری رکھتے ہوئے کمپنی کی انتظامیہ کی توجہ معیاری مصنوعات کی ترسیل اور کمپنی کی مجموعی کامیابی کیلئے زائد منافع کے اضافے پر مرکوز ہے۔ ہمیں یقین ہے کہ ہمارے اصولی استحکام مخصوص عملے کے معیار، ہمارے پیداواری سسٹمز اور موثر سپلائی چین مینجمنٹ کی بدولت ہم اس ہدف کو حاصل کر لیں گے۔ ہم پُر اعتماد ہیں کہ کمپنی مستقبل کے چیلنجز اور اہداف کو حاصل کرنے میں کامیابی حاصل کر لے گی۔

بورڈ نے اپنے فرائض و ذمہ داریوں کو احسن طریقے سے انجام دیا ہے اور اپنی حکمت عملی کو موثر بنانے میں اعلیٰ کردار ادا کیا ہے۔ انتظامی کارکردگی کی نگرانی میں بھی بورڈ نے اہم کردار ادا کیا ہے اور ایسے معاملات پر خاص توجہ مرکوز کی ہے جہاں نقصان کا اندیشہ ہے۔ بورڈ پوری





SHAPING RELATIONS



Committed towards Brand Pakistan, ISL has been contributing towards diversifying Pakistan's export base by exporting flat steel to over **30 countries** across 5 continents, to some of the most quality conscious markets such as the USA, South Africa, Australia and various countries in the MENA region, to name a few.

To date, the company has contributed over **US\$ 341 Million** worth of exports to Pakistan's foreign exchange receipts. Like previous years, this year as well, ISL has received "**Employers Federation of Pakistan's Exporters Recognition Award**", being acknowledged among the **Top 45** largest exporters of Pakistan.



DIRECTORS' REPORT

The Directors of International Steels Limited are pleased to present the 14th Annual Report accompanied by the audited financial statements for the year ended June 30, 2021.

Boards Composition & Remuneration

Composition of the Board and the names of Members of Board Sub-committees are detailed at Page No. 79 & 92.

The Board of Directors have a formal policy and transparent procedures for remuneration of its Directors (for remuneration, refer to note 35 of the financial statements) in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019.

- Global Steel Scenario
- Pakistan's Economy
- Business Review
- Sales
- Manufacturing Operations
- Health, Safety and Environment
- Energy Management
- Financials
- Earnings Per Share
- VIS Credit Rating
- Human Resources
- Corporate Social Responsibility
- Risk Management
- Recommendation of the Board Audit Committee for appointment of Auditor
- Dividend
- Appropriations
- Contribution to National Exchequer and the Economy
- Provident Fund & Gratuity Scheme
- Future Prospects
- Recognition
- Acknowledgement

Global Steel Scenario

The global steel prices hit a record high this year. Hot rolled coil prices reached \$1,100 per ton in June 2021 compared with \$430 per ton in July 2020. Iron ore prices, mainly due to supply constraints, peaked \$225 per ton an increase of 3.5 times at the beginning of the year and higher freight costs. Prices witnessed an increase following the withdrawal of 13.5% export rebate provided by Chinese government to its steel industry. Steel industry may see production cuts in China as a result of the government policy to shut down plants with environmental concerns.

A significant rise of 9% in world crude steel production was seen touching 1.96 billion metric tons during the year, as compared to the last year's production of 1.8 billion metric tons. China continued to lead the global steel market by further increasing its share in the global output to 57% in 2021.

The global steel industry saw a rise in demand and production after ease in shutdowns across the world. Pandemic has also accelerated some key trends bringing about positive shifts in steel demand. The steel sectors experienced a stronger than expected post lockdown rebound in manufacturing activities, attributable in part to substantial government measures that supported consumption and helped durable goods manufacturing.

The developing economies are still struggling to recover from COVID-19, reason being inadequate medical capacity, a collapse in tourism and commodity prices, and insufficient fiscal support.

Pakistan's Economy

Pakistan's economic recovery continues. The macro-economic reforms agenda of the current government rendering positive results, despite the COVID-19 crisis. The smart lock down strategy helped to contain the effects of COVID-19.

A broad-based recovery was witnessed in almost all sectors of the economy helping to post impressive growth numbers for the financial year. Though the inflationary pressure remained a matter of concern along with a continuously piling up circular debt, the economy witnessed a V-shaped recovery with 3.94% growth in FY 2021 against the negative growth of 0.47% last year. The economic growth surpassed its target after 15 years.

The large-scale manufacturing gained traction and was up by an impressive 14.9% as compared to the decline of 10.2% last year giving a boost to the business activity across all segments of the economy. Exchange rate appreciated by 6.5% on back of strong remittances, recovering exports and accumulation of dollar in Roshan Digital Account. Record remittances of \$29.4 Billion supported the foreign exchange reserves to surpass \$22 Billion at the end of the year. The policy rate remained unchanged at 7% throughout the year. Furthermore, the extension of the payroll financing and introduction of new refinance schemes such as Temporary Economic Refinance Facility (TERF) indicated the central bank's continued emphasis on supporting the recovery through accommodative monetary policy.

Average inflation recorded as high as 8.9% against 10.74% of last year. The current account balance, after remaining in surplus in the initial months, went into deficit in the second half of FY 2021 to remain at \$1.9 Billion, falling by 57% as compared to last year's \$4.4 billion. The current account deficit fell to only 0.6% of GDP which is the lowest current account deficit in 10 years. However, the current account deficit is expected to further widen in the coming months due to the pick-up in domestic activity as well as seasonality in import payments, higher global commodity prices, vaccine imports and import of capital goods as a result of improved investment.

Steel demand in the country rebounded with a growth of 23.4% in automobile recovering from the



last year's negative growth of 37.7%. A wide-ranging construction package from the government coupled with housing finance scheme stimulated the demand for iron and steel urging the local steel industry to utilize their production capacity.

Political stability supported by the IMF program would help in continuation of the macro-economic reform agenda in the country. Improved FBR collections, globally applauded handling of the COVID-19 pandemic, effective management of the current account balance and the encouraging numbers in the LSM, construction and exports sectors indicate that the medium-term economic future of the country looks bright and the GDP growth projection of 5% next year looks achievable.

Business Review

The year 2021 has been a record year for the company. The company regained its growth streak. With revenue touching record high of Rs. 69.8 billion as compared to Rs. 48.1 billion of last year reflecting a growth of 45%, all areas of business including cold rolled, galvanized, color coated steel and exports showed significant volumetric growth. The major areas of growth included automobiles, general fabrication, construction and appliances.

Company managed to contain the finance cost through effective inventory management and manufacturing costs enabling it to post an impressive profit after tax of Rs. 7,466 million as compared to Rs. 495 million of last year.

The total production for the year was 492,000 tons as compared to 412,000 tons of last year. The gross margin improved significantly to 19.3% from last year's 8.8% mainly due to purchase of raw material at better prices, inventory management at optimum levels and passing on the increase in international steel prices to the customers on timely basis. Lower interest rates throughout the year helped in reducing the finance cost adding positively to the bottom line.

The Company posted profit before tax of Rs. 10,295 million and profit after tax of Rs. 7,466 million against profit before tax of Rs. 442 million and profit after tax of Rs. 495 million last year.

Dampened demand and an overall slowdown in the local market in the preceding two years have restricted the production growth. Nevertheless, the enhanced production capacity has enabled the Company to remain the market leader with fulfilling the demand in local and international markets and helping the economy in terms of import substitution.

The Company has increased its focus with a well-marked strategy to target the export markets which is yielding positive results, gradually increasing the Company's export sales while maintaining its share in the overall sales. The export volumes have further gone up this year by 11% from 84,250 tons to 93,331 tons whereas the revenue has increased by 32% to Rs. 11.9 billion from last year's Rs. 9 billion.

Sales

The steel demand rebounded as soon as the economy started to recover from the COVID-19 economic shock. With new entrants in the domestic market, your Company continued with its aggressive market development activities complementing it with a sustainable enhancement in its product quality. The Company managed to achieve record sales of Rs. 69.8 billion, 45% higher than the last year's sales of Rs. 48.1 billion.

The Company already pursues a well-designed strategy to increase its global footprint. COVID-19 lockdown in different countries further enhanced the opportunity to focus on new, untapped and emergent opportunities. As a result, the export sales increased by 32% touching Rs. 11.9 billion constituting 17% of the overall net sales value.



Despite record high international steel prices, the Company managed to maintain a double-digit gross margins owing to good purchases throughout the year, proactive pricing decisions and a special attention given to effective inventory management.

The Company managed to achieve good sales volumes despite nearly 22 price revisions. Benefiting from the acceleration in the domestic demand, the Company increased its overall sales volumes by 17.6% as compared to last year, contributed mainly by Galvanized sales which increased by 23% whereas the sales volumes of Cold Rolled Products increased by 10%. Both domestic and export sales showed growth with domestic sales increasing by 19% and export sales growing by 11%. The total sales volumes of the prime product remained at 492,000 metric tons comprising 293,000 metric tons of Galvanized and 199,000 metric tons of Cold Rolled Products. The state-of-the-art Service Center became fully operational during the year. Its products' sales grew by 41% over last year. The Company continued to consolidate and leverage its nation-wide dealer network, however special focus remained on quality enhancement along with exploring and developing the export markets.

Manufacturing Operations

Catering to strong recovery in local demand, your Company's current year production increased by 19.42% from last year touching 492,000 tons. Availability of gas remained a challenge during winter months, however, management focused on effective supply chain management to ensure continued availability of its product in the market.

Health, Safety & Environment

Company believes in and is fully committed to improve Health, Safety and Environment standards to achieve sustainable HSE performance. Process

Safety & Behavior Based Safety across the organization is ensured through HSE Management System integrated with the company's organization scheme and the Company is on track of continuous improvement with focus to achieve & sustain leading levels. The Company has a dedicated Health, Safety & Environment department manned by the subject matter experts. An external consultant has also been hired who conducts training and awareness sessions on behavior-based safety to create a sustainable and safe working environment for our people, customers and contractors.

Your Company implemented the Standard Operating Procedures (SOPs) to combat COVID-19 with zero tolerance policy. The Company continued its operations throughout the year with strict adherence to the SOPs. Almost all the employees of ISL are now fully vaccinated. A separate fund is maintained for the COVID-19 related testing and other expenditures. The Company provides full medical and financial assistance to the employees and their families for any illness including COVID-19.

Implementation of focused safety programs, environmental standards and strong visible leadership resulted yet another year without any major incidents. Your Company continued to comply with National Environmental Quality Standards including best practices for air emissions, noise, portable water and industrial effluent. The Company won three Corporate Social Responsibility Awards at the National Forum for Environment and Health (NFEH). A Non-Objection Certificate (NOC) has also been received from Sindh Environmental Protection Agency (SEPA) against submission of Environmental Management Plan (EMP) and Hazardous Substance Management Plan (HSMP). The Company has also purchased "Safesite" US based HSE Software, which helps employees to report any observation, hazard and incident on line.

Energy Management

Company's 19 MW power plant continued to



operate satisfactorily and in line with our practice, we continued to supply excess energy to K- Electric.

Financials

The Company has witnessed a remarkable growth in the current year's revenue collection of Rs. 69.8 billion, which is 45% higher than last year. The gross margins stood at Rs. 13,492 million compared with Rs. 4,213 million last year.

Administrative expenses increased to Rs. 362 million as compared to the expenses of last year of Rs. 263 million, mainly on account of investment on the legal team for handling the legal matters. Selling and freight expenses increased by 19%, due to increased focus and investment on exports and the marketing activities.

Other operating expenses increased by 2.8 times to Rs. 1,277 million as compared to the last year's expenses of Rs. 334 million. Major portion of these charges comprises WPPF of Rs. 554 million and WWF charges of Rs. 227 million. The Company also increased its contribution towards welfare activities (donations) to Rs. 105.16 million from Rs. 19.2 million of last year. Non-operational assets including Pickling Line and Hydrogen Plant were impaired by Rs. 388 million during the year. The exchange rate movements were closely monitored by the management in order to hedge the currency exposure risk wherever required to avoid major exchange losses.

Financial charges decreased significantly by 65% and stood at Rs. 812 million against last year's Rs. 2,315 million mainly due to lower interest rates, stable exchange rate and effective inventory management throughout the year resulting in lesser financing requirements.

Overall, your Company is focused on improving working capital and cash flow management. A few of the key initiatives were effective inventory management and reduction in sales tax receivables

improving the net cash generated from operations to Rs. 8,043 million, a massive increase of Rs. 6,066 million from last year.

Earnings per share

Earnings per share for the year ended June 30, 2021 was Rs. 17.16 compared with Rs. 1.14 per share last year.

VIS Credit Rating

In its interim rating review in February 2021, VIS Credit Rating Company Limited has maintained the company ratings of 'A+/A-' (Single A Plus/A-One). Outlook assigned to the rating is 'Stable'.

Human Resources

The Company maintained industrial peace and a positive and enabling work-environment for all employees in the organization by promoting candor and fairness. The Company continues its efforts on development of personnel at all levels, proactively building capabilities and retaining talent for business continuity. Employee engagement has been managed with robust policies and procedures. Day long team building activities were organized by the HR department involving various team games and cross departmental exercises to foster networking and coherence amongst departments. A state-of-the-art gymnasium has also been established to encourage employees to adapt a healthy life style.

The Company successfully continued its operations with an optimal headcount of 693. The Company has formulated a firm succession plan, which includes performance evaluation and appropriate training requirements for development of potential future leaders. The Company continued to enhance capabilities of employees by providing them development opportunities in prestigious institutions including LUMS, IBA, ICAP, MAP and PIM. In recognition of its good HR practices, the



Company again won the Employers' Federation of Pakistan 'Employer of the Year Award'.

Corporate Social Responsibility

The Company is committed in supporting the community and has a policy to contribute at least 1.5% of its profit after tax. The Company significantly increased its contribution to Rs. 105.16 million as a result of higher profitability. The primary focus areas of our contribution were in the areas of healthcare to the institutions including SINA Health Education and Welfare Trust, SIUT, LRBT, Karwan-e-Hayat and The Kidney Centre. To cater for growing needs in education and vocational training, the support was extended to Habib University Foundation, Habib Education Trust, TCF, NED University, Hunar Foundation and to Amir Sultan Chinoy Foundation for community development initiatives.

Risk Management

The Risk Management Infrastructure of the company is based upon Enterprise Risk Management methodology/framework addressing the major risk categories including Strategic, Operational, Compliance and Financial Reporting Risk.

Adequate controls have been designed and communicated to the staff via various policy and

procedural guidelines, which are executed and self-assessed by the process/control owners. A comprehensive Risk Register has also been developed by the management laying down key risks of each area/function with corresponding controls and their ratings for effective evaluation.

An independent Internal Audit Department, under direct reporting to the Board Audit Committee, evaluates, oversees and comments on the design and operating effectiveness of these controls.

Recommendation of the Board Audit Committee for appointment of auditor

The recommendation of the Audit Committee for appointment of auditor is referred at Page No 99.

Dividend

In view of the financial results of the Company for the year 2020-21, the Board of Directors of the Company has recommended a final cash dividend of 70% i.e., Rs. 7.00 per share in addition to the interim cash dividend of 30% i.e. Rs. 3.00 per share, already paid, making a total of 100% i.e., Rs. 10.00 per share for the financial year ended June 30, 2021.

Appropriations

	2021	2020
	Rupees in '000	
Profit after tax for the year	7,466,331	494,851
Interim Dividend 2021 Rs. 3.00 per share; (2020 Rs. Nil per share)	(1,305,000)	-
Final Dividend 2021 Rs. 7.00 per share; (2020 Rs. Nil per share)	(3,045,000)	-



Contribution to National Exchequer and the Economy

Your Company made a contribution of Rs. 14,629 million to the National Exchequer during the year by way of income tax, sales tax, custom duties and other levies.

Provident Fund & Gratuity Scheme

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

The values of the provident fund and the gratuity scheme at the year end were Rs. 216 million (2020: Rs. 195 million) and Rs. 238 million (2020: Rs. 193 million).

Future Prospects

Slowdown in the economy in the preceding years restricted the Company to operate at its full capacity. However, the Company has continued to invest in its manufacturing facilities, human capital, ERP systems and product quality enhancements.

Purlin machines have been added in the Service Center catering to the needs of the construction sector. An investment of Rs. 1.23 billion has been planned for a debottlenecking project to enhance the finishing capacity of Cold Rolled Coils and sheets by 120,000 MT per annum. The investment includes a new Rewinding Line and an upgradation of Skin Pass mill and will be financed using Temporary Economic Refinance Facility (TERF) and Long-Term Financing Facility (LTFF) offered by State Bank of Pakistan. New expansion will enable to further strengthen the Company's already strong foothold in the engineering sector. In June this year, your Company decided to complete the feasibility for setting up a hot rolled strip mill to meet the growing demands of flat steel market.

With a fast-paced recovering market, the GDP projections of 5% or more in the coming years and a stable economic outlook, the Company expects to reach to its optimum level. A dedicated service center at the Port Qasim Area of Karachi has already started giving positive results with an increase in its products' sales of 41% over last year. The strategic location of the center is aimed at further increasing the Company's value proposition and service offerings. Such competitive advantage of expanded operations will enable your company to further increase its sales volume in the local and international markets and be instrumental in imports substitution.

Recognition

Your company ranked 41st amongst the 'Top 50 Exporting Companies 2020' and awarded with the prestigious Exporters Recognition Award by the President of Pakistan. For the third consecutive year, ISL has been ranked among the Top 25 Companies by the Pakistan Stock Exchange for 2019. Team ISL secured 2nd position in the Asian Management Games 2021, Asia's premier strategy and management competition, organized by Asian Association of Management Organizations (AAMO).

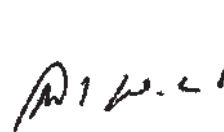
Acknowledgement

Mr. Towfiq H. Chinoy and Mr. Koji Fukushima resigned as Chairman and Director respectively. Mr. Towfiq H. Chinoy was Managing Director of International Steels Limited (ISL), served for 8 years until 2015. Later he served as Chairman from September 2019 to January 2021. The Board expresses its sincere thanks and appreciation for their contribution in development of the Company. We express our deepest condolences to the family of our late Director Mr. Zakauallah Khan on his sad demise. He was instrumental in setting up the marketing strategy, ISL brand and its success.

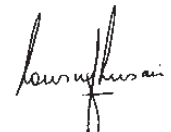
Mr. Babar Badat, Mr. Haroun Rashid and Mr. Shuji Tsubota joined as directors on the board during the year. We would like to welcome all the new directors and look forward to their valuable contribution in the coming years.

The Board would like to thank all our stakeholders, employees, customers, suppliers, shareholders and bankers for their support. The confidence and goodwill of the stakeholders has allowed the Company to sustain and grow over the years.

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



Dr. Amjad Waheed
Chairman



Yousuf Husain Mirza
Chief Executive Officer


Karachi August 24, 2021

اظہار تشکر

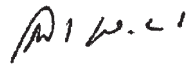
جناب توفیق احمد چنائے بحیثیت چیئر مین اور جناب کوجی فلو شیما بحیثیت ڈائریکٹر مسٹریٹری ہو گئے ہیں۔ جناب توفیق چنائے نے 8 سال تک بحیثیت ڈائریکٹر 2015 تک خدمات انجام دیں، جس کے بعد 2019 سے 2021 تک انہوں نے بحیثیت چیئر مین کے رہنمائی کی۔ بورڈ رخصت ہونے والے ڈائریکٹرز کی کاوشوں کو سراہتا ہے اور کمپنی کی ترقی میں ان کے کردار کا ممنون و مشکور ہے۔ ہمارے ڈائریکٹر جناب ذکاء اللہ خان (مرحوم) کی المناک وفات پر ہم ان کے اہل خانہ سے انتہائی گہرے دکھ کا اظہار کرتے ہیں۔ مارکیٹنگ حکمت عملی کو تشکیل دینے، ISL برانڈ اور اس کی کامیابی کے لئے ان کا کردار انتہائی اہمیت کا حامل رہا ہے۔

دوران سال جناب باہر بدات، جناب ہارون رشید اور جناب سوچی سو بوٹا کمپنی میں بحیثیت ڈائریکٹرز تقرر ہوئے۔ ہم اپنے تمام نئے ڈائریکٹرز کو خوش آمدید کہتے ہیں اور امید کرتے ہیں کہ آئندہ سالوں میں آپ کی کمپنی ان کی قابل قدر معاونت سے بے حد مستفید ہوگی۔

بورڈ اپنے تمام ملازمین، معزز کسٹمرز، سپلائرز، بینکرز، بزنس پارٹنرز اور تمام اسٹیک ہولڈرز کا ان کی معاونت کیلئے تہہ دل سے مشکور ہے۔ کمپنی اپنے اسٹیک ہولڈرز کا اعتماد اور ان کی خیر خواہی کی بدولت مستحکم حیثیت رکھتی ہے اور آئندہ سالوں میں مزید ترقی کرے گی۔ ہم اپنے تمام اسٹیک ہولڈرز اور اپنے ملک کے بہتر مفاد میں آپ کی کمپنی کی مسلسل کامیابی کیلئے دعا گو ہیں۔



یوسف حسین مرزا
چیف ایگزیکٹو



ڈاکٹر احمد وحید
چیئر مین

کراچی 24 اگست، 2021

تخصیص

	2020	2021
سال کا بعد از ٹیکس منافع	494,851	7,466,331
عبوری منافع منقسمہ	-	(1,305,000)
(سال 2021 میں 3 روپے فی شیئر، سال 2020 میں 0 روپے فی شیئر)		
حتمی منافع منقسمہ	-	(3,045,000)
(سال 2021 میں 7 روپے فی شیئر، سال 2020 میں 0 روپے فی شیئر)		

ہوئے عمل میں لائی جائے گی۔ انجینئرنگ کے شعبے میں کمپنی پہلے ہی اپنے قدم جما چکی ہے اور اس میں نئی توسیع اسے مزید استحکام دے گی۔ اس سال ماہ جون میں آپ کی کمپنی نے فلیٹ اسٹیل مارکیٹ کی بڑھتی ہوئی طلب کو پورا کرنے کیلئے ہاٹ رولڈ اسٹریپ مل لگانے کے منصوبے کی کارروائی مکمل کرنے کا ارادہ کیا ہے۔

تیزی سے بحال ہونے والی مارکیٹ کے رجحان کے ساتھ آئندہ سالوں میں 5 فیصد GDP یا اس سے زائد کے تخمینے اور مستحکم معاشی امکانات کو مدنظر رکھتے ہوئے کمپنی امید کرتی ہے کہ وہ اپنی مکمل استعداد سے فعال ہوگی۔ کراچی کے علاقے پورٹ قاسم میں موجود سروس سینٹر نے پہلے ہی مثبت نتائج دینا شروع کر دیے ہیں اور گزشتہ سال اپنی مصنوعات کی فروخت میں 41 فیصد کا اضافہ کیا ہے۔ حکمت عملی پر مبنی اس سینٹر کی انتہائی اہم جائے وقوعہ کمپنی کی قدر اور اس کی سروس کی پیشکش میں مزید اضافہ کرے گی۔ توسیعی آپریشن کے ایسے مسابقتی فوائد کے باعث آپ کی کمپنی مقامی اور بین الاقوامی مارکیٹس میں اپنی جگہ مزید مستحکم کرے گی اور درآمدات میں متبادل کی حیثیت سے انتہائی اہم کردار ادا کرے گی۔

اعتراف

آپ کی کمپنی 2020 کی ”ٹاپ 50 ایکسپورٹنگ کمپنیز“ میں اکتالیسویں نمبر پر ہے اور صدر پاکستان کی جانب سے اسے ایک معتبر ایکسپورٹر ریگولیشن ایوارڈ سے بھی نوازا گیا ہے۔ مسلسل تیسرے سال ISL کو پاکستان اسٹاک ایکسچینج کی جانب سے 2019 کیلئے ٹاپ 25 کمپنیز میں شامل کیا گیا ہے۔ ISL کی ٹیم نے ایٹینس مینجمنٹ گیمز 2021 میں ایشیاء کے پریمیر اسٹریٹیجی اور مینجمنٹ مقابلوں میں دوسری پوزیشن حاصل کی جن کا انعقاد ایسوسی ایشن آف مینجمنٹ آرگنائزیشن (AAMO) کی جانب سے کیا گیا۔

قومی خزانہ اور معیشت میں مالی شرکت

آپ کی کمپنی نے انکم ٹیکس، سیلز ٹیکس، کسٹم ڈیوٹیز، اور دیگر محصولات کی مدد میں دوران سال قومی خزانے میں 14,629 ملین روپے کی ادائیگی کی۔

پروویڈنٹ فنڈ اور گریجویٹ اسکیم

کمپنی اپنے ملازمین کو رٹائرمنٹ کی سہولت فراہم کرتی ہے۔ اس میں تمام ملازمین کیلئے نان-کنٹری بیوٹری ڈیفائنڈ پینشن گریجویٹ اسکیم شامل ہے اور یونین اشاف کے علاوہ تمام ملازمین کیلئے کنٹری بیوٹری پروویڈنٹ فنڈ کی سہولت فراہم کرتی ہے۔ دونوں منصوبے ٹیکس اتھارٹیز کی جانب سے منظور شدہ فنڈڈ اسکیموں کے تحت ہیں۔ سال کے اختتام پر پروویڈنٹ فنڈ اور گریجویٹ اسکیم کی ویلیوز بالترتیب 216 ملین روپے (2020 میں 195 ملین روپے) اور 238 ملین روپے (2020 میں 193 ملین روپے) تھی۔

مستقبل کی پیش بینی

گزشتہ سالوں میں معاشی سست روی کے باعث کمپنی اپنی مکمل استعداد سے فعال نہیں ہو سکی، تاہم کمپنی نے اپنی مینوفیکچرنگ سہولیات، انسانی سرمایہ، ای آر پی سسٹمز اور اپنے پروڈکٹ کے معیار میں اضافے کیلئے سرمایہ کاری مسلسل جاری رکھی۔ تعمیراتی شعبہ جات کی ضروریات کو پورا کرنے کیلئے سروس سینٹر میں پرلن مشینوں (Purlin machines) کا اضافہ کیا گیا ہے۔ کولڈ رولڈ اور ٹپس کی تیاری کی استعداد کو 120,000 میٹرک ٹن تک بڑھانے کیلئے ڈی بول ٹیلنگ پروجیکٹ میں 1.23 بلین روپے کی سرمایہ کاری کا منصوبہ بنایا گیا ہے۔ اس سرمایہ کاری میں نئی ریوائنڈنگ لائن اور اسکن پاس مل کی اپ گریڈیشن شامل ہے جو اسٹیٹ بینک کی پیش کردہ عارضی معاشی ری فنانسنگ فیسیلیٹی (TERF) اور طویل مدتی فنانسنگ فیسیلیٹی (LTFF) کو استعمال کرتے

منافع فی حصص

ہیں۔ عمومی اور پیشہ ورانہ تعلیم کی بڑھتی ہوئی ضرورت اور سماجی ترقی میں پیش قدمی کے طور پر یہ مالی معاونت حبیب یونیورسٹی فاؤنڈیشن، حبیب ایجوکیشن ٹرسٹ، TCF، NED، یونیورسٹی، ہنر فاؤنڈیشن اور عام سلطان چنائے فاؤنڈیشن کو بھی فراہم کی گئی ہے۔

30 جون 2021 کو ختم ہونے والے سال کیلئے منافع فی حصص 17.16 روپے رہا جبکہ گزشتہ سال یہ منافع 1.14 روپے فی حصص تھا۔

رسک مینجمنٹ

نقصان کے خدشات کے حوالے سے کمپنی کا انتظامی ڈھانچہ انٹرنیٹ پر انرز رسک مینجمنٹ طریقہ کار/ فریم ورک کی بنیاد پر ہے جس کے تحت اسٹریٹجک، آپریشنل، کمپلائنس اور فنانشل رپورٹنگ رسک کی درجہ بندی کی جاتی ہے۔

مناسب دیکھ بھال اور نگرانی کیلئے مؤثر نظام تشکیل دیا گیا ہے جو متعدد پالیسی اور طریقہ کار کی رہنما ہدایات کے ذریعے اسٹاف کو مطلع کیا گیا ہے۔ اس کی نگرانی پروسس اور کنٹرول اونرز از خود جانچ کے ذریعے کرتے ہیں۔ انتظامیہ کی جانب سے اس سلسلے میں ایک رجسٹر بھی ترتیب دیا گیا ہے، جس میں تمام متعلقہ امور کے حوالے سے نگرانی اور مؤثر جانچ کیلئے ان کی ریٹنگ بھی درج کی جاتی ہے۔

کمپنی کا خود مختار اندرونی آڈٹ ڈیپارٹمنٹ بورڈ آڈٹ کمیٹی کو براہ راست رپورٹنگ کرنے کے ساتھ اس نگرانی کی جانچ اور مؤثر فعالیت سے متعلق اظہار خیال کرتا ہے۔

آڈیٹر کی تقرری کیلئے بورڈ آڈٹ کمیٹی کی تجویز

آڈیٹر کی تقرری کیلئے آڈٹ کمیٹی کی تجویز صفحہ نمبر 99 پر درج ہے۔

منافع منقسمہ

سال 2020-21 کیلئے کمپنی کے مالیاتی نتائج کو مد نظر رکھتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے پہلے سے ادا شدہ 30 فیصد یعنی 3 روپے فی شیئر عبوری نقد منافع کے علاوہ، (70 فیصد) فی شیئر 7.0 روپے حتمی کیش ڈیویڈنڈ کی تجویز دی ہے، یوں 30 جون 2021 کو ختم ہونے والے سال کیلئے مجموعی ڈیویڈنڈ 100 فیصد یعنی 10 روپے فی شیئر ہو جائے گا۔

وی آئی ایس کریڈٹ ریٹنگ

فروری 2021 میں عبوری مدت کی بنیاد پر وی آئی ایس (VIS) کریڈٹ ریٹنگ کمپنی لمیٹڈ نے کمپنی کی ریٹنگ کو A+/A- (سنگل اے پلس / اے ون) پر برقرار رکھا ہے اور آؤٹ لک کو "مستحکم" رکھا ہے۔

ہیومن ریسورسز

کمپنی نے صاف گوئی اور شفافیت کے ماحول کے فروغ کے ذریعے اپنے تمام ملازمین کو مثبت اور مؤثر ورکنگ ماحول فراہم کیا ہے اور صنعتی حوالے سے امن کو برقرار رکھا ہے۔ کمپنی نے تعمیری صلاحیتوں اور کاروباری سرگرمیوں کو جاری رکھنے اور ہر سطح کے ملازمین کو مؤثر بنانے کیلئے کوششیں جاری رکھی ہیں۔ ملازمین کی شمولیت کا انتظام بہترین حکمت عملی اور طریقہ کار کے تحت کیا گیا ہے۔ HR ڈیپارٹمنٹ کی جانب سے دن بھر تعمیری سرگرمیوں کا انتظام کیا جاتا ہے، جن میں متعدد ٹیم گیمز اور دیگر اداروں کی ٹیموں میں مقابلے کرائے جاتے ہیں، تاکہ اداروں میں ہم آہنگی اور تعاون کا فروغ ممکن ہو۔ صحت مند طرز زندگی کو اپنانے کے حوالے سے ملازمین کی حوصلہ افزائی کیلئے ایک انتہائی جدید جمنازیم بھی تعمیر کیا گیا ہے۔

کمپنی نے 693 افراد پر مشتمل عملے کے ساتھ اپنی کاروباری سرگرمیاں کامیابی سے جاری رکھی ہیں۔ کمپنی نے ایک انتہائی مستحکم سکسین پلان بھی ترتیب دیا ہے، جس میں مستقبل کے باصلاحیت لیڈرز کی کارکردگی کی جانچ اور ان کی ضروری تربیت شامل ہے۔ معروف اداروں بشمول PIM، LUMS، IBA، ICAP، MAP اور PIM میں تربیت کی فراہمی کے ذریعے کمپنی نے اپنے ملازمین کی صلاحیتوں میں اضافے کی کوششیں جاری رکھی ہیں۔ اپنے ہیومن ریسورس ڈیپارٹمنٹ کی بہتر حکمت عملی کے اعتراف میں کمپنی نے ایمپلائز فیڈریشن آف پاکستان کا ایمپلائز آف دی ایئر کا ایوارڈ بھی اپنے نام کیا۔

مشترکہ سماجی ذمہ داری

کمپنی اپنی سماجی ذمہ داریوں کو پورا کرنے کیلئے کوشاں ہے اور کمیونٹی کو کم از کم 1.5 فیصد بعد از ٹیکس منافع کی ادائیگی کا عزم رکھتی ہے۔ اس حوالے سے کمپنی نے زائد منافع کی بدولت اس رقم کو غیر معمولی طور پر 105.16 ملین روپے تک بڑھایا ہے۔ رقم کا بڑا حصہ صحت کی سہولیات فراہم کرنے والے اداروں کیلئے مختص کیا گیا ہے جن میں SINA ہیلتھ ایجوکیشن، ویلفیئر ٹرسٹ، LRBT، SIUT، کاروان حیات اور کڈنی سینٹر شامل

میں نو فیکچرنگ آپریشنز

مقامی سطح پر طلب میں مستحکم بحالی کی جانب سفر کرتے ہوئے آپ کی کمپنی کے رواں سال کی پیداوار میں گزشتہ سال کے مقابلے میں 19.42 فیصد کا اضافہ ہوا جو کہ 492,000 ٹن ہے۔ گیس کی دستیابی موسمی سرما کے دوران ایک چیلنج رہی، تاہم انتظامیہ کی توجہ موثر سپلائی چین مینجمنٹ پر مرکوز رہی تاکہ مارکیٹ میں اپنی پروڈکٹس کی دستیابی کو یقینی بنایا جاسکے۔

صحت، تحفظ اور ماحول

کمپنی یقین رکھتی ہے اور اس بات کیلئے مکمل طور پر پُر عزم ہے کہ HSE کی کارکردگی کے استحکام کیلئے صحت، تحفظ اور ماحول کو بہتر کیا جائے۔ HSE مینجمنٹ سسٹم اور کمپنی کی حکمت عملی کے ذریعے تحفظاتی اقدامات پر عملدرآمد کو یقینی بنایا جاتا ہے اور نمایاں حیثیت کے حصول اور اسے مستحکم رکھنے کیلئے کمپنی مسلسل بہتری کی جانب گامزن ہے۔ صحت، تحفظ اور ماحول سے متعلق کمپنی کا اپنا ایک سرگرم عملہ ہے جس میں ماہرین اس حوالے سے مصروف عمل ہیں۔ اس سلسلے میں بیرونی ماہر کی خدمات بھی حاصل کی جا رہی ہیں جو رویوں کی بنیاد پر تحفظ سے متعلق تربیتی نشست کے ذریعے آگاہی فراہم کرتا ہے تاکہ ہمارے ملازمین، کسٹمرز اور کانٹریکٹرز کیلئے محفوظ ورکنگ ماحول کی تشکیل ہو سکے۔

عدم برداشت پالیسی کو اپناتے ہوئے کووڈ-19 کی صورت حال سے نمٹنے کیلئے آپ کی کمپنی اسٹینڈرڈ آپریٹنگ پروسیجر (SOPs) پر مکمل عمل پیرا ہے۔ (SOPs) پر سختی سے عمل کرتے ہوئے کمپنی نے سال بھر اپنے آپریشنز کو جاری رکھا ہے۔ ISL کے تقریباً تمام ملازمین مکمل طور پر ویکسین لگوا چکے ہیں۔ کووڈ-19 سے متعلقہ ٹیسٹنگ اور اس حوالے سے دیگر اخراجات کے لئے علیحدہ رقم مختص کی گئی ہے۔ کسی بھی مرض بشمول کووڈ-19 کیلئے کمپنی اپنے ملازمین اور ان کی فیملیز کیلئے مکمل طبی اور مالی معاونت فراہم کرتی ہے۔

تحفظاتی پروگرام اور ماحولیاتی اسٹینڈرڈز پر سختی سے عمل درآمد اور مضبوط لیڈرشپ کی بدولت ہی یہ ممکن ہوا ہے کہ دوسرے سال بھی کمپنی میں کوئی ناگہانی واقعہ پیش نہیں آیا۔ آپ کی کمپنی قومی ماحولیاتی معیار کے اسٹینڈرڈز بشمول ہوا کا اخراج، شور، پورٹ اےبل واٹر اور صنعتی فضلے سے متعلق موثر اقدامات پر سختی سے عمل پیرا ہے۔ کمپنی نے نیشنل فورم فور انوائرنمنٹ اینڈ ہیلتھ (NFEH) پر کارپوریٹ سماجی ذمہ داری کے حوالے سے 3 اپوارڈ زاپنے نام کئے ہیں۔ انوائرنمنٹل مینجمنٹ پلان (E M P) اور ہیڈارڈس سسٹیننس مینجمنٹ پلان (HSMP) پر عملدرآمد کے باعث سندھ انوائرنمنٹل پروٹیکشن ایجنسی (SEPA) سے نان-آنکیش سرٹیفیکیٹ بھی حاصل کیا ہے۔ کسی بھی مشاہدے، نقصان اور کسی بھی حادثے کی اطلاع میں ملازمین کی معاونت کیلئے امریکا کا متعارف کردہ HSE سوفٹ ویئر (سیف سائٹ) بھی خریدایا گیا ہے۔

توانائی سے متعلق انتظام

کمپنی کا MW19 پاور پلانٹ اطمینان بخش طریقے سے فعال رہا اور اپنی حکمت عملی کے تحت کے۔ الیکٹرک کو توانائی کی مسلسل فراہمی جاری رکھی گئی۔

مالیاتی حسابات

کمپنی نے رواں سال آمدنی کے حصول میں 69.8 بلین روپے کا غیر معمولی اضافہ کیا جو کہ گزشتہ سال سے 45 فیصد زائد ہے۔ گزشتہ سال 4,213 بلین روپے کے مقابلے میں اس سال مجموعی منافع 13,492 بلین روپے تھا۔

گزشتہ سال کے انتظامی اخراجات 263 بلین روپے کے مقابلے میں اس سال یہ اخراجات میں 362 بلین روپے تک بڑھ گئے، جس کی وجہ قانونی معاملات سے نمٹنے کیلئے قانونی عملے پر سرمایہ کاری ہے۔ برآمدات اور مارکیٹنگ کیلئے جاری سرگرمیوں پر خصوصی توجہ اور سرمایہ کاری کے باعث فروخت اور مال برداری کے اخراجات میں 19 فیصد کا اضافہ ہوا۔

دیگر آپریٹنگ اخراجات گزشتہ سال 334 بلین روپے کے مقابلے میں اس سال 2.8 گنا بڑھ گئے جو کہ 1,277 بلین روپے ہیں۔ ان اخراجات کا بڑا حصہ 554 بلین روپے WPPF پر اور 227 بلین روپے WWF پر مشتمل ہے۔ کمپنی نے اپنے عطیات میں اضافہ کیا جو اس سال 105.16 بلین روپے رہی جو گزشتہ سال 19.2 بلین روپے تھی۔ اثاثہ جات جن میں پبلنگ لائن اور ہائیڈروجن پلانٹ شامل ہیں، کی غیر فعالیت کے باعث 388 بلین روپے کا نقصان ہوا۔ کرنسی کے اتار چڑھاؤ کے باعث نقصان کے خدشات سے بچنے کیلئے انتظامیہ نے شرح مبادلہ کے رجحان پر اپنی خصوصی توجہ مرکوز رکھی تاکہ جب بھی ضرورت ہو بڑے نقصان سے بچا جاسکے۔

مالیاتی اخراجات 65 فیصد تک غیر معمولی کمی کے ساتھ 812 بلین روپے رہے، جو گزشتہ سال 2,315 بلین روپے تھے۔ ان مالیاتی اخراجات میں کمی کے اہم اسباب انٹرسٹ کی شرح میں کمی، مستحکم شرح مبادلہ اور سال بھر انویٹری کا موثر انتظام ہے۔ آپ کی کمپنی نے فعال سرمائے اور کیش فلو کے انتظام کو بہتر بنانے کیلئے اپنی خصوصی توجہ مرکوز رکھی ہے۔ ان اہم اقدامات میں سے کچھ اقدامات انویٹری کے موثر انتظام اور سیلز ٹیکس ریسیو ابلز میں کمی پر مشتمل ہیں، جن کی بدولت نقد رقم (نیٹ کیش) 8,043 بلین روپے تک بڑھ گئی جو گزشتہ سال کے مقابلے میں 6,066 بلین کا غیر معمولی اضافہ ہے۔

رکھتے ہوئے کمپنی کی برآمداتی فروخت میں بتدریج اضافہ ہو رہا ہے۔ برآمداتی حجم میں اس سال 84,250 ٹن سے بڑھ کر 93,331 یعنی 11 فیصد کا اضافہ ہوا، جبکہ آمدنی میں گزشتہ سال 9 بلین روپے سے 11.9 بلین روپے یعنی 32 فیصد اضافہ ہوا۔

فروخت

کووڈ-19 کے باعث ہونے والی ابتر معاشی صورت حال میں بہتری کے ساتھ ساتھ اسٹیل کی طلب میں بھی بحالی دیکھنے میں آئی۔ مقامی مارکیٹ میں نئی صنعتیں آئیں اور آپ کی کمپنی نے مارکیٹ میں مستحکم کاروباری سرگرمیوں کو جاری رکھتے ہوئے تیار ہونے والی مصنوعات کے معیار کو بڑھایا۔ کمپنی نے اپنی فروخت میں 69.8 بلین روپے کا ریکارڈ قائم کیا جو گزشتہ سال کی فروخت 48.1 بلین روپے کے مقابلے میں 45 فیصد زائد ہے۔

عالمی سطح پر اپنے قدم بھانے اور اس میں مزید توسیع کیلئے کمپنی اپنی بہترین حکمت عملی پر عمل پیرا ہے۔ مختلف ممالک میں کووڈ-19 کی بندش نے نئے مواقع کی تلاش پر اپنی توجہ مرکوز رکھنے کا موقع دیا ہے۔ اس کے نتیجے میں برآمداتی فروخت میں 32 فیصد اضافہ ہوا جو کہ 11.9 بلین روپے ہے اور مجموعی طور پر فروخت کے حجم کا 17 فیصد ہے۔ عالمی سطح پر اسٹیل کی قیمتوں میں ریکارڈ اضافے کے باوجود کمپنی نے سال بھر بہتر خریداری، قیمتوں کے حوالے سے فوری فیصلے اور انوینٹری کے موثر انتظام پر اپنی خصوصی توجہ مرکوز کر کے اپنے مجموعی مارجن کو دو ہندسوں پر برقرار رکھا ہے۔

کمپنی نے تقریباً 22 مرتبہ قیمتوں میں تبدیلی کے باوجود اپنی فروخت کے حجم میں توسیع کی ہے۔ ملکی سطح پر طلب میں بتدریج اضافے سے فائدہ حاصل کرتے ہوئے کمپنی نے اپنی مجموعی فروخت کے حجم میں گزشتہ سال کے مقابلے میں 17.6 فیصد اضافہ کیا ہے، جس کی وجہ گیلونا نازڈ فروخت ہے جس میں 23 فیصد اضافہ ہوا، جبکہ کولڈ رولڈ پروڈکٹس کے فروخت کا حجم 10 فیصد تک بڑھ گیا۔ مقامی اور بین الاقوامی فروخت دونوں میں بالترتیب 19 فیصد اور 11 فیصد کا اضافہ ہوا۔ بنیادی پروڈکٹ کی فروخت کا مجموعی حجم 492,000 میٹرک ٹن رہا جو 293,000 میٹرک ٹن گیلونا نازڈ اور 199,000 میٹرک ٹن کولڈ رولڈ پروڈکٹس پر مشتمل ہے۔ انتہائی جدید سروس سینٹر دوران سال مکمل طور پر فعال ہو گیا تھا۔ اس کی پروڈکٹس کی فروخت میں گزشتہ سال 41 فیصد کا اضافہ ہوا۔ کمپنی ملک بھر میں اپنے ڈیلر نیٹ ورک کو مسلسل مستحکم کر رہی ہے، تاہم ایکسپورٹ مارکیٹس کی تلاش اور اس کی افزائش کے ساتھ معیار کو بہتر بنانے پر کمپنی نے خصوصی توجہ مرکوز رکھی ہے۔

آئی ایم ایف پروگرام کی معاونت کے ساتھ سیاسی استحکام بڑے پیمانے پر ملک میں معاشی اصلاحات کے ایجنڈے کو جاری رکھنے میں مددگار ہوگا۔ ایف بی آر کی جانب سے جمع ہونے والی رقوم میں بہتر اضافے، کووڈ-19 کی وباء سے نمٹنے کیلئے حکمت عملی پر مبنی اقدامات جنہیں عالمی سطح پر سراہا گیا، کرنٹ اکاؤنٹ بیلنس کا موثر انتظام اور LSM کی تعداد میں حوصلہ افزاء اضافے کے علاوہ تعمیراتی اور برآمداتی شعبہ جات یہ نشاندہی کرتا ہے کہ ملک میں وسط مدت کا معاشی مستقبل خوش آئند ہوگا اور آئندہ سال GDP میں 5 فیصد اضافے کے ہدف کا حصول ممکن ہوگا۔

کاروباری جائزہ

سال 2021 کمپنی کیلئے ایک ریکارڈ سال کی حیثیت رکھتا ہے۔ کمپنی پھر سے مسلسل بحالی کی جانب گامزن ہے۔ گزشتہ سال کی آمدنی 48.1 بلین روپے کے مقابلے میں اس سال 69.8 بلین روپے آمدنی ہوئی، جو 45 فیصد اضافہ ظاہر کرتی ہے۔ کاروبار کے تمام شعبہ جات بشمول کولڈ رول، گیلونا نازڈ، کلر کوڈڈ اسٹیل اور برآمدات میں غیر معمولی حجم کو ظاہر کرتے ہیں۔ معاشی نمو کے بڑے شعبہ جات میں آٹوموبائلز، عمومی فیئر بلیکیشن، تعمیرات اور آلات شامل ہیں۔

کمپنی نے انوینٹری اور اشیاء کی تیاری کے اخراجات کے موثر انتظام کے ذریعے فنانس اخراجات میں استحکام کو برقرار رکھا ہے جس کے باعث گزشتہ سال 495 بلین روپے کے مقابلے میں 7,466 بلین روپے کے بعد از ٹیکس منافع میں خاطر خواہ اضافہ ہوا۔ مجموعی منافع گزشتہ سال 412,000 ٹن کے مقابلے میں 492,000 ٹن ہوا۔ مجموعی منافع گزشتہ سال 8.8 فیصد سے بڑھ کر مجموعی طور پر 19.3 فیصد رہا جو ایک اہم اضافہ ہے اس کی وجہ خام مال کی اچھی قیمتوں میں خریداری، موزوں سطح پر انوینٹری کا انتظام اور صارفین تک بین الاقوامی سطح پر اسٹیل کی قیمتوں میں اضافے کی بروقت منتقلی ہے۔ سال بھر انٹرسٹ کی کم شرح مالی اخراجات میں کمی کا باعث ہے جس سے ایک مثبت تبدیلی رونما ہوئی۔

کمپنی نے گزشتہ سال کے قبل از ٹیکس منافع 442 بلین روپے اور بعد از ٹیکس منافع 495 بلین روپے کے مقابلے میں اس سال 10,295 بلین روپے کا قبل از ٹیکس منافع اور 7,466 بلین روپے کا بعد از ٹیکس منافع حاصل کیا۔

مقامی مارکیٹ میں گزشتہ 2 سالوں میں طلب میں کمی اور مجموعی طور پر سست روی کے رجحان کے باعث پیداواری اضافہ محدود رہا۔ اس کے باوجود اضافی پیداواری استعداد کے باعث کمپنی نے اپنی مارکیٹ لیڈر کی حیثیت کو برقرار رکھا ہے جو ملکی اور بین الاقوامی سطح پر طلب کو پورا کر رہی ہے اور درآمداتی متبادل کے طور پر معیشت میں اہم کردار ادا کر رہی ہے۔

بہترین حکمت عملی کے ذریعے برآمداتی مارکیٹ، جو مثبت نتائج دے رہی ہے، کو ہدف بنانے کیلئے کمپنی نے اپنی مسلسل توجہ مرکوز رکھی ہے جس کے باعث اپنی مجموعی فروخت کو برقرار

ڈائریکٹرز رپورٹ

انٹرنیشنل اسٹیلو لمیٹڈ کے ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کیلئے 14 ویں سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی اسٹیٹمنٹس بخوشی پیش کر رہے ہیں۔

بورڈ کی تشکیل اور مشاہرہ

بورڈ کی تشکیل اور بورڈ کی ذیلی کمیٹی کے ممبرز کے نام کی تفصیلات صفحہ نمبر 79 اور 92 پر موجود ہیں۔

کمپنیز ایکٹ 2017 اور سٹیٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت ڈائریکٹرز کے مشاہرے (مشاہرے کیلئے مالیاتی اسٹیٹمنٹس کا نوٹ: 35 ملاحظہ کریں) کیلئے بورڈ آف ڈائریکٹرز باضابطہ پالیسی اور شفاف طریقہ کار رکھتا ہے۔

اسٹیل کی عالمی صورت حال

عالمی سطح پر اسٹیل کی قیمتوں میں اس سال سب سے زیادہ اضافہ دیکھنے میں آیا، جو کہ ایک ریکارڈ ہے۔ ہاٹ رولڈ کویل کی قیمتیں جولائی 2020 میں فی ٹن 430 ڈالرز کے مقابلے میں جون 2021 میں فی ٹن 1,100 ڈالرز تک پہنچ گئیں۔ لوہے کی قیمتیں فی ٹن 225 ڈالرز تک پہنچ گئیں جو کہ اس سال کے آغاز سے 3.5 گنا اضافہ اور مال برداری کے زائد اخراجات ہیں، جس کی اصل وجہ رسد پر عائد کی جانے والی پابندیاں ہیں۔ قیمتوں میں اضافے کی وجہ چائینیز حکومت کی جانب سے دی جانے والی 13.5 فیصد برآمداتی رعایت سے دستبرداری ہے جو اسٹیل کی صنعت کو دی گئی تھی۔ چائینا میں اسٹیل کی صنعتی پیداوار میں کمی واقع ہو سکتی ہے جس کی وجہ ماحولیاتی اسباب کے باعث پلانٹس کو بند کرنے کی حکومتی پالیسیز ہیں۔

دنیا بھر میں خام لوہے کی پیداوار میں 9 فیصد کا غیر معمولی اضافہ دیکھنے میں آیا جو گزشتہ سال کی پیداوار 1.8 بلین میٹرک ٹن کے مقابلے میں اس سال 1.96 بلین میٹرک ٹن تھی۔ چین نے عالمی سطح پر اسٹیل کی مارکیٹ میں اپنے شیئر میں مزید اضافہ کیا جو کہ 2021 میں 57 فیصد رہا۔

دنیا بھر میں کاروباری بندش میں نرمی کے بعد عالمی سطح پر اسٹیل کی طلب اور پیداوار میں اضافہ دیکھنے میں آیا۔ عالمی وباء کے باعث اسٹیل کی طلب میں مثبت رجحان دیکھا گیا۔ اسٹیل کے شعبہ جات میں لاک ڈاؤن کی صورت حال کے بعد غیر متوقع طور پر صنعتی سرگرمیوں میں مستحکم بحالی کارہجان رہا جن کی وجہ خاطر خواہ حکومتی اقدامات ہیں جو اشیاء کی کھپت اور پائیدار اشیاء کی تیاری میں معاون ثابت ہوئے۔

ترقی پذیر ممالک کووڈ-19 کے بعد سے اب تک بحالی کیلئے کوشاں ہے جو غیر موزوں طبی استعداد، سیر و سیاحت اور اشیاء کی قیمتوں میں انتہائی کمی اور مالی معاونت کے ناکافی ہونے کے باعث ہے۔

پاکستان کی معیشت

پاکستان کی معیشت مسلسل بحالی کی جانب گامزن ہے۔ کووڈ-19 کے بحران کے باوجود موجودہ حکومت کا بڑے پیمانے پر معاشی اصلاحات کا ایجنڈا مثبت نتائج سامنے لا رہا ہے۔ اسمارٹ لاک ڈاؤن کی حکمت عملی کووڈ-19 کے اثرات پر قابو پانے میں معاون رہی۔ معاشی سطح پر تقریباً تمام شعبوں میں بحالی کارہجان دیکھا گیا اور مالی سال میں معاشی نمو میں خاطر خواہ بہتری دیکھنے میں آئی۔ اگرچہ گزشتہ قرضوں میں مسلسل اضافے کے ساتھ افراط زر کا دباؤ تشویش ناک رہا، مالی سال 2021 میں معیشت 3.94 فیصد کے اضافے کے ساتھ تیزی سے بحال ہوئی، جبکہ گزشتہ سال 0.47 فیصد کا منفی اضافہ ہوا۔ اس معاشی ترقی نے 15 سال بعد اپنے ہدف سے تجاوز کیا۔

بڑے پیمانے پر صنعت سازی بحال ہوئی ہے اور گزشتہ سال منفی 10.2 فیصد کے مقابلے میں اس سال 14.9 فیصد کا خاطر خواہ اضافہ ہوا جس کے باعث معیشت کے تمام شعبوں میں کاروباری سرگرمیوں میں اضافہ ہوا۔ شرح مبادلہ میں 6.5 فیصد تک کا اضافہ درج ہوا جس کی وجہ ترسیلات زر، برآمدات میں بحالی اور روشن ڈیجیٹل اکاؤنٹ میں ڈالر کا ذخیرہ ہے۔ ترسیلات زر 29.4 بلین ڈالر تک پہنچ گئے جو کہ ایک ریکارڈ ہے، جس سے غیر ملکی زر مبادلہ میں اضافہ ہوا اور اس سال کے اختتام پر 22 بلین ڈالر سے بھی تجاوز کر گئے۔ پالیسی کی شرح سال بھر بغیر تبدیلی کے 7 فیصد رہی، مزید یہ کہ پے رول فنڈنگ میں توسیع اور قرضوں کی نئی اسکیموں کے آغاز جیسا کہ عارضی معاشی ریفرنڈنگ فیئلیٹی (TERF) نے نشانہ ہی کی ہے کہ مرکزی بینک ان مانیٹری پالیسیز کے ذریعے معاشی بحالی کیلئے مسلسل کوشاں ہے۔

افراط زر اور سٹاک گزشتہ سال 10.74 فیصد کے مقابلے میں 8.9 فیصد رہا۔ کرنٹ اکاؤنٹ کا بیلس جو ابتدائی مہینوں میں سرپلس تھا، مالی سال 2021 کی دوسری ششماہی میں خسارے کی صورت اختیار کر گیا جو 1.9 بلین ڈالر ہو گیا، یہ گزشتہ سال 4.4 بلین ڈالر کے مقابلے میں 57 فیصد تک کم ہے۔ کرنٹ اکاؤنٹ کا خسارہ GDP کا صرف 0.6 فیصد رہا، جو 10 سالوں میں کرنٹ اکاؤنٹ کے خسارے کی سب سے کم سطح ہے۔ تاہم کرنٹ اکاؤنٹ کے خسارے میں آئندہ مہینوں میں مزید اضافہ ہوگا جس کی وجہ ملکی سطح پر سرگرمیوں میں اضافہ اور معمول کے مطابق درآمداتی ادائیگیاں، عالمی اشیاء کی قیمتوں میں اضافہ، ڈیکسین کی درآمد اور زائد سرمائے کاری کے نتیجے میں اہم سامان تجارت کی درآمدات ہے۔

ملکی سطح پر اسٹیل کی طلب میں تیزی کارہجان دیکھا گیا جس کی وجہ آٹوموبائل کے گزشتہ سال کے 37.7 فیصد منفی اضافے کے مقابلے میں اس سال 23.4 فیصد کا مثبت اضافہ ہے۔ حکومت کی جانب سے ہاؤسنگ فنانس اسکیم کے ساتھ وسیع پیمانے پر تعمیراتی پیکیج نے لوہے اور اسٹیل کی طلب میں اضافہ کر دیا ہے، جس نے اسٹیل کی مقامی صنعت کو اپنی پیداواری استعداد کو بروئے کار لانے پر مجبور کر دیا ہے۔



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SHAPING HOPE



For ISL, winning is all about creating an impact that matters. This drives the company to actively support various social, educational and healthcare related initiatives in the country. The company partakes in various social activities to promote wellbeing and welfare to society. Every year, ISL allocates at least **1.5% of after tax profit** for social uplift and charitable causes.

OUR RELATIONSHIP WITH THE SOCIETY AND COMMUNITY

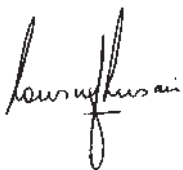
The events of the recent past, have lead to emergence of new type of challenges that societies must address in order to progress. The Covid 19 Pandemic has impacted the entire world, whose effects are expected to remain with us for the foreseeable future, reminding us of the vulnerability of modern societies to such disruptions. The sustainability of our operations ensures that we are able to play our role in welfare and development of societies in which we operate.

Embracing our responsibility as the country's largest flat steel manufacturer, we are aware of the importance of business continuity for the society. We continue to uphold safety and wellbeing of our people as our most important responsibility. We ensure compliance with government and global health advisories and were able to ensure business continuity through ensuring safety protocols and encouraging people to work from home in order to limit exposure risk.

The company benchmarks itself against global quality standards and best practices to ensure that our products and services remain competitive and ecofriendly. The company remains committed to reduce its dependency on harmful materials, being driven by the clean, lean and green approach, reducing waste and reusing resources as frequently as possible. The company undertakes various environment conservation initiatives to preserve essential natural resources such as water and air, thereby ensuring sustainability of life, both above and below land.

ISL's over 690 people strong workforce is driven by the company's core values and principles, who work tirelessly to create a safe workplace for their peers and maximize value for the various stakeholders of the company. Over the years, we have consistently embraced management best practices and adopted policies that ensure a fair and competitive workplace, free from discrimination and biases of any nature. Our people remain committed towards playing an active role for society's benefit in causes we hold close to our hearts.

Moving forward, we are conscious of the need to accelerate and scale up the integration of sustainability in our operations. We will remain dedicated to our core values and vision. While continuing our socially responsible approach, we will always maintain our primary aim of promoting human welfare and protecting the environment.



Yousuf Husain Mirza
Chief Executive Officer

OUR VALUE SYSTEM

1

INTEGRITY

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

3

RESPECT FOR PEOPLE

We are committed to fostering 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.

5

RESPONSIBILITY

We consider quality, health, safety and the environment an integral part of our activities and way of life.

DIVERSITY

2

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

FAIRNESS

4

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

10 UN GC Principles

ISL has benchmarked its sustainability and corporate conduct with the United Nations Global Compact (UNGC). Corporate sustainability starts with a company's value system and a principled approach to doing business. This means operating in ways that, at a minimum, meets fundamental responsibilities in the areas of human rights, labor, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By incorporating the Global Compact principles into strategies, policies and procedures, and establishing a culture of transparency and integrity, we aspire to set the stage for long-term sustainability.



HUMAN RIGHTS

PRINCIPLE 1

BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

PRINCIPLE 2

MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES



LABOUR

PRINCIPLE 3

BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

PRINCIPLE 4

THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

PRINCIPLE 5

THE EFFECTIVE ABOLITION OF CHILD LABOUR

PRINCIPLE 6

THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND EDUCATION



ENVIRONMENT

PRINCIPLE 7

BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

PRINCIPLE 8

UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

PRINCIPLE 9

ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES



ANTI-CORRUPTION

PRINCIPLE 10

BUSINESSES SHOULD WORK AGAINST CORRUPTION IN ALL ITS FORMS INCLUDING EXTORTION & BRIBERY

OUR STAKEHOLDERS

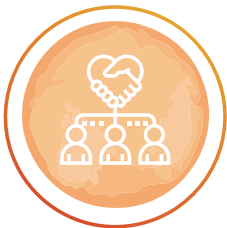


SHAREHOLDERS

Maximize Shareholder value and uphold highest standards of transparency and openness, while assuming the most stringent level of corporate governance and ensuring business continuity .

EMPLOYEES

Provide sustainable employment opportunities to a wide spectrum of people with skills and competencies. Practice diversity and inclusion without exception and maintain practices that upholds employee welfare, wellbeing and zero tolerance for sexual harassment and misconduct. Create a safety culture and promote practices that enable employees to work in the safest possible environment.



CUSTOMERS

Provide world class products at fair and transparent prices to customers, enable downstream industries to flourish with easy access to an essential raw material. Develop products to serve the various industrial segments of the country. Ensure sustained supply of steel with least possible disruptions

GOVERNMENT

Contribute to the government revenue collection, promote import substitution and solve country's major challenges through our value chain. Support government's efforts to provide welfare to the society.



SOCIETY







Promote welfare for society through real value creation, address the major human development issues of the society. Support corporate and social entities, in promoting social development goals and areas that are traditionally overlooked.

STAKEHOLDERS COMMUNICATION

Stakeholder	Frequency	Activities	Value Creation
Employee	Ongoing	<ul style="list-style-type: none"> Employee feedbacks Surveys In house training Townhall meetings Emails 	<ul style="list-style-type: none"> Career Growth Learning and development Health and Safety
Customers	Ongoing	<ul style="list-style-type: none"> Customer visits Exhibitions Company organized events 	<ul style="list-style-type: none"> Quality product Fair pricing development Timely Deliverability
Shareholders	Quarterly	Shareholders and providers of capital are engaged by corporate affairs department. The mode of engagement is Annual General Meeting (AGM) and Extra-ordinary General Meeting (EOGM).	<ul style="list-style-type: none"> Sustained economic returns Business growth
Society	Ongoing	<ul style="list-style-type: none"> Corporate Social Responsibility (CSR) Donations Support for social causes 	<ul style="list-style-type: none"> Social Welfare Better access to opportunities
Government & Industrial groups	Ongoing/As and when	Meeting with key stakeholders	<ul style="list-style-type: none"> Adequate representation Knowledge sharing

EXTERNAL ASSOCIATIONS

ISL engages with various government and non-government associations to present our social and environmental impact and remain in coordination for further improvement.

Name of Agency	ISL
Pakistan Environmental Agency	
Sindh & Punjab Environment Protection Agencies	
Federal Board of Revenue	
Civil Defense	
Labor Directorate	
Pakistan Federations Association	





SHAPING TOMORROW TODAY



ANTICIPATING A BETTER FUTURE

Since its inception, International Steels Limited has been driven by its vision to promote industrial development in Pakistan. At ISL, Innovation and responsibility have been at the core of building a sustainable enterprise and exploring possibilities towards creating a better future with sustainability and resilience.

From investing in state-of-the-art technology to redefining what it is to be “Made in Pakistan”, ISL has been determined to transform the industrial landscape of the country and at the same time, remain conscious of the society at large. Our products are fully compliant with the national and global standards of steel-making. As the largest manufacturer and exporter of flat steel products in Pakistan, we deploy best available technology to deliver quality, reliability and availability to provide sustenance to thousands of small and large sized businesses across Pakistan.

Our resolve is steel - the material for future and the fabric that shapes a better tomorrow!

EMPLOYEES

ISL strives to contribute to society's development by creating employment opportunities, enabling skill development and on the job training and promoting employees' wellbeing by providing a safe and comfortable work environment.

In a constantly evolving and highly competitive business environment, the biggest competitive advantage of any company is its human capital. Our Human Resources Department (HRD) works on implementing HR Related policies to ensure that our business objectives are met on a continuous basis, and at the same time, the employees are provided career and self-development opportunities that enable them to evolve in high performance workers, who deliver the values and vision of the company.

ISL is driven by the Group's code of conduct that professes fair work place, Diversity in Gender, race and religion, Teamwork, respect for people, and safety and wellbeing of all employees.

Orientation and Induction

ISL recruits the best talent from industry and provide them a comprehensive orientation plan to help them learn about our business, customers and operations. The ISL recruitment process evaluates and selects the most suitable talent specific to the role, on standard criteria. Besides skill and aptitude, we also seek to evaluate the value system of a

potential candidate before selection. We believe in nurturing human capital. Every employee that joins the company goes through a rigorous orientation at the company to familiarize them with the organization structure, its core values and operations of the company. This enables them to perform their job roles with full fervor and enthusiasm, thereby, improving their capacity to deliver their targets.

Wellbeing

ISL positions physical and mental health management as the foundation of work-life management, and encourages employees to work efficiently to create sufficient time for their private lives. The aim is to promote a work style that allows employees to maintain and enhance their health while being highly productive. There are frequent activities in place to provide entertainment and means of recreations to employees at the company.

Gym

ISL promotes physical wellbeing of its employees and has established a fully furnished State of the art GYM at ISL facility where all team members can avail facilities.

Coping with the New Normal

In view of lockdown and the impact it has on social lives, the company organized an event Titled



Coping with lockdown. The session, conducted by Dr. Tahir Barlas, highlighted the importance of staying positive during the lockdown and suggested activities to enhance morale.

Diversity and Inclusion

ISL is an equal opportunity employer that believes in providing everyone the right to a livelihood regardless of cast creed culture and religion. Over the years our strength of female workforce has increased substantially, and we continue to develop roles in the company that are gender neutral.

Training and Development

The company makes significant efforts to train their employees. This involves trainings at all levels, in house and ex-house as well.

Gender Equality

Being a large scale industrial manufacturer, located in suburbs of the city, it is difficult to attract and retain women, which is further exacerbated by the limited access of public transportation for women and the governmental timing restriction of female-based factory workers. Notwithstanding the challenges, ISL has steadily promoted diversity, with a drastic increase in female headcount, from none in the early days to the present head count of 13, including senior management. These team members serve in diverse functions ranging from Finance, Marketing, supply chain and production.

ISL strives to become an employer of choice for the massive talent pool of Pakistan's labor force and actively works to attract and retain employees of all ages within the organizations.

Compensation and Benefits

Our compensation includes provident and gratuity funds in addition to our comprehensive health plan, life insurance, mobile phone, transport and fuel allowances. We also ensure that our employment terms include generous leave allowances, flexible timings and other benefits including both retirement benefits of provident fund and gratuity.

ISL benchmarks its compensation plans with comparative companies and periodically carry out salary surveys.

ISL believes in the fair compensation of our contract workers. The company presently employs approximately contract workers who receive minimum wages, medical registration and insurance. Furthermore, they are eligible for the Workers Profit Participation Fund. This highlights the fact that our responsibility lies equally for all our stakeholders.

Employee Survey

ISL regularly conducts conduct anonymous employee surveys. Once completed, the HR team does thorough subjective and objective assessment to create a presentation with the survey results. The HR team holds department wise meetings in which positive and negative feedback of the employees is discussed and corrective action taken accordingly.

The 8th EFP Employer of the Year Awards

ISL participated and won the diamond award in the 8th Employer of the Year Award in the "Medium National" category. This event highlights best practices in the areas of Corporate & General Manage-



ment, HR Management, OSH&E, Skill Enhancement, Compliances and Sustainable Development.

Safety Record

ISL invests in considerable efforts in providing a safe and injury free workplace for its employees and visitors to the company. The company has engaged various consultants to assess the safety of the company facility, and inculcate the culture of safety in the company's teams.

The health and safety of our employees is of high significance to us. We are responsible for providing a healthy and injury free environment for our employees and contractors. ISL strives to achieve this through our OHSE Management System (Occupational Health Safety and Environment System) that is implemented by the HSE Department.

Through this program, we have set reporting parameters that minimize the impact of behaviors that could lead to unfavorable events. Our HSE program also enhances the sense of responsibility for keeping the workplace safe and with minimal or no hazards. For example, the team has created signage that includes large clear illustrations that are placed throughout the factory floor.

COVID 19 Vaccination

The company encouraged all employees to get vaccinated as soon as the government's phase wise vaccination program was rolled out. Presently, all ISL employees have received at least first dose of the vaccine.

Safe Workplace

During the year, the country faced second and



third wave of the Covid 19 Pandemic. Continuing the company's proactive approach, all government SOPs and regulations were implemented, and precautionary measures were taken proactively in order to ensure business continuity.

The most important goal was to ensure a safe and hygienic workplace. All Company facilities were disinfected frequently as per the norms and standards set by the WHO and government. Entry points of every company facility were equipped with disinfection booth, where every visitor must pass through before entering the premises. Temperature of every visitor was recorded, and hand sanitizers' availability was ensured across the company's locations.

During the period, several Fire Drills were carried out at various locations of the company across Pakistan, and the use and countermeasures in the event of a fire were demonstrated to employees.

Data Collection

The company collects data on Covid 19 infection, Recovery and vaccination. This provides the management with updates on ISL's exposure to Covid 19 and enables decision making towards mitigating and taking preventive measures

Logistic Safety Measures

Our sales and marketing collaterals provide detailed accounts of safe handling of products, thereby reducing the chances of transit injury as a result of coil transportations.

Safety Awareness

Our HSE department has encourages awareness



and consciousness of implementing safe work practices. In order to inculcate a safety culture, the company has conducted several safety awareness trainings to ISL employees that create a safety mindset at the grass root levels.

Fire Drills

During the period, several Fire Drills were carried out at various locations of the company across Pakistan, and the use and countermeasures in the event of a fire were demonstrated to employees.

Personal Safety

In view of the situation created by the COVID 19 Pandemic, employees were given a rotation plan and not more than 50% attendance was ensured. This was done in view of social distancing norms that would prevent any person to person infection all meetings were conducted online to adhere to the SOP of social distancing.

As a part of daily routine work, ISL employees are required to embrace safety as a mindset. Personal protective equipment relevant to the job nature are required to be worn before starting work. These range from safety gloves, safety goggles and ear protectors. Furthermore, people are required to walk along designated safety pathways in the factory premises. For specialized activities that pose a potential risk such as working at height, a safety clearance or “permit to work” is required in order to ensure that adequate safety measures have been employed. This year, ISL achieved 0 Lost time incident frequency rate.

ISL strives to become an employer of choice for the massive talent pool of Pakistan's labor force and actively works to attract and retain employees of all ages within the organizations.



CUSTOMERS

ISL considers customers one of the most essential part of our value system. The company attributes its success to its ability to serve its diverse customers base across the globe. Upholding customer requirements as the most important part of our existence, ISL's sales and marketing teams work tirelessly to exceed customer expectations through value added services and rigorous after sales support.

Customer Knowledge

Our marketing teams impart full product and customer knowledge through various marketing collaterals and through interactions. ISL's sales teams interact with customers on a personal basis through visits and at expos and exhibitions. The company has created customer-friendly marketing collateral that is readily available across Pakistan regarding all the product information. We highlight all product specifications, including the variety of the product, and the quality certifications that each product has received.

Value Added Services

Besides providing full width coils to customers, ISL offers various services such as Cut to length, Slitting and various profiles depending upon customer's need. Such services render the product in a more usable form, thereby improving value proposition for the customers.

In view of increasing demand, the company has established a fully equipped service center, in close proximity to various industries that enables superior

service deliverability. Besides providing value added services, the service center has also enhanced ISL's customer experience, reducing turnaround time from source to production floor.

Transparency in Pricing

Our organizations support price transparency by providing a single yet comprehensive country price list that is shared with all our customers. Furthermore, all our customers have access to our regional offices throughout the country to ensure timely feedback for any purchase follow up or concerns.

After Sale Support

ISL provides customer support throughout its sales network. The support ranging from complains regarding quality, to service and availability. ISL encourages open communication with customers.

Corner Meeting with Customers

In order to create closer customer relationship, promote ISL brand loyalty and increase customer awareness regarding ISL's product/services, a corner meeting was held for customers in Multan region. The event presented a good opportunity to present ISL as a world class supplier to the customers, who interacted with ISL management and exchanged their views and thoughts on several matters. A virtual tour was also conducted for fabricators through ISL corporate video and presentation, which was appreciated by customers.





SHAREHOLDERS

ISL aspires to be a model corporate citizens, by upholding and creating value for our shareholders. In order to ensure fair returns to our shareholders, our teams work hard to ensure maximum value is generated for our shareholders.

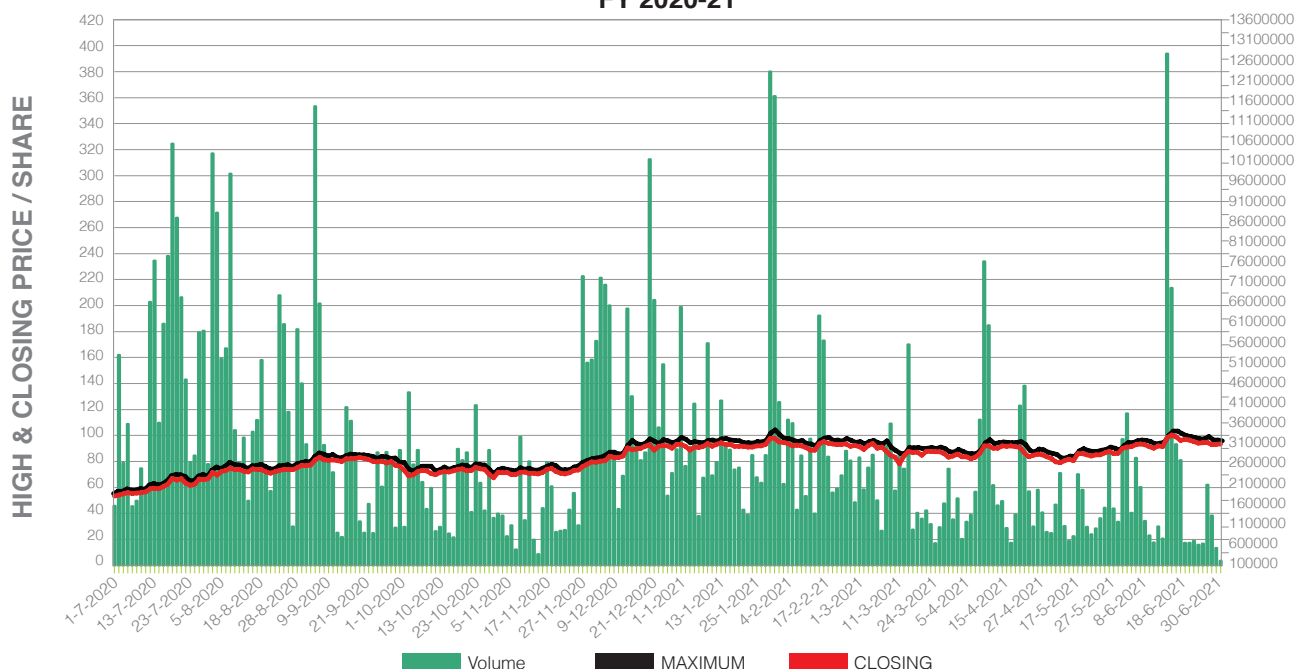
Quarterly and annual reports

The company prepares and disseminates periodic performance reports in compliance with the law. These reports provide an accurate and detailed insight into company's performance, the challenges and the outlook for the future.

Board of Directors

ISL's Board, that was elected in 2019, comprises of distinguished professionals coming from a diverse background. The board's strategic direction for the company guides the management on industry best practices, that will lead to value creating for the shareholders.

**ISL SHARE PRICES - TREND V/S VOLUME TRADED
FY 2020-21**





SHAPING VALUES



ISL aspires to be a carbon negative organization.
Driven by the **Clean, Lean and Green** approach towards responsible and sustainable manufacturing, we are always working towards making our operations as environment-friendly as possible, from investing in eco-friendly technologies to reducing and treating our waste through green workspaces, Effluent Water Treatment, Waste Heat Management, Co-generation of Energy and Acid Regeneration .

COMMUNITY

At ISL, we seek to address some of the challenges that our society faces. Being a large scale industrial manufacturer provides us a position to become an enabler and facilitator of human development through our operations.

Our corporate culture is driven by the inclinations of our founder, Mr. Amir S. Chinoy, towards being a strong supporter of the local community. ISL has integrated responsibility in our donation policy, in which charitable donations are made either directly through the organization or through the Amir Sultan Chinoy Foundation (ASCF).

Policy	Donation
Donation Policy	ISL donates atleast 1.5 % of its profits after tax, towards social uplift and community welfare activities every year.
Total Amount of Donations in FY 2020-21	Rs. 105 Million

The company considers the community as one of the most important stakeholders in the path to sustainability. Driven by purpose, the company seeks to create sustainability.



The Amir Sultan Chinoy Foundation

The Amir Sultan Chinoy Foundation is one of Pakistan's oldest foundations. It was established in 1968 as The Friendship Foundation by Amir Sultan Chinoy in accordance with the wishes of his father Sir Sultan Mehrally Chinoy. In 1980 the foundation was renamed as the Amir Sultan Chinoy Foundation.

Till this day the foundation continues to operate in accordance with the wishes of Amir Sultan Chinoy who established the foundation to help further the advancement of education, learning and industry in all its branches.

Presently, ISL continues to contribute to the Amir Sultan Chinoy Foundation (ASCF) – which is mandated to focus on education, health and social advancement.

Education

Our Group believes that if health care is the basic foundation of life, then education is the essential building blocks for a more successful life. Within our donation policy, we ensure to support the education of the underprivileged, higher education and arts programs. Through our various programs in the last decade over 11,000 children have gained a higher quality of education.

- The Citizen Foundation (TCF) Rahbar Mentorship Program

ISL's ongoing commitment to education for the underprivileged continues with the employees

participating in the "Rahbar Program". The program allows employees to act as mentors for students and to guide them towards becoming good citizens and to motivate them to always strive for the best.

ISL employees voluntarily participates in The Citizens Foundation's flagship volunteer-based youth mentoring program RAHBAR. Rahbar is a youth mentoring program. The vision of the Rahbar program is "to sow the seed of positive thought process; leave the students with some food for thought."

- Vocational Training

ISL continues to support vocational training institutions as we believe that the future of the country lies in skill development of the vast population, which will then potentially contribute to the country's growth. ISL's support to Hunar Foundation, a leading vocation training institution of the country, seeks to develop skills in the population, which enables people to earn a livelihood. Besides skill development, ISL facilitates learning through study tours and visits to impart firsthand knowledge of a high tech industrial complex.

- Amphitheatre at the IBA main campus

The Group sponsored the Amir S. Chinoy Amphitheatre at the IBA main campus student's center.



Environmental Responsibility

ISL is conscious of the ways our business activities can potentially impact the environment. Recognizing access to water and basic resources as a fundamental human right, the company takes various measures to reduce its impact on the environment. As Pakistan faces energy and clean water scarcity issues, we believe that our most direct and visible impacts come from our environmental efficiencies.

Although our raw materials, steel and zinc does not have a direct impact on environment, we believe in minimizing impact to the environment as a result of our operations. Most of the technologies and equipment in our operations are environmentally efficient and compliant with international and national norms. Environmental aspects are taken into consideration by us and included in all our project costing and purchase process. Furthermore, all future investments are preceded by an environmental impact assessment.

Driven by the Clean, Lean and Green Approach, ISL strives to continuously adopt environment-friendly practices during its manufacturing processes.

While embracing sustainable technologies, ISL strives to minimize its environmental impact through effective resource utilization, waste reduction and recycling of resources, as frequently as possible.

- Effluent and Sewage Water Treatment

ISL's Effluent Treatment Plant collects, neutralizes and filters the entire solvent-based waste generated during the manufacturing process,

making it reusable. The reverse osmosis system generates 54m³/hour of water to meet its industrial needs without relying on the city's main water supply system. The Sewage treatment plant recycles the water used at the factory premises and is then utilized to water plants and vegetation present in the factory premises.

- Emission Control

Although the company's operations do not have an major impact on the environment, the company proactively seeks to minimize any environmental impact that may arise as a result of manufacturing operations, such as the installation of an incinerator at the color coating line, that neutralizes the fumes released in the atmosphere.

- Waste Heat Utilization

ISL recovers significant amount of waste heat generated from operations and utilizes it in various production operations and also powers a 1.2 Mega Watt Steam Turbine to generate additional electricity. The heat absorption chiller generates chilled water for air-conditioning, whereas, steam boiler uses waste heat from exhaust gases to generate steam.

- In-house Co-Generation Power Plant

ISL has installed a natural gas burning power plant with 8 generators that creates 25 Mega Watt of power by co-generation, meeting the needs of ISL's steel complex and supplying surplus electricity to the Grid.

- Acid Regeneration Plant (ARP)

The pickling line utilizes a large amount of Hydrochloric acid to remove surface impurities from hot rolled coils.



Direct disposal of the contaminated acid poses threat to the environment, therefore ISL's Acid Regeneration Plant (ARP) recycles and reconditions Hydrochloric acid from the pickling line, making 98% of the acid reusable.

Environment Conservation and Awareness

- WWF Plantation & Beach Cleaning Activity

With the impact that global warming has on the world at the moment, ISL partnered with WWF (World Wide Fund) Pakistan to plant eleven hundred mangrove trees along the coastal areas of Karachi to reduce the impact of flooding in the local area. Furthermore, employee's participated in cleaning up the beach that surrounded the mangrove forest to prevent the local wildlife from eating chemical waste.

Healthcare

Health is the basic foundation of all life. As a responsible corporate citizen, we recognize that there are limitations for underprivileged members of society and their reach to quality healthcare. Our donation policy supports the provision of health care in areas of need and the funding healthcare institutions.

- Permanent Endowment Fund

In 2010, the Group made a substantial contribution towards the "Amir Sultan Chinoy Chair" at the Aga Khan University Hospital in Karachi - a permanent endowment fund.

- Health Clinic in Landhi, Karachi

In 2016, ISL partnered with SINA Clinic to create a health clinic. This is a significant achievement in this area, as it benefits several members of the society there at nominal costs. Located at a close proximity to ISL factory, workers are also able to reap the benefit of this clinic. In its first year of operation the clinic served 25,890 adults and children.

In the current Fiscal Year, the clinic served 8,790 adults and children.





Art & Architectural Community Artists in Residence Program

In 2017, ISL held its first “Artist in Residence” program. The program was a manifestation of the company’s commitment to incubate and facilitate the culture of art and nurture talent by providing an enabling environment. The Residency brought together some of Pakistan’s most talented, emerging artists and inspired them to develop artworks utilizing the various materials and facilities present at the factory.

During the course of the 2 weeks, the artists were mentored by 3 eminent artists from Pakistan namely Amin Gulgee, Asma Mundrawala and Munawar Ali Syed. Drawing inspiration from various sources and with the able guidance of the mentors, the Resident artists developed artworks utilizing the various materials present on site. The Program was a rousing success and has received acclaim globally, most notably by the EU parliament and Italy’s PPT Art award.

Sponsoring ASB – Architects and Builders Sourcebook 2020

ISL continued to support the Architect community by sponsoring the 2020 edition of the Architects and Builders Sourcebook. A leading directory for construction materials and solutions in Pakistan, the publication is widely used by Architects and industry professionals across the country. Besides promoting ISL’s products the guidebook also creates awareness regarding environmentally sustainable building materials.



A close-up photograph of two men in business suits shaking hands. The man on the left is wearing a blue suit, and the man on the right is wearing a dark suit. The background is blurred, showing other people in a professional setting.

CORPORATE GOVERNANCE



BOARD OF DIRECTORS' PROFILE

Dr. Amjad Waheed, CFA

Chairman Since - March 9, 2021

Independent Director Since: September 25, 2019

Dr. Amjad Waheed holds a Doctorate in Business Administration with a major in Investments and Finance from Southern Illinois University, USA and is also a Chartered Financial Analyst (CFA). Since inception of the company (fifteen years ago), Dr. Amjad Waheed is the CEO of NBP Fund Management Limited (NBP Funds) which is a subsidiary of National Bank of Pakistan with Baltoro Growth Fund as the other joint venture partner. NBP Funds is presently managing 27 mutual funds, 6 pension sub-funds and several Advisory portfolios. Total assets under management of NBP Funds are presently over Rs.183 billion (as of July 16, 2021).

Before joining NBP Funds, Dr. Amjad was Head of Equity Mutual Funds & Portfolios at Riyadh Bank, Saudi Arabia, for about five years where he was managing USD 7.5 billion invested in 22 mutual funds. Prior to that he was Head of Investments at NIT, and Chief Operation Officer of FC-ABN AMRO Equities for several years.

Before moving back to Pakistan, Dr. Amjad Waheed was Assistant Professor of Finance at Tennessee State University, USA and he has published several articles in top journals of the world such as Journal of Banking & Finance and Financial Management.

Dr. Amjad Waheed has served or is serving on the boards of various companies including Siemens (Pakistan), Nishat Mills, PICIC, Askari Bank, Millat Tractors, Fauji Fertilizer, Pakistan Tobacco, Management Association of Pakistan, LRBT, BankIslami, Gul Ahmed, Telenor Microfinance Bank, Institute of Financial Markets of Pakistan (IFMP), International Steels and Chairman of Mutual Fund Association of Pakistan (MUFAP).

Dr. Amjad Waheed is a certified director from Pakistan Institute of Corporate Governance (PICG).

Mr. Yousuf H. Mirza

Executive Director/Chief Executive Officer Since: August 14, 2015

Mr. Yousuf Husain Mirza was 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 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. Currently he is Director of IIL Americas Inc., German Pakistan Chamber of Commerce & Industry and Employers Federation of Pakistan.



Mr. Babar Badat

Independent Director Since- March 9, 2021

Mr. Babar Badat has more than 40 years of experience in the field of international logistics, transport management & shipping. He is the Managing Director of Transhold (Pvt) Ltd. & its group companies.

He has also been on the Board of Pakistan Industrial Development Corporation and Port Qasim Authority as well as Sarmaya-e-Pakistan Ltd. He is the Founder Chairman of PIFFA (Pakistan's National Logistics Association) and Chairman of the International Road Transport & TIR Commission of PNC-ICC.

Mr. Badat has served as President of FIATA, the 100 years old global Federation of International Logistics Associations based in Geneva and is currently its Board member. He has been a member of UN's ESCAP Business Advisory Council as well as an initiating member of the National Trade Corridor Improvement Programme NTCIP launched by the P.M's office in Islamabad. He has also been member of several national and international committees and advisory bodies on logistics, transport & shipping as well as trade & transport policy initiatives, working closely with the Ministry of Planning, Ministry of Commerce, Ministry of Communications etc. and over the years also represented Pakistan at international & regional forums. His contributions to the development of logistics & transport are recognized both in Pakistan & Internationally.

Mr. Fuad Azim Hashimi

Non-Executive Director Since: September 25, 2019

Mr. Fuad Azim Hashimi is a fellow member of The Institute of Chartered Accountants in England and Wales.

Through the leadership of the Pakistan Institute of Corporate Governance from 2007 until 2016, he played a key role to further corporate governance practices in Pakistan. He also headed the Pakistan Business Council's Centre of Excellence in Responsible Business (CERB) from 2016 until 2020 with a mission to bring about a change in mindsets of business and industry leaders towards long-term sustainable value creation. Currently, he is a member of the Private Sector Advisory Group of International Finance Corporation, World Bank Group.

His career over the earlier 43 years has provided him with a strong foundation in public accounting (he was a partner for 10 years in A. F. Ferguson & Co, a member firm of PricewaterhouseCoopers) as well as management of diversified business and commercial ventures, in Pakistan and abroad,

Mr. Haroun Rashid

Non-Executive Director Since : April 5, 2021

Mr. Rashid is a fellow member of The Institute of Chartered Accountants in England & Wales, London. Besides holding this office, Mr Rashid has also served in senior positions of several prestigious organizations. He has vast international and local experience in banking, investments and industrial ventures to his credit. His extensive portfolio includes being Managing Director for ANZ Securities Asia Limited, Hong Kong and Kashmir Edible Oils Limited, Pakistan as well as Assistant Director at Grindlays Brandts Limited, London. He has held the position of Director at Financial Executives Institute, Hong Kong, Union Bank Limited, Pakistan and was a Director of Pakistan Cables Limited for nearly three decades.. He has also served as the Chairman of All Pakistan Solvent Extractors Association, Governor of Lahore General Hospital and on the Board of Public Procurement Regulatory Authority (PEPRA). He is currently the Chairman of MCB-Arif Habib Saving & Investments Ltd.



Mr. Kamal A. Chinoy

Non-Executive Director Since: September 3, 2007

Mr. Kamal Chinoy is a graduate of the Wharton School, University of Pennsylvania, USA. He is a consummate professional with over 45 years of business experience and many corporate laurels to his name. He is the senior-most Director of IIL having been appointed in 1984 & started his career with the company in 1980. He has also served as an interim CEO of International Industries Ltd. He has extensive experience in the corporate & management world having served successfully as CEO of Pakistan Cables for 27 years, while also having served on the Boards of many public listed companies, including Askari Bank Limited, Atlas Insurance Ltd, Atlas Power Limited, First International Investment Bank, ICI Pakistan Limited, NBP Fund Management Limited and Pakistan Security Printing Corporation.

He has been Chairman of the Aga Khan Foundation (Pakistan) and a Director of Pakistan Centre of Philanthropy. He has also served on the Undergraduate Admissions Committee of the Aga Khan University, the University of Pennsylvania Alumni Committee for Pakistan and on the Board of Governors of Army Burn Hall Institutions. 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 is the current Chairman of Jubilee Life Insurance Company Ltd and IIL Americas Inc., a Director at International Steels Ltd, Pakistan Cables Ltd, IIL Australia Pty Ltd and IIL Construction Solutions (Pvt) Ltd. and the Honorary Consul General for Cyprus in Sindh & Baluchistan.

Mr. Mustapha A. Chinoy

Non-Executive Director Since: September 3, 2007

Mr. Mustapha A. Chinoy holds a B.Sc. in Economics from Wharton School of Finance, University of Pennsylvania, USA and has majored in Industrial Management and Marketing. Thereafter, he served as Marketing Manager, at International Industries Limited. He is currently the Chairman of International Industries Limited and Pakistan Cables Limited, and a director on the Board of Crea8ive Bench (Private) Limited, Global E-Commerce Services (Private) Limited, Global Reservation (Private) Limited, Travel Solutions (Private) Limited, Binary Vibes (Pvt) Ltd., Trave Tech Solutions, Bridge Vue Solutions DMCC, Global Travel Services Ltd. BVI and TSL (Pvt) Limited. He is the Chief Executive Officer of Intermark (Private) Limited. He has previously served on the Board of Union Bank Limited until it was acquired by Standard Chartered Bank.

Ms. Nausheen Ahmad

Independent Director Since: September 25, 2019

Nausheen Ahmad is a Barrister at Law with over 30 years of law firm and in house counsel experience in various sectors including Oil & Gas, FMCG, Banking and large scale manufacturing. She has served as Company Secretary and Legal Counsel in ICI Pakistan Ltd and HBL (Pakistan's largest private sector bank). She serves on the Board of Meezan Bank Ltd which is currently the largest Islamic Bank in Pakistan, International Steels Ltd and Jubilee General Insurance Co Ltd. She teaches director certification programmes at IBA and the Pakistan Institute of Corporate Governance. She is visiting faculty at the Institute of Business Management (IOBM).



Mr. Nihal Cassim

Independent Director Since: September 25, 2019

Mr. Nihal Cassim is the sponsor and Chief Executive of Ubiquity Trading Limited (previously Safeway Fund Limited), a former Asset Management Company which managed two top performing equity funds listed on the PSX. Prior to that, he was engaged in his corporate finance practice in Pakistan and concluded various assignments notably advisory services for the sale of Crescent Leasing Company Limited and PICIC. In Canada, Nihal was Vice-President and Head of small-cap Investment Banking for First Associates' (now Blackmont Capital, a CI Financial Company) where he conducted several transactions in M&A, equity financing and corporate finance advisory. Nihal has indepth knowledge of the precious metals mining business and was responsible for the corporate development of TVX Gold Inc. and was involved in its \$4 billion merger with Kinross Gold. He began his investment banking career at HSBC Securities, Canada.

Nihal is an MBA (Finance & MIS) from McGill University. He is currently a Director on the Boards of International Steels Limited, The Organic Meat Company Limited, Ubiquity Trading Limited, National Institutional Facilitation Technologies (Pvt) Limited (NIFT) and its subsidiary ISM (Pvt) Limited. He has served on the Boards of Pakistan Oilfields Limited (for 9 years) and Ferozsons Laboratories Limited (for 15 years). Nihal has served two terms as a director on the Board of the Mutual Funds Association of Pakistan (MUFAP). He takes particular interest in facilitating the development of the capital market, governance of public companies and the protection of minority shareholders through improvements to the regulatory framework. Nihal's current focus has expanded to philanthropic activities both as a donor and as a project participant.

Mr. Samir M. Chinoy

Executive Director/Chief Operating Officer

Since: September 27, 2016

Mr. Samir M. Chinoy is the Chief Operating Officer of International Steels Ltd. He is a graduate of Babson College, USA with a Bachelor of Science in Finance and Entrepreneurship and a minor in Human Communication. Prior to International Steels Limited Mr. Chinoy worked at Pakistan Cables, Deloitte & Touché, New York and Foothill Capital (A Wells Fargo Company), Boston. Mr. Chinoy has served on the management committee of the Landhi Association of Trade and Industry and has held the position of Vice-Chairman. In addition to being the Chairman of the Amir Sultan Chinoy Foundation, he is a director of Mirpurkhas Sugar Mills Ltd., Pakgen Power Ltd., Intermark (Pvt) Ltd., Book & Go (Pvt) Ltd., Haball (Pvt) Ltd, and IIL Australia Pty Ltd. Mr. Chinoy is a certified Director from the Pakistan Institute of Corporate Governance.

Mr. Shuji Tsubota

Non-Executive Director Since: May 19, 2021

Mr. Shuji Tsubota is presently the General Manager at the International Steel Sheet Business Department of the Sumitomo Corporation, Japan, and has 28 years of diversified experience of working in Metal Product Business Divisions including International Trading of Steel Sheet & Tubular products for Automotive Industries and Safety & Total Quality Management. He also has international experience of working as Director Sales / Managing Director at the Steel Center Europe, Czech Republic."



LIST OF OTHER DIRECTORSHIPS

Director	Other Business Occupations and Directorships (if any)
Dr. Amjad Waheed	Bank Islami Pakistan Ltd. Gul Ahmed Textile Mills Ltd. Mehran Sugar Mills Ltd. NBP Fund Management Ltd.
Mr. Babar Badat	Baye Business Development Co. (Pvt) Ltd. Bulk Transport Company (Pvt) Ltd. Core Integrated Solutions (Pvt) Ltd. ECU Worldwide Pakistan (Pvt) Ltd. Intercargo (Pvt) Ltd. Naymat Collagteral Management Company Ltd. Sinotrans Logistics Pakistan (Pvt) Ltd. Transhold (Pvt) Ltd.
Mr. Fuad Azim Hashimi	–
Mr. Haroun Rashid	MCB-Arif Habib Investment
Mr. Kamal A. Chinoy	IIL Americas Inc. IIL Australia Pty Ltd. IIL Constructions Solutions (Pvt) Ltd. International Industries Limited Jubilee Life Insurance Company Ltd. Pakistan Business Council Pakistan Cables Ltd.
Mr. Mustapha A. Chinoy	Crea8ive Bench (Pvt) Ltd. Pakistan Cables Ltd. Brinary Vibes (Pvt) Ltd. Bridge Vue Solutions DMCC Global e-Commerce Services (Pvt) Ltd. Global Reservation (Pvt) Ltd. Global Travel Services Ltd. BVI Intermark (Pvt) Ltd. International Industries Ltd. Trave Tech Solutions Travel Solutions (Pvt)Ltd. TSL (Pvt) Ltd.
Ms. Nausheen Ahmad	Jubilee General Insurance Company Ltd. Meezan Bank Ltd.



Director	Other Business Occupations and Directorships (if any)
Mr. Nihal Cassim	Image Systems Marketing (Pvt) Ltd. National Institutional Facilitation Technologies (Pvt) Ltd. The Organic Meat Company Ltd. Ubiquity Trading Ltd.
Mr. Shuji Tsubota	-
Mr. Yousuf H. Mirza	Employers Federation of Pakistan German Pakistan Chamber of Commerce and Industry IIL Americas Inc.
Mr. Samir M. Chinoy	Amir Sultan Chinoy Foundation Book & Go (Pvt) Ltd. Haball (Pvt) Ltd. IIL Australia Pty Ltd. Intermark (Pvt) Ltd Landhi Association of Trade & Industries Mirpur Khas Sugar Mills Ltd. Pakgen Power Limited



GOVERNANCE FRAMEWORK

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

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 Companies Act, 2017, Code of Corporate Governance Regulation 2019, Rule Book of the Pakistan Stock Exchange Limited and the Corporate Financial Reporting Framework of Securities and Exchange Commission of Pakistan. Our approach towards corporate governance ensures ethical behavior, transparency, accountability in all that we do and to attaining a fair value for the shareholders.

Compliance Statement

Living up to its standards the Board of Directors has, throughout the year 2020-21, complied with the Code of Corporate Governance, Rule Book of the Pakistan Stock Exchange Limited and the Financial Reporting framework of Securities & Exchange Commission of Pakistan (SECP).

The Directors confirm that that the following has been complied:

- a) The financial statements have been prepared which fairly represent the state of affairs of the company, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent business judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored. The Internal Audit function is led by the Chief Internal Auditor supported by in-house staff.
- f) There are no significant doubts upon the company's ability to continue as a going concern.
- g) There is no material departure from the best practices of corporate governance as per regulations.

The Board of Directors

The Board of Directors consists of qualified individuals possessing knowledge, experience and skills in various professions, with the leadership and vision to provide oversight to the company. The Board is headed by Dr. Amjad Waheed, an Independent Chairman; out of 11 Directors, 4 are Independent Directors including 1 female Director. The current Board composition reflects a good mix of experience, diversity in backgrounds, skills and qualifications. All Directors have many years of experience and are fully aware of their duties and responsibilities under the Code of Corporate Governance. At present eight Directors have acquired the formal Directors Training Certificates while two Directors possess sufficient skills and experience of the Board room as described in the Code of



Corporate Governance, whereas a newly appointed director will acquire DTP in due course. In compliance with the Clause 7 of the Companies (Code of Corporate Governance) Regulations, 2019 a female director was elected at the last election of the Board of Directors at the 12th annual general meeting in September 2019.

In the year 2019-20, a digital interface was introduced to update Board of Directors by providing Companies Act, 2017, Companies (Code of Corporate Governance) Regulations, 2019, relevant portions of PSX Rule Book, Company's Memorandum & Articles of Association and various Policies & Procedures.

To further its role of providing oversight and strategic guidelines to the company, the Board has formulated a Board Charter to define its role of strategic leadership and provide oversight to the management. The Board has constituted an Audit Committee and Human Resources & Remuneration Committee. The composition, role and responsibilities of the Committees are clearly defined in their respective Terms of References.

Annual Calendar and Agenda for Meetings

A meeting calendar is issued annually to reflect the dates planned for the Board, Audit and HR&R Committees. All the Board members are given appropriate documents through Diligent Board application in advance of each meeting which normally includes a detailed analysis of business and matters, where the Board will be required to make a decision or give its approval.

During the year 2020-21, the Board had six (6) meetings, out of which four (4) were held to review the quarterly results, a meeting was held to approve a Capex of Rs.1.235 Bn for Debottlenecking of Production Capacities and another meeting was held to approve budget for the ensuing year. The average attendance of the directors in Board meetings during the year was 91%.

Changes in the Board

At the 12th annual general meeting of the Company on September 25, 2019, eleven (11) Directors were elected for a term of three (3) years. During the year 2020-21, three casual vacancies were created by the resignation of Mr. Towfiq H. Chinoy, Mr. Koji Fukushima, and the sad demise of Mr. Zakauallah Khan those were filled by the appointment of Mr. Babar Badat, Mr. Shuji Tsubota, and Mr. Haroun Rashid as Director for the remaining term of the existing Board of Directors.

Board Meetings Outside Pakistan

During the year 2020-21, no Board meetings were held outside Pakistan.

Roles and Responsibilities of the Chairman and Chief Executive

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

The Chairman and the Chief Executive have separate and distinct roles. The Chairman has all the powers vested in him under the Listed Companies (Code of Corporate Governance) Regulations, 2019, and presides over all Board Meetings. The Chief Executive performs his duties under the powers vested by the law & the Board. He recommends and implements the business plans and is responsible for the overall control and operation of the Company.

Business Philosophy & Best Corporate Practices

We believe in ethical practices, sustainable manufacturing processes, transparent reporting to the shareholders, and the best



practices of Corporate Governance to ensure success and better results for all stakeholders.

The Board Charter defines the scope of the Board's activities in setting the tone at the top, formulating strategies, and providing oversight to the management for sustainable growth of the business. The Board members actively participate in the meetings to guide the company's business activities, operational plans, review corporate operations and formulate and review all significant policies. The Board firmly adheres to the best ethical practices and fully recognizes its responsibilities for protection and efficient utilization of company assets for legitimate business objectives and compliance with laws and regulations. The Chairman ensures that the discussions held during the Board meetings and the consequent decisions arising are duly recorded and circulated to all the directors within fourteen (14) days. The CFO and the Company Secretary attended all the meetings of the Board as required by the Code of Corporate Governance.

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

Timely Communication of Financial Results

The quarterly un-audited financial statements and the half-yearly financial statements (with limited review by the Auditors) were duly circulated within thirty (30) days and sixty (60) days respectively along with the Directors' Report. Annual Financial statements were authorized by the Board of Directors and communicated to the Pakistan Stock Exchange within fifty-seven (57) days from the

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

Board Evaluation

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

1. The Board Evaluation Methodology to be adopted as self-evaluation of the Board as a whole through an agreed questionnaire.
2. The evaluation exercise is to be carried out every year.
3. The evaluation system is designed to address areas of critical importance and should include, but not be limited to, the following:
 - a) Appraising the basic organization of the Board of Directors;
 - b) The effectiveness and efficiency of the operation of the Board and its sub-committees;
 - c) Assess the Board's overall scope of responsibilities;
 - d) Evaluate the flow of information; and
 - e) Validate the support and information provided by management.
4. The Board would review the results and suggest measures to improve the areas identified for improvement.

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

Directors Remuneration Policy

A formal policy to review and approve the remuneration of non-executive directors is well in place. The Company believes in remunerating its non-executive directors and Chairman adequately to justify their continued



quality guidance and contributions to the Company's objectives, good corporate governance, and sustained long-term value creation for shareholders while maintaining their independent status.

Risk Management

Risk management is crucial to any business, which includes identification and assessment of various risks followed by coordinated application of resources, to economically minimize, monitor, and control the impact of such risks and maximize the realization of opportunities. The management has developed a dynamic register covering financial and operational risks which are subject to periodical review.

Internal Control Framework

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

The Board Audit Committee has been entrusted with the main responsibility of Internal Controls. The Audit Committee receives the Audit reports from the Internal and External Auditors, and after detailed deliberations, and suggesting improvements, periodic reports are submitted to the Board of Directors. The Company places a high value on transparency, both internally and externally, in its corporate management. It focuses consistently on the implementation of efficient management practices to achieve clear and quantifiable commitments.

The Head of Internal Audit is being assisted by in-house executives to carry out the Internal Control functions. The Management has placed an explicit internal control framework with clear structures, authority limits, and

accountabilities, well-defined policies, and detailed procedures, enabling the Audit Committee and the Board to have a clear understanding of risk areas and to place effective controls to mitigate these risks.

Disclosure of Conflict of Interest

The Company has taken measures to prevent conflict of interests between directors, employees, and the Company. In this regard, a clear policy on conflict of interests is contained in the Code of Conduct duly approved by the Board of Directors which is placed on Page No. 29. As per the Code of Corporate Governance, the Company annually circulates the Code of Conduct and takes appropriate steps to disseminate it across all ranks in the Company. Further, the Directors and key employees are reminded to abstain from insider trading of shares and to avoid dealing in shares during the close period.

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

The complete details of all transaction with related parties are submitted to the Audit Committee who recommends them to the Board for approval in each quarter. These transactions are also fully disclosed in the annual financial statement of the Company.

Corporate Social Responsibility

The Company has implemented comprehensive policies on "Occupational Health, Safety & Environment" and "Corporate Social Responsibility and Sustainable Development" to meet its Corporate Social Responsibilities. The social and environmental responsibility reflects the company's recognition that there is a strong positive correlation between financial performance and corporate, social, and



environmental responsibility. Social and environmental responsibility include the following:

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

Our role as a corporate citizen is as important to us as the satisfaction of our customers and earning a fair return for our shareholders. We are committed to working 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 that are safe and healthy for our employees, vendors, contractors, suppliers, and customers.

We are committed to providing better education and health facilities to the less fortunate people especially to 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. SINA Health, Education & Welfare Trust and Amir Sultan Chinoy Foundation to help the deserving patients for their treatment.

Sustainability Measures

All aspects of sustainability including efficient operational procedures, effective internal controls, ethical behavior, and energy conservation are an integral part of our business model. We also believe that employees are most critical in the progress, growth, and sustainability of any organization.

For more details, please refer to our “Sustainability Report” which has been circulated and is available on our website (www.isl.com.pk)

Engaging Stakeholders & Transparency

The development of stakeholders' relationships is of significant importance for the company. Building “stakeholder's engagement”, compliance with regulatory requirements and terms and conditions are some of the main business principles by which we abide. To bring an accurate understanding of the company's management policies and business activities to all its stakeholders, it strives to make full disclosure of all material information to all stakeholders by various announcements on its website, to the Stock Exchange, and other sources available to help investors to make informed decisions. It encourages full participation of the members in the General Meetings by sending corporate results and sufficient information following the prescribed timeline to enable the shareholders to participate on an informed basis. While increasing management transparency, it aims to strengthen its relationships and trust with shareholders and investors. Our stakeholders include but are not limited to customers, employees, government, shareholders, suppliers, local communities and bankers.

Corporate Briefing Session

In compliance with the listing regulations of the Pakistan Stock Exchange, Company arranges corporate briefing session(s) annually to answer queries of the various stakeholders including investors and financial analysts.

A Corporate Briefing Session of the Company was held on Monday, October 5, 2020 at 3.00 p.m. through video conference to brief the investors/analyst/shareholders about the financial performance and future outlook of the Company.

Policy for Investor Grievances

The Company has an “Investor Relation Policy” that sets out the principles in providing the shareholders and prospective investors with the necessary information to make



well-informed investment decisions and to ensure a level playing field.

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

1. Investors are treated fairly at all times.
2. Complaints raised are dealt with in a courteous and timely manner.
3. Various modes of communication like email, telephone, meetings, and raising matters at the Annual General Meeting are available to investors to raise grievances.
4. Queries and complaints are treated fairly and efficiently.
5. Employees work in good faith and without prejudice towards the interest of the creditors.
6. Detailed company information regarding financial highlights, investor information, and other requisite information specified under the relevant regulations has been placed on the corporate website of the company which is updated on regular basis.

Safety of Company Records

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

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

placed at a neutral, secured, and well-known vault.

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

Human Resources Management Policies and Succession Planning

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

Information Technology Policy

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

The I.T Steering Committee comprising of CEO, COO, CFO, General Manager Manufacturing, and HoD IT are responsible for taking major I.T decisions. The I.T Head is responsible for ensuring communication of I.T security policies to all users of the company. Further, Internal Audit is responsible for monitoring compliance of I.T policies. The Policy on Information Technology is focused upon information security, human resource security, access control, information system acquisition development and maintenance, business continuity management, incident management, website, and ERP.

Whistleblowing Policy

We are committed to creating an atmosphere in which our people can freely communicate their concerns to their supervisors and Functional Heads. Our Whistleblowing Policy has been in place as ISL’s ‘whistle-blowing’



system to report any corrupt or unethical behavior – if employees feel that they are not able to use the normal management routes.

The Policy of Security Clearance of Foreign Directors

Committed to the well-being of our Board, the Company has in place various protocols and procedures to ensure the safety and security of its Board including Foreign Directors.

Issues Raised at Last AGM

While general clarifications were sought by shareholders on company published financial statements during the 13th Annual General Meeting of the Company held on September 29, 2020, no significant issues were raised.

Dividend to Shareholders

During the year, the Company paid an interim dividend of 30% per share to all eligible shareholders and the Board of Directors has recommended a final dividend of 70% per share,

making a total of 100% in respect of the financial year ended June 30, 2021 which is subject to shareholders approval.

Pattern of Shareholding

A statement on the pattern of shareholding along with categories of shareholders, where disclosure is required under the reporting framework and the statement of shares held by the directors and executives as of June 30, 2021 is placed on Page No. 182.



BOARD COMMITTEES

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

(a) Board Audit Committee

The Audit Committee comprises of the following:

- 1) **Mr. Nihal Cassim**
Chairman - Independent Director
- 2) **Mr. Fuad Azim Hashimi**
Member – Non-Executive Director
- 3) **Mr. Kamal A. Chinoy**
Member - Non-Executive Director
- 4) **Ms. Asema Tapal**
Secretary - Chief Internal Auditor

The Audit Committee comprises of three (3) Directors including one Independent Chairman. The Chief Financial Officer and the Chief Internal Auditor attend the BAC meetings, while the Chief Executive Officer is invited to attend the meetings.

The Audit Committee also separately meets the internal and external auditors at least once a year without the presence of the management. Meetings of the Audit Committee are held at least once every quarter, the recommendations of the Audit Committee are then submitted for approval of the financial results of the company by the Board. During the year 2020-21, the Audit Committee held five (5) meetings. The Chief Internal Auditor is the Secretary of the Board Audit Committee. The minutes of the meetings of the Audit Committee are provided to all members, directors, and the Chief Financial Officer.

The Chief Internal Auditor meets the Audit Committee without the presence of the management, at least once a year, to point out various risks, their intensity, and suggestions for mitigating risks and improvement areas. The business risks identified are then referred to the respective departments and corrective actions are then implemented.

Terms of Reference of the Audit Committee

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

The salient features of terms of reference of the Audit Committee are as follows:

1. Recommending to the Board the appointment of internal and external auditors.
2. Consideration of questions regarding resignation or removal of external auditors, audit fees and provision by the external auditors of any services to the company in addition to the audit of financial statements.
3. Determination of appropriate measures to safeguard the company's assets.
4. Review of preliminary announcements of results prior to publication.
5. Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board, focusing on major judgmental areas, significant adjustments resulting from the audit, any changes in accounting policies and practices, compliance with applicable accounting standards and compliance with listing regulations and other statutory and regulatory requirements.
6. Facilitating the external audit and discussion with external auditors on major observations arising from audit and any matter that the auditors may wish to highlight (without the presence of the management, where necessary).
7. Review of the Management Letter issued by external auditors and the management's response thereto.
8. Ensuring coordination between the internal and external auditors of the company.



9. Review of the scope and extent of internal audit and ensuring that the internal audit function is adequately resourced and placed within the organization.
10. Consideration of major findings of internal investigations and the management's response thereto.
11. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
12. Review of company's statement on internal control systems prior to endorsement by the Board.
13. Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
14. Determination of compliance with relevant statutory requirements review of periodic financial statements and preliminary announcements of results prior to the external communication and publication with a view to highlight.
15. Monitoring compliance together with the external auditors and internal audit with the best practices of corporate governance and identification of significant violations such as fraud, corruption, and abuse of power thereof.
16. Consideration of any other issue or matter as may be assigned by the Board.
17. The Board Audit Committee has completed its independent evaluation.

B. Human Resources & Remuneration Committee

- 1) Ms. Nausheen Ahmad**
Chairperson - Independent Director
- 2) Mr. Babar Badat**
Member – Independent Director
- 3) Mr. Mustapha A. Chinoy**
Member – Non-Executive Director
- 4) Mr. Yousuf H. Mirza**
Member – Chief Executive
- 5) Mr. Bilal Khawar**
Secretary-HoD HR

The Committee comprises four (4) members. The Chairperson is an independent director. Meetings are conducted at least quarterly or at such other frequency as the Chairman may determine. Head of Human Resources, is the Secretary of the Committee. The minutes of the meetings of the BHR&RC meetings are provided to all members and Directors. The Committee held four (4) meetings during the year.

Terms of Reference of Human Resource & Remuneration Committee

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

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

1. Major HR Policy / frameworks including compensation.
2. Overall organizational structure.
3. Organization model and periodically seek the assessment of the same.
4. Succession planning for key executives, including the CEO.
5. Recruitment, remuneration, and evaluation of the CEO and his direct reports, including CFO, Group Chief Internal Auditor, and the Company Secretary.



6. The CEO, being a member of the HR&RC shall not be a part of Committee meetings if his / her compensation / performance is being discussed/evaluated.
7. Charter of Demands and negotiated settlements with CBA.
8. Compensation of the non-executive directors.
9. Board Remuneration Policy & Procedure.
10. Board Evaluation Policy and Procedure for the Board as a whole and for the Individual Directors.

DIRECTORS' PARTICIPATION IN BOARD AND SUB COMMITTEE MEETINGS

Board / Sub Committee	Board	Audit Committee ****	Human Resources & Remuneration Committee ****
Meetings held during FY 2020-21	6	5	4
Dr. Amjad Waheed	6/6	3/3	
Mr. Babar Badat *	2/2		-/2
Mr. Fuad Azim Hashimi	5/6	5/5	
Mr. Haroun Rashid **	2/2		
Mr. Kamal A. Chinoy	6/6	5/5	
Mr. Mustapha A. Chinoy	6/6		4/4
Ms. Nausheen Ahmad	6/6		4/4
Mr. Nihal Cassim	6/6	5/5	
Mr. Shuji Tsubota ***	1/1		
Mr. Yousuf H. Mirza	6/6		4/4
Mr. Samir M. Chinoy	6/6		
Mr. Towfiq H. Chinoy **	3/3		
Mr. Koji Fukushima ***	5/5		
Mr. Zaka Ullah Khan *	-/2		

* Mr. Babar Badat was appointed as Director on March 9, 2021 to fill the casual vacancy created by the sad demise of Mr. Zakauallah Khan on December 24, 2020

** Mr. Haroun Rashid was appointed as Director on April 5, 2021 to fill the casual vacancy created by the resignation of Mr. Towfiq H. Chinoy on January 28, 2021

*** Mr. Shuji Tsubota was appointed as Director on May 19, 2021 to fill the casual vacancy created by the resignation of Mr. Koji Fukushima on May 10, 2021

**** BOD subcommittees reconstituted on March 9, 2021

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, provides strategic oversight and guidance to the management and monitors the performance of the company regarding business objectives, shareholders' interests, and regulatory compliance.

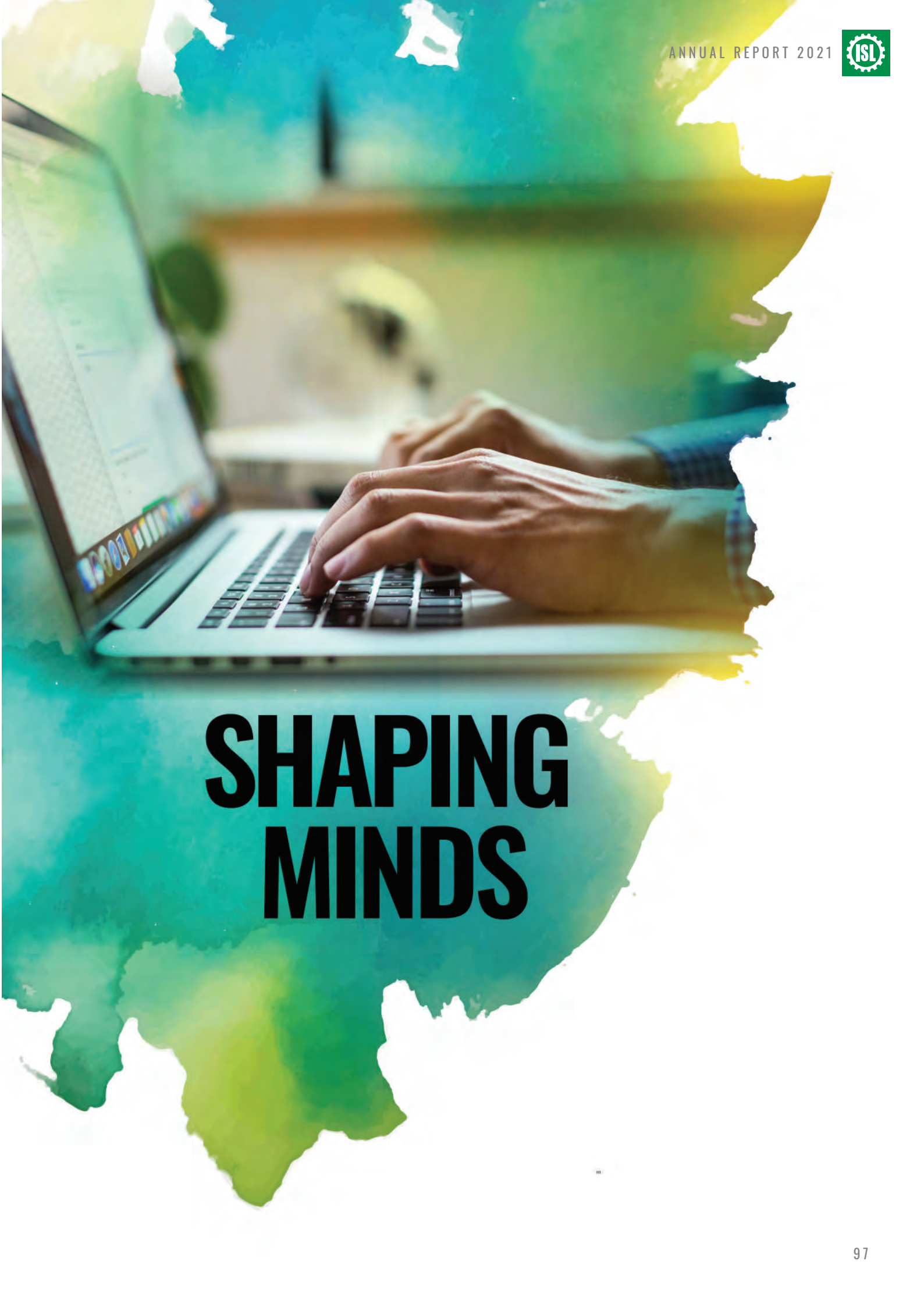
The Management Committee is headed by the Chief Executive Officer and the Functional Heads are:

- | | |
|-------------------------------|-----------------------------------|
| 1. Mr. Yousuf H. Mirza | Chief Executive Officer |
| 2. Mr. Samir M. Chinoy | Chief Operating Officer |
| 3. Mr. Mujtaba Hussain | Chief Financial Officer |
| 4. Mr. Zafar Majeed | General Manager Manufacturing |
| 5. Mr. Bilal Khawar | Head of Human Resources |
| 6. Mr. Mustafa Khan | General Manager Sales & Marketing |
| 7. Mr. Muhammad Faheem | General Manager Service Center |
| 8. Mr. Ibrahim Memon | Head of Information Technology |
| 9. Mr. Yasir Sohail | Divisional Manager CRM Complex |
| 10. Mr. Mohammad Irfan Bhatti | Company Secretary |



IS group
SIEMAG CCM





SHAPING MINDS



The company's organization culture is people centric. It encourages diversity and inclusion, collaborative problem solving, constant improvement and open communication across the organization. ISL strives to create a safe workplace with focus on the wellbeing of its employees, respect for people and **zero tolerance** for discrimination and harassment in any form.

The company has invested more than **11,000 man hours** in cultivating and developing its human resources in various functions spanning from manufacturing, planning, product development HR to Sales and Marketing.



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 June 30, 2021 and reports that:

- The company has adhered in full, without any material departure, with both the mandatory and voluntary provisions of the listing regulations of the Pakistan Stock Exchange, Code of Corporate Governance, Company's Code of Conduct and Values and the international best practices of governance throughout the year.
- The company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the auditors of the company.
- Appropriate accounting policies have been consistently applied except those disclosed in financial statements. Applicable accounting standards were followed in the preparation of the financial statements of the company on a going concern basis for the financial year ended June 30, 2021, which present fairly the state of affairs, results of operations, profits, cash flows, and changes in equity of the company for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the Chairman & Board of Directors Report. They acknowledge their responsibility for a true and fair presentation of the financial statements, the accuracy of reporting, compliance with regulations and applicable accounting standards, and establishment and maintenance of internal controls and systems of the company.
- Accounting estimates are based on reasonable and prudent judgment. Proper, accurate, and adequate accounting records have been maintained by the company in accordance with the Companies Act 2017.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and applicable International Accounting Standards and International Financial Reporting Standards notified by the SECP.
- All direct and indirect trading in and holdings of the company's shares by Directors and executives or their spouses were notified in writing to the Company Secretary along with the price, the number of shares, form of share certificates, and nature of the transaction. All such transactions have been disclosed.

Internal Audit Function

- The Company's internal Audit function is being looked after by the Chief Internal Auditor in compliance with the Code of Corporate Governance, who is assisted by in-house staff. The Chief Internal Auditor reports directly to the Chairman of the Board Audit Committee.
- The company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
- The Board Audit Committee has ensured the achievement of operational, compliance, and financial reporting objectives, safeguarding of the assets of the company and the shareholders' wealth through effective financial, operational, and compliance controls and risk management at all levels within the company.
- Coordination between the external and



internal auditors was facilitated to ensure efficiency and contribution to the company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory auditors of the company, A.F. Ferguson & Co., Chartered Accountants, have completed their audit of the company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended June 30, 2021 and shall retire on the conclusion of the 14th Annual General Meeting.
- The final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Board Audit Committee meeting.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines

on Code of Ethics, as adopted by ICAP. The auditors have indicated their willingness to continue as auditors.

- Being eligible for reappointment under the listing regulations, the Board Audit Committee recommends their reappointment for the financial year ending June 30, 2022 on terms & remuneration negotiated by the Chief Executive Officer.
- As recommended by the Board of Directors, the management has acquired consent from M/s A.F. Fergusons & Co., Chartered Accountants, eligible for under the Listed Companies (Code of Corporate Governance) Regulations 2019 and the listing regulations of the Pakistan Stock Exchange for the financial year ending June 30, 2022 on terms & remuneration negotiated by the Chief Executive Officer.

Nihal Cassim
Chairman-Board Audit Committee

Karachi
August 16, 2021



STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

International Steels Limited
June 30, 2021

The company has complied with the requirements of the Regulations in the following manner:

- The total number of Directors including Executive Director are eleven (11) as per the following:

a	Male	Ten (10)
b	Female	One (1)

- The composition of Board is as follows:

Category	Names
Independent directors	Dr. Amjad Waheed Mr. Babar Badat Mr. Nihal Cassim
Non-Executive directors	Mr. Fuad Azim Hashimi Mr. Haroun Rashid Mr. Kamal A. Chinoy Mr. Mustapha A. Chinoy Mr. Shuji Tsubota
Executive directors	Mr. Yousuf H. Mirza Mr. Samir M. Chinoy
Female director (Independent director)	Ms. Nausheen Ahmad

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act 2017 ("Act") and these Regulations;
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- The directors were apprised of their duties and responsibilities from time to time. The



directors either have already attended the Directors' training as required in previous years or meet the exemption criteria as contained in these Regulation;

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the board;
12. The Board has formed following committees comprising of members given below:

a) Audit Committee

- 1) **Mr. Nihal Cassim**
Chairman - Independent Director
- 2) **Mr. Fuad Azim Hashimi**
Member – Non-Executive Director
- 3) **Mr. Kamal A. Chinoy**
Member - Non-Executive Director


b) Human Resources & Remuneration Committee

- 1) **Ms. Nausheen Ahmad**
Chairperson - Independent Director
- 2) **Mr. Babar Badat**
Member – Independent Director
- 3) **Mr. Mustapha A. Chinoy**
Member – Non-Executive Director
- 4) **Mr. Yousuf H. Mirza**
Ex-Officio Member – Chief Executive Officer

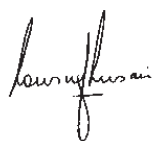
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee: Quarterly
 - b) HR and Remuneration Committee: Quarterly
15. The Board has set up an effective internal audit function experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 (non- mandatory requirements) are below:

S. No	Requirement	Explanation	Reg. No
1	All directors of a company shall attend its general meeting(s), (ordinary and extra-ordinary unless precluded from doing so due to any reasonable cause.	Nine (9) Directors attended the 13th Annual General Meeting of the Company, however, Mr. Zakauallah Khan and Mr. Koji Fukushima could not attend due to personal reasons.	10(6)
2	The Chairman shall set agenda of the meeting of the Board and ensure that reasonable time is available for discussion of the same. All written notices and relevant material, including the agenda of the meeting shall be circulated at least seven days prior to the meeting, except in the case of emergency meeting, where the notice period may be reduced or waived.	The 72nd BOD meeting was an emergency meeting in which case the notice period can be reduced or waived. In order to avoid any confusion, the Company has made a practice now to state in the notice of a meeting being held at short notice that it is an emergency meeting.	11
3	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being taken care of at Board level as and when needed so a separate committee is not considered to be necessary.	29
4	The Board may constitute the risk management committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Board has tasked the Audit Committee to oversee Risk Management related matters of the Company.	30

On behalf of the Board



Dr. Amjad Waheed
Chairman
International Steels Limited



Yousuf H. Mirza
Chief Executive Officer
International Steels Limited

Dated: August 24, 2021



A.F. FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF INTERNATIONAL STEELS LIMITED

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

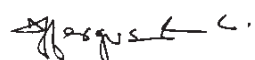
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of International Steels Limited for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require 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. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.



Chartered Accountants Karachi
Dated: September 6, 2021



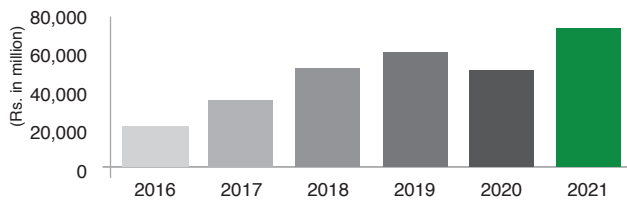
FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	2021	2020	%
	(Rs. in '000)		
Sales	69,796,240	48,081,937	45.2% +
Gross profit	13,491,873	4,212,857	220.3% +
Operating profit	11,106,522	2,756,987	302.9% +
Profit before tax	10,294,601	442,171	2228.2%+
Profit after tax	7,466,331	494,851	1408.8%+
Earning per shares - Basic & Diluted (Rupees)	17.16	1.14	1405.3%+
Shareholders equity	18,887,640	12,725,815	48.4% +
Property, Plant & Equipment	19,198,935	20,687,731	-7.2% -
Book Value per shares (Rupees)	43.42	29.26	48.4% +

Business Growth

Sales Revenue

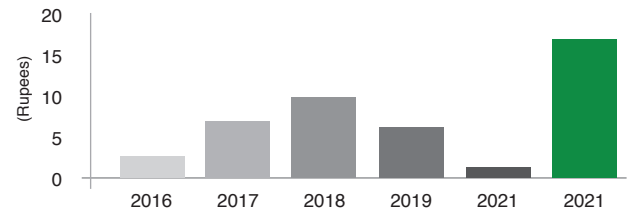


Sales revenue growth

45.16% Over 2020 27.8% CAGR over 6 years

Shareholder Value Accretion

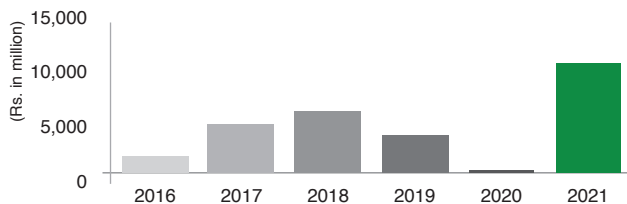
Earning per share



Earning per share growth

1405.3% Over 2020 44.6% CAGR over 6 years

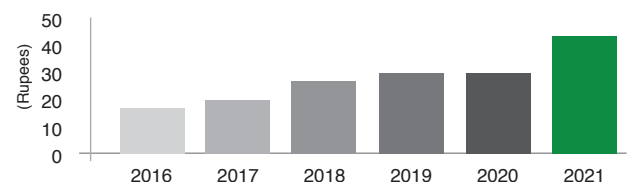
Profit Before Tax



Profit before tax

2228.2% Over 2020 44.1% CAGR over 6 years

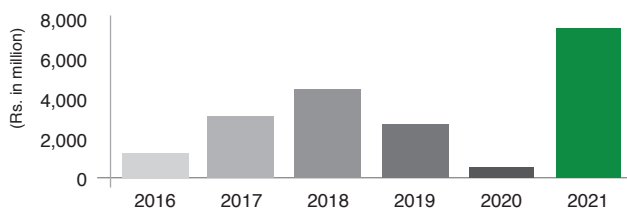
Book Value Per Share



Book Value Per Share

48.42% Over 2020 21.5% CAGR over 6 years

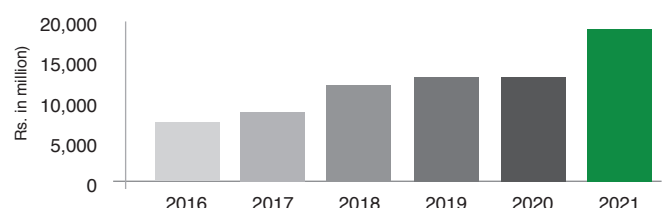
Profit After Tax



Profit after tax

1408.8% Over 2020 44.6% CAGR over 6 years

Shareholder Equity



Shareholder equity growth

48.42% Over 2020 21.5% CAGR over 6 years



ANALYSIS OF FINANCIAL STATEMENTS

Statement Of Financial Position

	2021	2020	2019	2018	2017	2016
	(Rs. in '000)					
Property, plant and equipment	19,179,617	20,638,354	19,862,302	18,262,610	13,639,451	12,620,022
Right-of-use assets	19,318	49,377	-	-	-	-
Intangible Assets	885	1,197	2,736	2,565	3,903	-
Other non current assets	100	100	100	100	100	100
Current assets	22,519,623	22,172,184	19,896,904	17,327,314	12,727,641	8,364,006
Total assets	41,719,543	42,861,212	39,762,042	35,592,589	26,371,095	20,984,128
Shareholders' equity	18,887,640	12,725,815	12,878,270	11,825,008	8,554,247	7,142,626
Non current liabilities	6,474,761	6,568,651	8,597,759	8,476,513	5,101,271	4,880,217
Current portion of long term financing	1,462,435	1,487,634	909,943	1,201,679	1,197,073	699,016
Short term borrowings	6,796,345	11,520,404	10,191,219	8,462,310	5,039,236	3,523,755
Other current liabilities	8,098,362	10,558,708	7,184,851	5,627,079	6,479,268	4,738,514
Total equity and liabilities	41,719,543	42,861,212	39,762,042	35,592,589	26,371,095	20,984,128

Vertical Analysis

	Percentage					
Property, plant and equipment	46.0	48.2	50.0	51.3	51.7	60.1
Right-of-use assets	0.05	0.1	-	-	-	-
Intangible Assets	0.0	0.0	0.0	0.0	0.0	-
Other non current assets	0.0	0.0	0.0	0.0	0.0	0.0
Current assets	54.0	51.7	50.0	48.7	48.3	39.9
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
Shareholders' equity	45.3	29.7	32.4	33.2	32.4	34.0
Non current liabilities	15.5	15.3	21.6	23.8	19.3	23.3
Current portion of long term financing	3.5	3.5	2.3	3.4	4.5	3.3
Short term borrowings	16.3	26.9	25.6	23.8	19.1	16.8
Other current liabilities	19.4	24.6	18.1	15.8	24.6	22.6
Total equity and liabilities	100.0	100.0	100.0	100.0	100.0	100.0

Horizontal Analysis

	Percentage					
Property, plant and equipment	(7.1)	3.9	8.8	33.9	8.1	2.3
Right-of-use assets	(60.9)	-	-	-	-	-
Intangible Assets	(26.1)	(56.3)	6.7	(34.3)	-	(100.0)
Other non current assets	-	-	-	-	-	-
Current assets	1.6	11.4	14.8	36.1	52.2	24.1
Total assets	(2.7)	7.8	11.7	35.0	25.7	10.0
Shareholders' equity	48.4	(1.2)	8.9	38.2	19.8	29.2
Non current liabilities	(1.4)	(23.6)	1.4	66.2	4.5	(20.4)
Current portion of long term financing	(1.7)	63.5	(24.3)	0.4	71.3	(17.8)
Short term borrowings	(41.0)	13.0	20.4	67.9	43.0	(13.4)
Other current liabilities	(23.3)	47.0	27.7	(13.2)	36.7	90.1
Total equity and liabilities	(2.7)	7.8	11.7	35.0	25.7	10.0



ANALYSIS OF FINANCIAL STATEMENTS

Statement of Profit and Loss

	2021	2020	2019	2018	2017	2016
	(Rs. in '000)					
Sales - Net	69,796,240	48,081,937	57,484,354	49,159,626	34,822,276	21,152,552
Cost of sales	(56,304,367)	(43,869,080)	(51,035,302)	(41,528,466)	(28,916,159)	(18,246,288)
Gross profit	13,491,873	4,212,857	6,449,052	7,631,160	5,906,117	2,906,264
Administrative, Selling and Distribution expenses	(1,424,515)	(1,157,145)	(986,231)	(719,689)	(548,670)	(368,341)
Other operating expenses	(1,276,659)	(334,257)	(533,801)	(661,595)	(424,951)	(264,675)
Other operating income	315,833	35,523	39,413	92,552	131,778	112,773
Operating Profit before finance costs	11,106,532	2,756,978	4,968,433	6,342,428	5,064,274	2,386,021
Finance costs	(811,931)	(2,314,807)	(1,289,315)	(539,116)	(455,500)	(731,525)
Profit before taxation	10,294,601	442,171	3,679,118	5,803,312	4,608,774	1,654,496
Taxation	(2,828,270)	52,680	(1,014,745)	(1,438,354)	(1,564,752)	(575,532)
Profit after taxation	7,466,331	494,851	2,664,373	4,364,958	3,044,022	1,078,964

Vertical Analysis

	Percentage					
Sales - Net	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(80.7)	(91.2)	(88.8)	(84.5)	(83.0)	(86.3)
Gross profit	19.3	8.8	11.2	15.5	17.0	13.7
Administrative, Selling and Distribution expenses	(2.0)	(2.4)	(1.7)	(1.5)	(1.6)	(1.7)
Other operating expenses	(1.8)	(0.7)	(0.9)	(1.3)	(1.2)	(1.3)
Other operating income	0.5	0.1	0.1	0.2	0.4	0.5
Operating Profit before finance costs	15.9	5.7	8.6	12.9	14.5	11.3
Finance costs	(1.2)	(4.8)	(2.2)	(1.1)	(1.3)	(3.5)
Profit before taxation	14.7	0.9	6.4	11.8	13.2	7.8
Taxation	(4.1)	0.1	(1.8)	(2.9)	(4.5)	(2.7)
Profit after taxation	10.7	1.0	4.6	8.9	8.7	5.1

Horizontal Analysis

	Percentage					
Sales - Net	45.2	(16.4)	16.9	41.2	64.6	16.0
Cost of sales	28.3	(14.0)	22.9	43.6	58.5	8.9
Gross profit	220.3	(34.7)	(15.5)	29.2	103.2	95.7
Administrative, Selling and Distribution expenses	23.1	17.3	37.0	31.2	49.0	9.7
Other operating expenses	281.9	(37.4)	(19.3)	55.7	60.6	1,096.6
Other operating income	789.1	(9.9)	(57.4)	(29.8)	16.9	(17.3)
Operating Profit before finance costs	302.9	(44.5)	(21.7)	25.2	112.2	88.8
Finance costs	(64.9)	79.5	139.2	18.4	(37.7)	(28.9)
Profit before taxation	2,228.2	(88.0)	(36.6)	25.9	178.6	602.4
Taxation	(5,468.8)	(105.2)	(29.5)	(8.1)	171.9	1,604.5
Profit after taxation	1,408.8	(81.4)	(39.0)	43.4	182.1	434.7

ANALYSIS OF FINANCIAL STATEMENTS

Statement Of Cash Flows

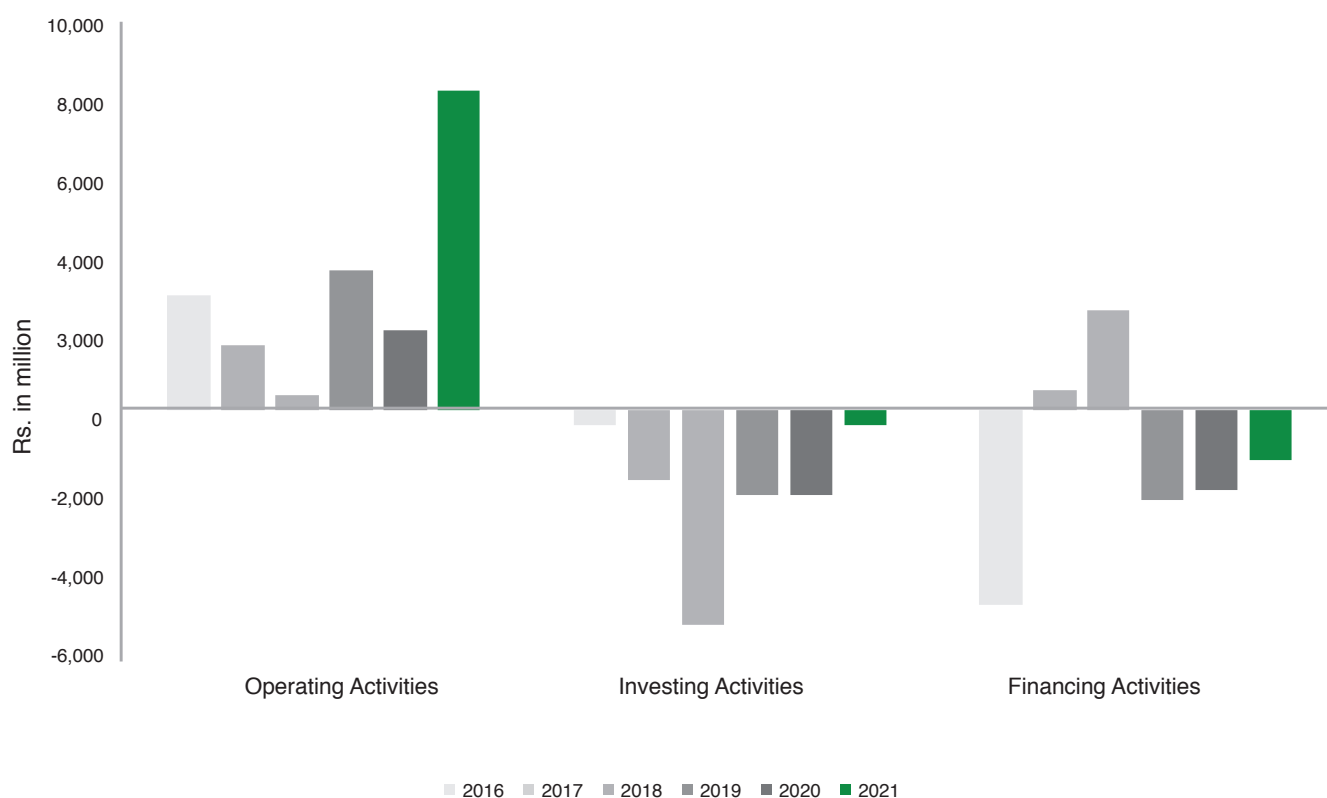
	2021	2020	2019	2018	2017	2016
	(Rs. in '000)					
Net cash generated from operating activities	8,043,275	1,976,287	3,486,111	293,548	1,568,756	2,871,600
Net cash outflows from investing activities	(483,513)	(2,180,932)	(2,257,935)	(5,470,778)	(1,787,168)	(479,346)
Net cash (outflows)/inflows from financing activities	(1,275,015)	(2,132,037)	(2,384,558)	2,479,575	505,738	(5,038,790)
Net increase/ (decrease) in cash and cash equivalents	6,284,747	(2,336,682)	(1,156,382)	(2,697,655)	287,326	(2,646,536)

Vertical Analysis

	Percentage					
Net cash generated from operating activities	128.0	84.6	301.5	10.9	546.0	108.5
Net cash outflows from investing activities	(7.7)	(96.3)	(195.3)	(202.8)	(622.0)	(18.1)
Net cash (outflows)/inflows from financing activities	(20.3)	(91.2)	(206.2)	91.9	176.0	(190.4)
Net increase/ (decrease) in cash and cash equivalents	100.0	(100.0)	(100.0)	(100.0)	100.0	(100.0)

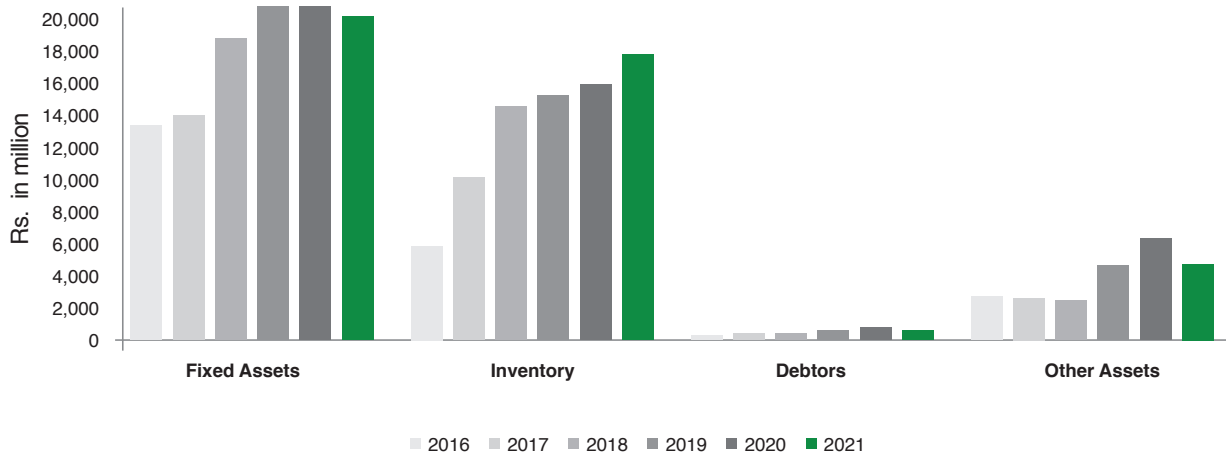
Horizontal Analysis

	Percentage					
Net cash generated from operating activities	307.0	(43.3)	1,087.6	(81.3)	(45.4)	91.7
Net cash outflows from investing activities	77.8	3.0	58.7	(206.1)	(272.8)	84.5
Net cash (outflows)/inflows from financing activities	40.2	10.6	(196.2)	390.3	110.0	(299.8)
Net increase/ (decrease) in cash and cash equivalents	369.0	(102.1)	57.1	(1,038.9)	110.9	(386.4)

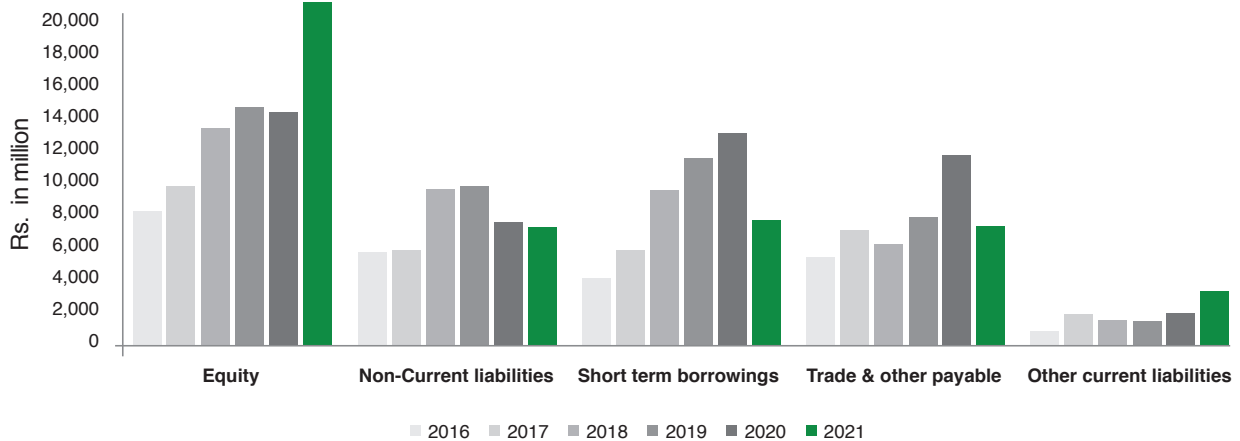


ANALYSIS OF FINANCIAL STATEMENTS

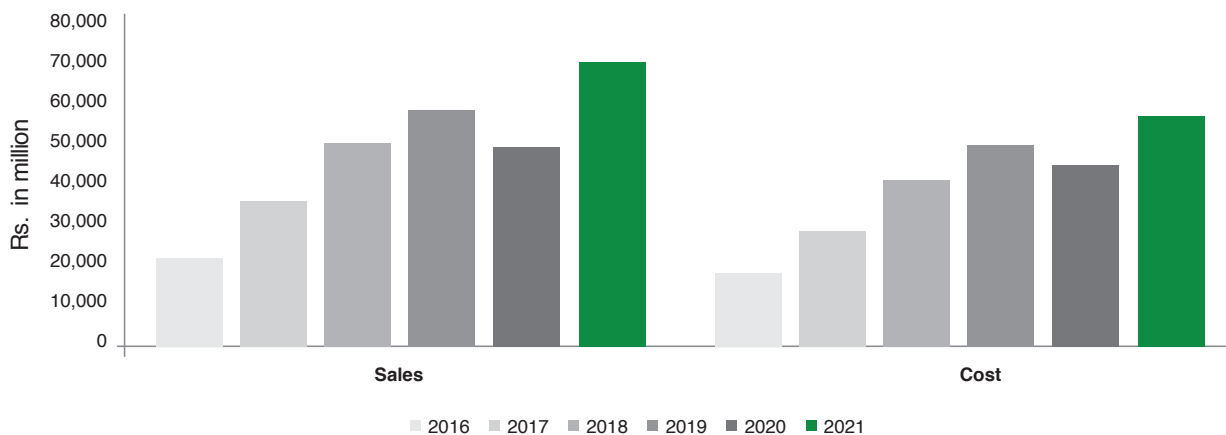
Assets



Equity & Liabilities

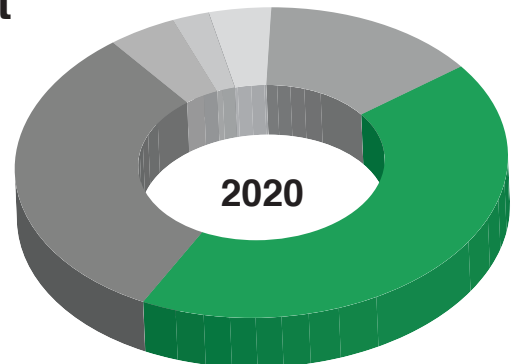
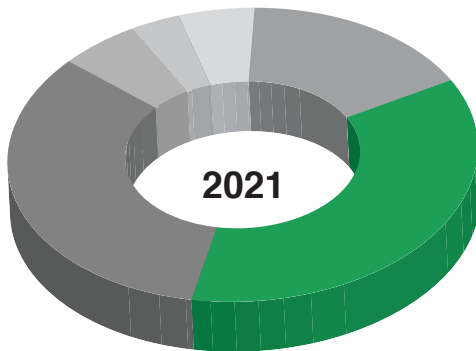


Sales and Cost of Sales



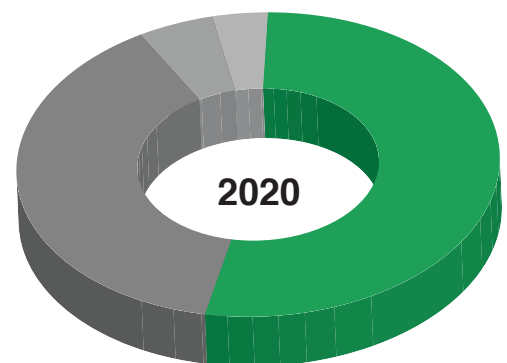
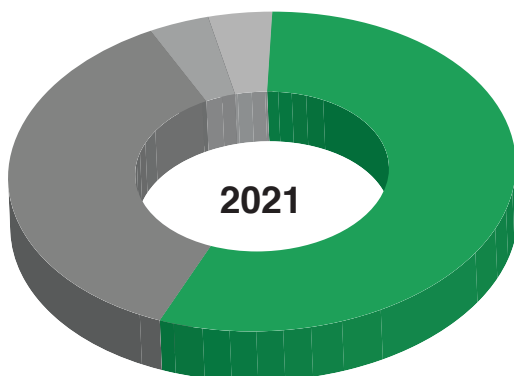
KEY FINANCIAL INDICATORS

Conversion Cost



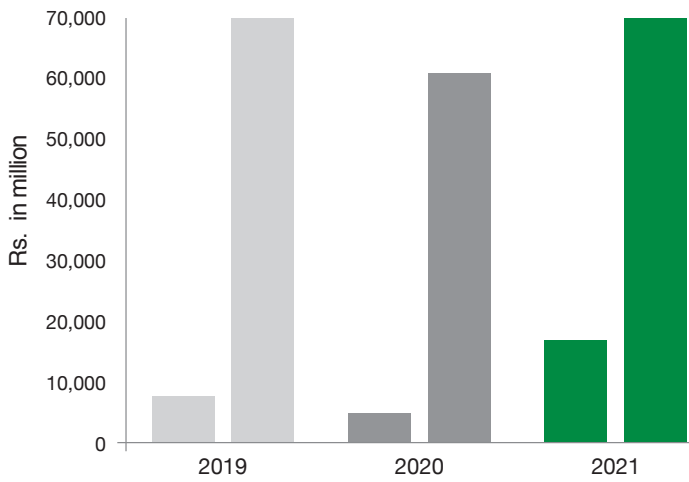
	2021	2020
	(Rs. in million)	
Salaries, wages and benefits	690	573
Electricity, gas and water	1,513	1,710
Depreciation and amortisation	1,390	1,256
Stores and spares consumed	230	178
Repairs and maintenance	141	95
Others	218	171
Total	4,182	3,983

Product Wise Sales Break Up



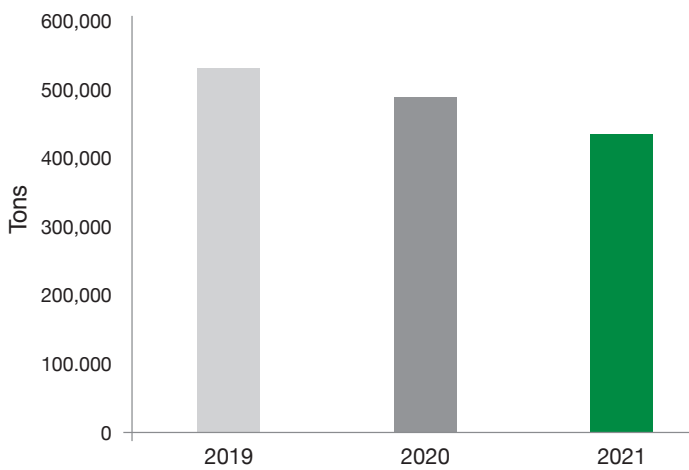
	2021	2020
	(Rs. in million)	
Galvanized Coils	39,046	25,427
Cold rolled Coils	25,255	18,447
Colored Coils	2,659	2,426
Bi-Products	2,836	1,782
Total	69,796	48,082

KEY FINANCIAL INDICATORS



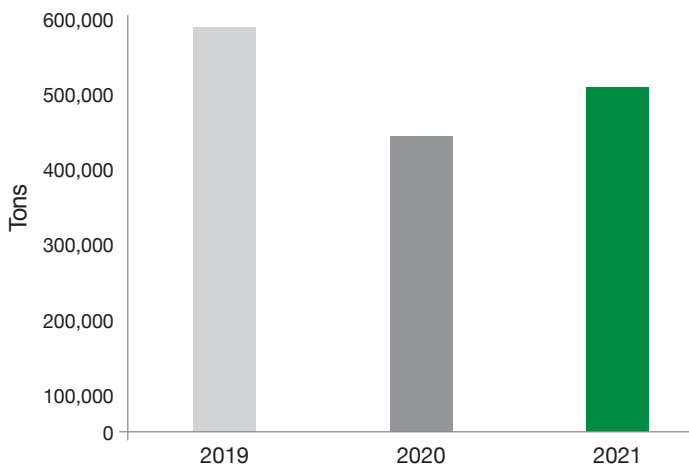
Net Sales / Gross Profit

	2019	2020	2021
	Rs in million		
Net Sales	57,484	48,082	69,796
Gros Profit	6,449	4,213	13,492



Raw material purchases

	2019	2020	2021
Tons	538,028	494,157	438,484



Production

	2019	2020	2021
Tons	584,408	424,355	498,037

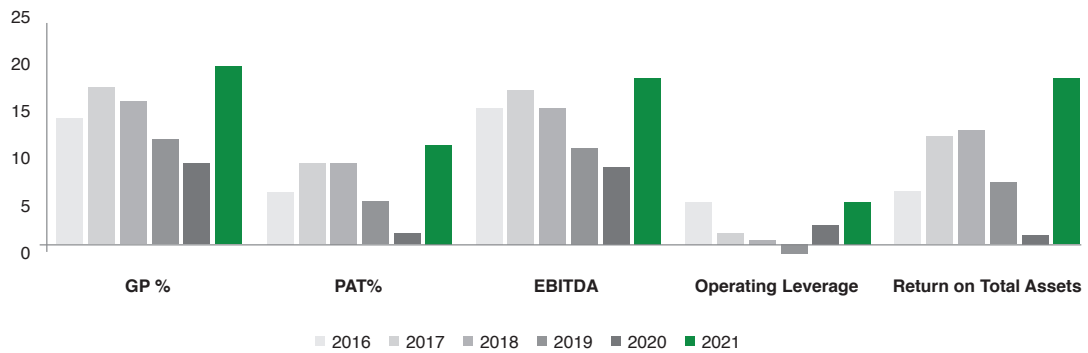


SIX YEARS AT A GLANCE

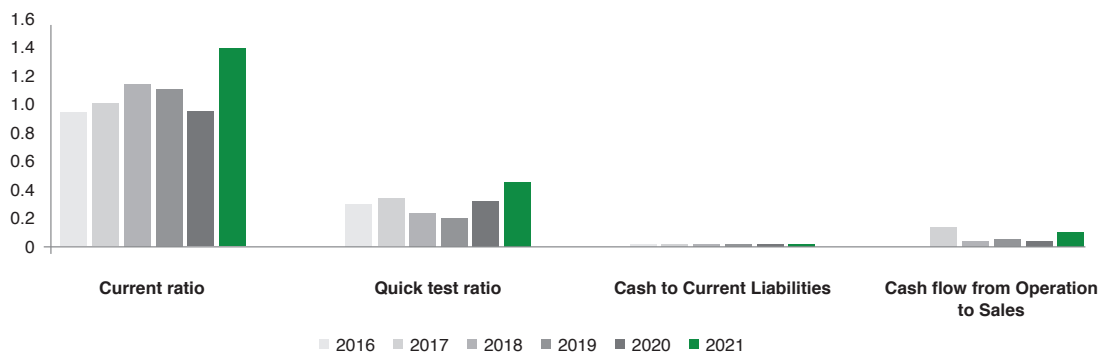
		2021	2020	2019	2018	2017	2016
KEY INDICATORS							
Gross profit ratio							
Profit before tax to sales	%	19.33	8.76	11.22	15.52	16.96	13.74
Profit after tax to sales	%	14.75	0.92	6.40	11.81	13.24	7.82
EBITDA Margin to Sales	%	10.70	1.03	4.63	8.88	8.74	5.57
Operating Leverage	%	17.96	8.31	10.49	14.62	16.75	14.64
Return on Shareholders' Equity	%	4.71	2.05	(0.95)	0.56	1.37	4.47
Operating profit on Capital Employed	%	39.53	3.89	20.69	36.91	35.58	16.51
Return on Total Assets	%	43.79	14.29	23.13	31.24	39.23	21.11
	%	17.90	1.15	6.70	12.26	11.54	5.62
Liquidity Ratios							
Current ratio	times	1.38	0.94	1.09	1.13	1.00	0.93
Quick / Acid test ratio	times	0.33	0.30	0.29	0.21	0.25	0.34
Cash to Current Liabilities		0.02	0.005	0.022	0.007	0.004	0.004
Cash flow from Operations to Sales		0.12	0.04	0.06	0.01	0.05	0.14
Free cash flow to the firm	Rs. millions	6,247	3,230	2,006	(5,308)	(1,360)	3,087
Free cash flow to the equity holder	Rs. millions	4,246	(188)	487	(2,496)	(1,570)	599
Turnover Ratios							
Inventory turnover ratio	times	3.30	2.90	3.32	2.83	2.92	3.31
Debtor turnover ratio (KE)	times	22.73	17.85	12.21	15.08	11.51	12.83
Debtor turnover in days (KE)	days	16	20	30	24	32	28
Debtor turnover ratio	times	71.37	51.04	76.00	69.79	54.20	47.90
Creditor turnover ratio	times	15.88	11.38	22.41	13.59	7.51	6.97
Total assets turnover ratio	times	1.67	1.12	1.45	1.38	1.32	1.01
Fixed assets turnover ratio	times	3.64	2.32	2.89	2.69	2.55	1.68
Capital employed turnover ratio	times	2.75	2.49	2.73	2.35	2.47	1.71
Operating Cycle							
Inventory turnover	days	111	126	110	129	125	110
Debtor turnover	days	5	7	5	5	7	8
Creditor turnover	days	23	32	16	27	49	52
Operating cycle	days	93	101	98	107	83	66
Investment / Market Ratios							
Earnings per share - basic and diluted	Rs	17.16	1.14	6.12	10.03	7.00	2.71
Price earning ratio	times	5.44	45.31	6.49	10.14	18.27	13.14
Market value per share at the end of the year	Rs	93.41	51.65	39.71	101.70	127.89	35.62
Market value per share high during the year	Rs	102.50	62.28	116.50	149.75	167.80	45.00
Market value per share low during the year	Rs	51.95	27.61	33.94	86.00	35.89	22.80
Break-up value per share - Including Revaluation Surplus	Rs	43.42	29.25	29.61	27.18	19.66	16.42
Break-up value per share - Excluding Revaluation Surplus	Rs	40.62	26.37	26.64	25.02	17.47	14.18
Price to book ratio		2.15	1.77	1.34	3.74	6.50	2.17
Cash Dividend	%	100.00	-	30.00	45.00	35.00	12.50
Dividend Yield ratio	%	10.71	-	7.55	4.42	2.74	3.51
Dividend Cover	times	1.72	-	2.04	2.23	2.00	2.17
Dividend Payout	%	58.28	-	49.02	44.85	50.00	46.12
Dividend per share	Rs	10.00	-	3.00	4.50	3.50	1.25
Capital Structure Ratios							
Financial leverage ratio		1.10	2.25	1.91	1.39	1.15	1.16
Total Debt : Equity ratio		39:61	59:41	58:42	58:42	54:46	54:46
Interest cover	times	14.79	1.21	3.89	11.76	11.32	3.53

SIX YEARS AT A GLANCE

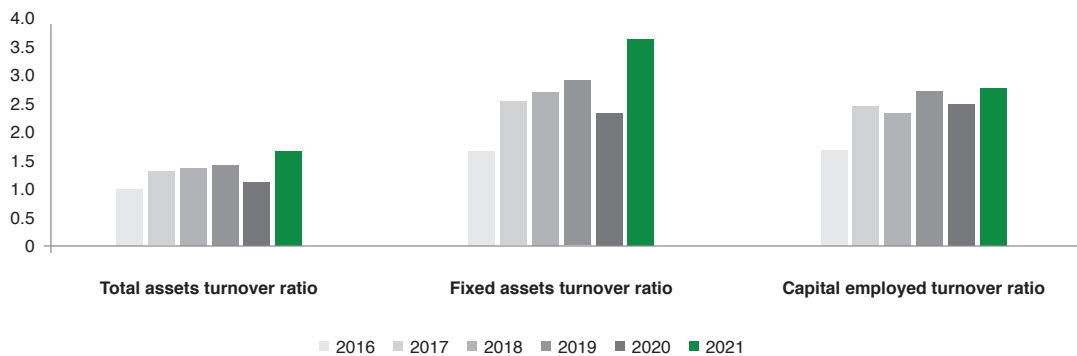
Profitability Ratios



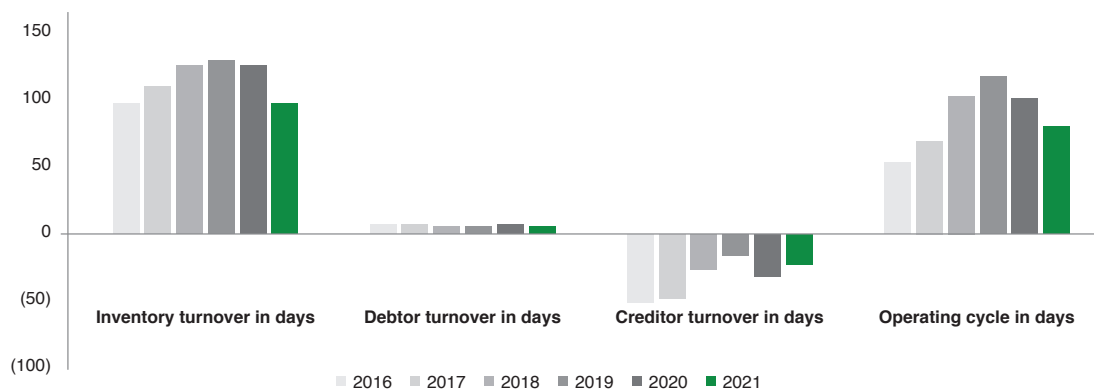
Liquidity Ratios



Turnover Ratios

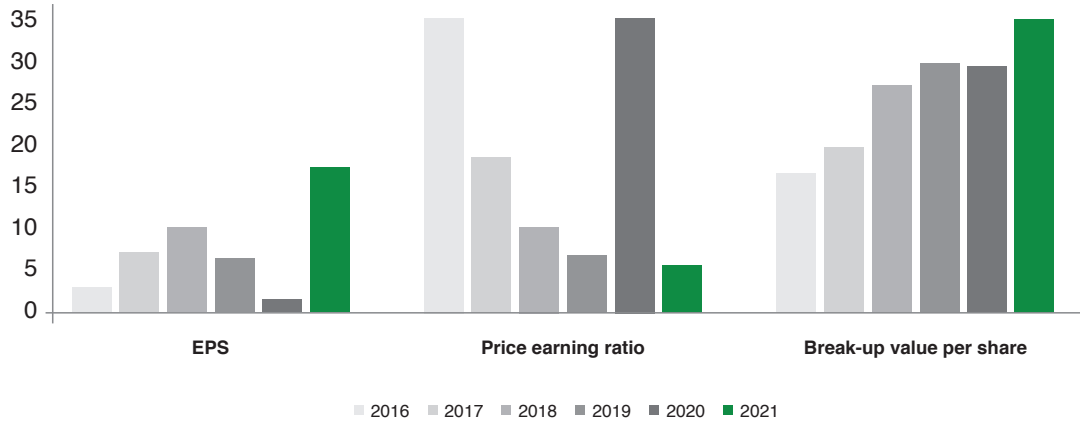


Operating Cycle

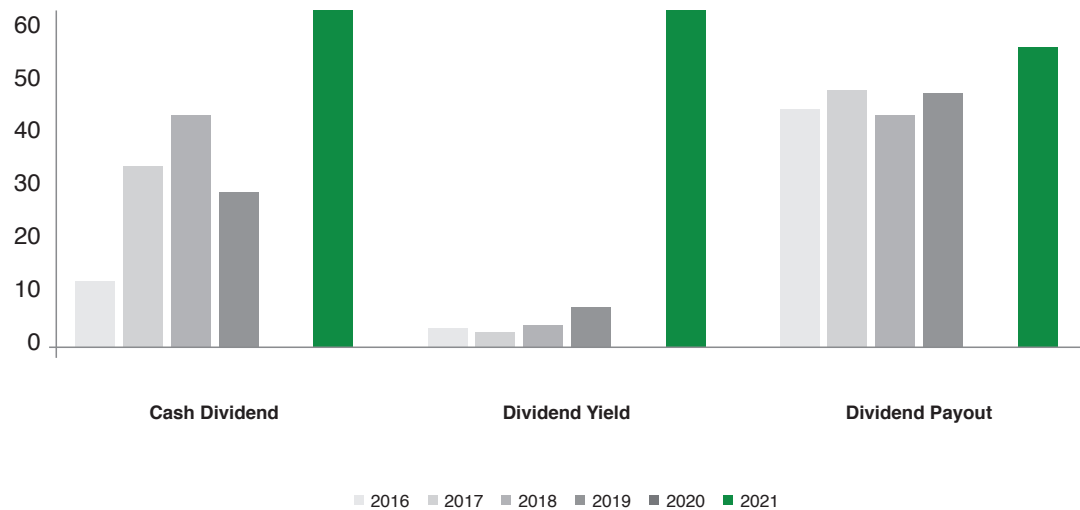


SIX YEARS AT A GLANCE

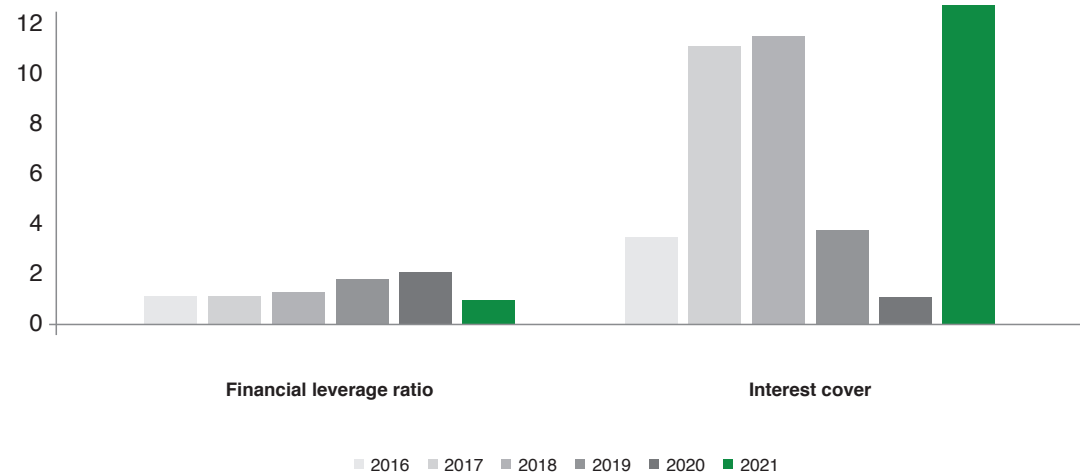
Investment Ratios



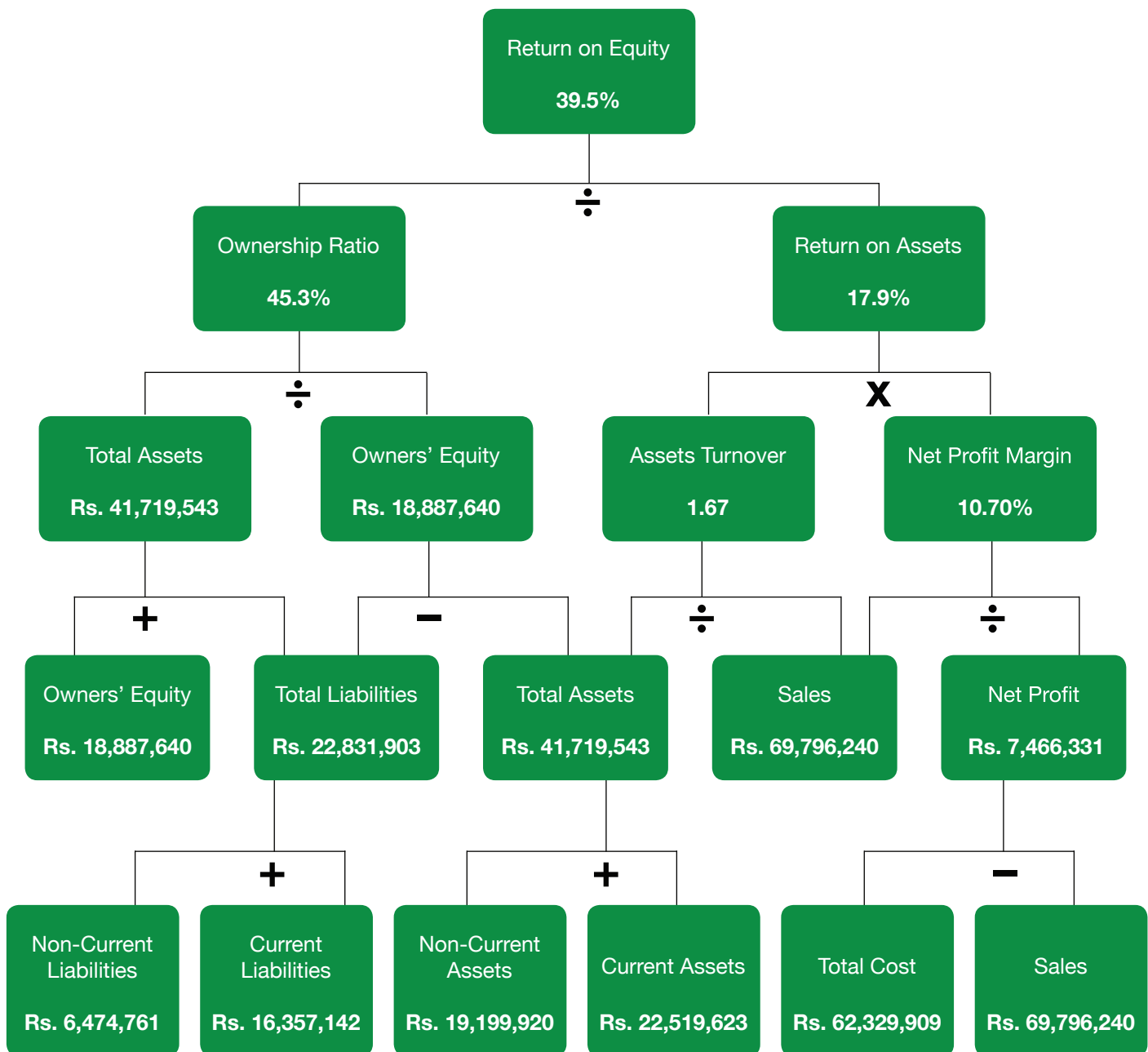
Dividend Ratios



Capital Structure Ratios



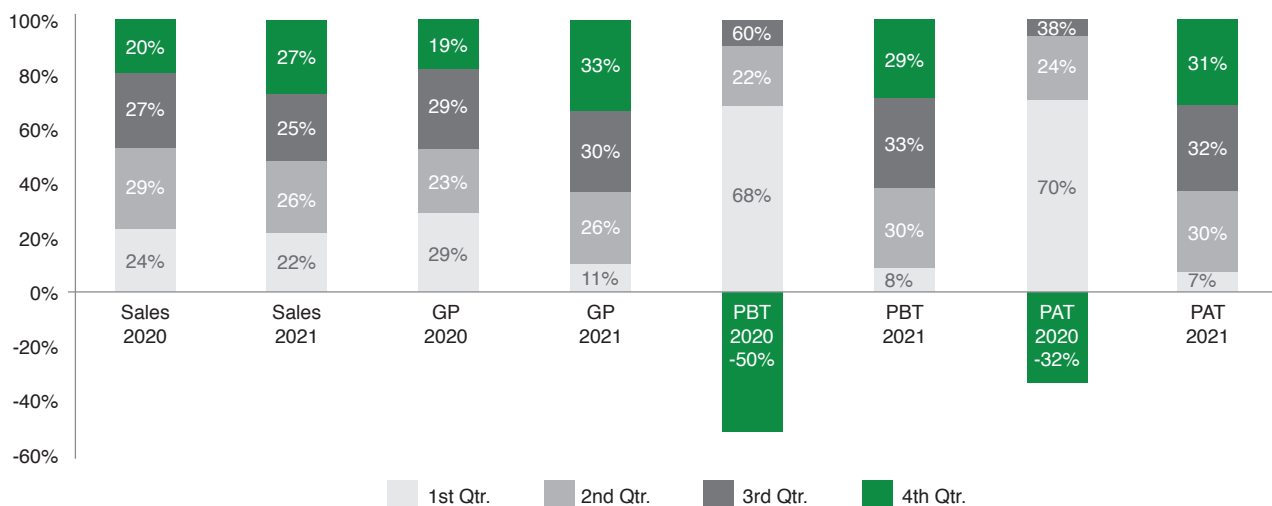
DUPONT ANALYSIS



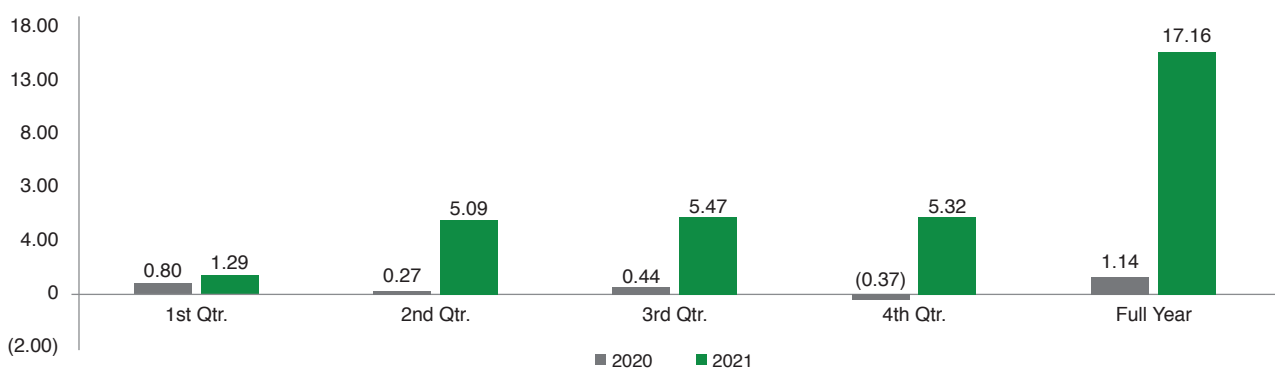


QUARTERLY PERFORMANCE

	2021									
	1st Qtr.		2nd Qtr.		3rd Qtr.		4th Qtr.		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	Rs. in million									
Revenue	15,667	100.00	17,849	100.00	17,402	100.00	18,878	100.00	69,796	100.00
Cost of sales	(14,275)	(91.12)	(14,285)	(80.03)	(13,305)	(76.46)	(14,439)	(76.48)	(56,304)	(80.67)
Gross Profit	1,392	8.88	3,564	19.97	4,097	23.54	4,439	23.52	13,492	19.33
Selling and distribution cost	(201)	(1.29)	(157)	(0.88)	(257)	(1.48)	(448)	(2.37)	(1,063)	(1.52)
Administration cost	(56)	(0.36)	(89)	(0.50)	(131)	(0.75)	(86)	(0.46)	(362)	(0.52)
Operating Profit	1,135	7.24	3,318	18.59	3,709	21.31	3,906	20.69	12,067	17.29
Other expenses	(69)	(0.44)	(287)	(1.61)	(253)	(1.45)	(668)	(3.54)	(1,277)	(1.83)
Other income	51	0.33	258	1.45	55	0.31	(48)	(0.25)	316	0.45
EBIT	1,117	7.13	3,289	18.43	3,511	20.17	3,190	16.90	11,106	15.91
Finance cost	(259)	(1.65)	(179)	(1.00)	(158)	(0.91)	(216)	(1.14)	(812)	(1.16)
PBT	858	5.47	3,110	17.42	3,353	19.27	2,974	15.75	10,294	14.75
Taxation	(298)	(1.90)	(895)	(5.01)	(974)	(5.60)	(660)	(3.50)	(2,828)	(4.05)
PAT	559	3.57	2,215	12.41	2,378	13.67	2,314	12.26	7,466	10.70
EPS	1.29		5.09		5.47		5.32		17.16	

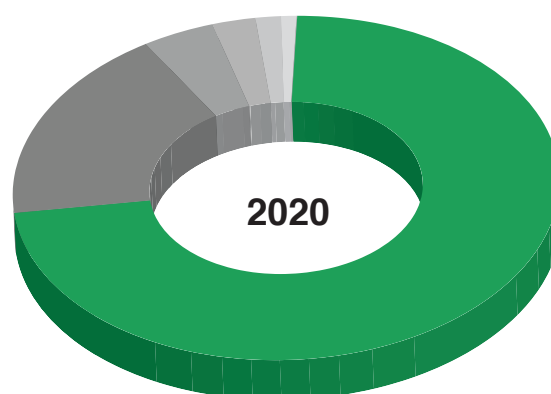
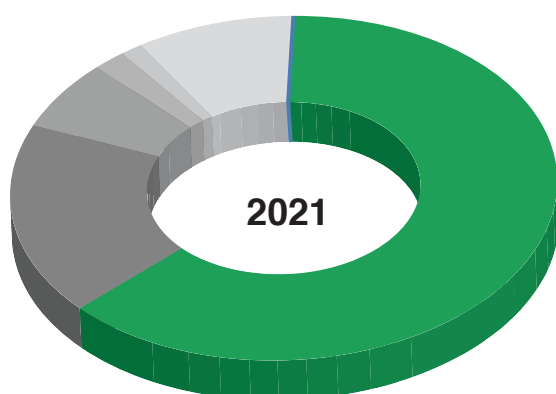


Earnings Per Share



STATEMENT OF VALUE ADDITION

	2021		2020	
	Rs. in '000	%	Rs. in '000	%
Wealth Generated:				
Sales including sales tax	79,878,321	99.6%	54,743,805	99.9%
Other operating income	315,833	0.4%	35,523	0.1%
	80,194,154	100%	54,779,328	100%
Wealth Distributed:				
Cost of material & Services	54,725,700	68.2%	39,823,984	72.7%
To Employees				
Salaries & other related cost	1,023,855	1.3%	828,893	1.5%
To Government				
Taxes	13,847,771	17.3%	9,891,605	18.1%
Worker Profit Participation Fund	553,773	0.7%	22,064	0.0%
Workers Welfare Fund	227,081	0.3%	-	0.0%
	14,628,625	18.2%	9,913,669	18.1%
To Providers of Capital				
Dividend to Shareholders	4,350,000	5.4%	-	0.0%
Finance cost	811,931	1.0%	2,314,807	4.2%
	5,161,931	6.4%	2,314,807	4.2%
To Society				
Donation	105,160	0.1%	19,200	0.0%
Retained in the business				
For replacement of fixed assets				
Depreciation & Amortization	1,537,712	1.9%	1,403,124	2.6%
To provide for growth: Retained profit	3,116,331	3.9%	494,851	0.9%
	4,654,043	5.8%	1,897,975	3.5%
	80,194,154	100.0%	54,779,328	100.0%



	2021	2020
	%	
Cost of material & Services	68.2	72.7
To Government	18.2	18.1
To Providers of Capital	6.4	4.2
Depreciation and Amortization	1.9	2.6
To Employees	1.3	1.5
Retained Profit	3.9	0.9
To Society	0.1	0.0



STATEMENT OF CASH FLOWS - DIRECT METHOD

For The Year Ended 30 June 2021

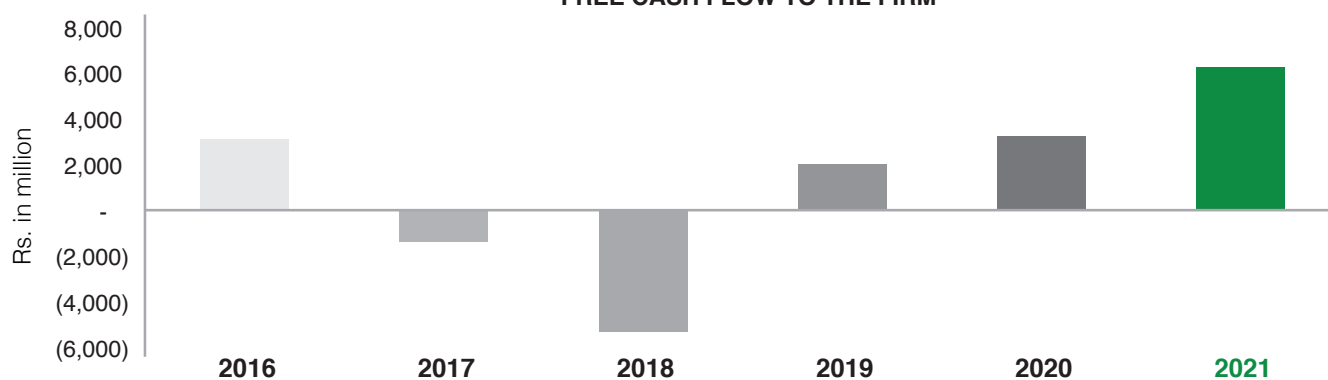
	2021	2020
	(Rs. in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	80,578,658	55,298,953
cash paid to suppliers / service providers and employees	(72,866,252)	(48,294,782)
workers fund	(15,696)	(85,310)
Sales tax refund / (payment)	2,457,038	(1,720,946)
Finance cost paid	(933,638)	(2,386,955)
Income on bank deposits received	39,613	5,444
Staff gratuity paid	(25,158)	(23,617)
Compensated absences paid	(11,176)	(9,027)
Income tax paid	(1,137,725)	(807,473)
Net cash generated from operating activities	8,043,275	1,976,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of property, plant and equipment	(515,360)	(2,209,723)
Proceeds from disposal of property, plant and equipment	31,847	28,791
Net cash used in investing activities	(483,513)	(2,180,932)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term finance	187,738	713,876
Repayment of long term finance	(1,512,165)	(1,461,144)
Proceeds / (Repayment) short term borrowings - net	1,374,373	(710,781)
Lease liability	(20,326)	(21,083)
Dividend paid	(1,304,635)	(652,905)
Net cash used in from financing activities	(1,275,015)	(2,132,037)
Net Increase / (decrease) in cash and cash equivalents	6,284,747	(2,336,682)
Cash and cash equivalents at beginning of the year	(8,568,724)	(6,232,042)
Cash and cash equivalents at end of the year	(2,283,977)	(8,568,724)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	292,511	106,196
Short term borrowings - running finance (secured)	(2,576,488)	(8,674,920)
	(2,283,977)	(8,568,724)



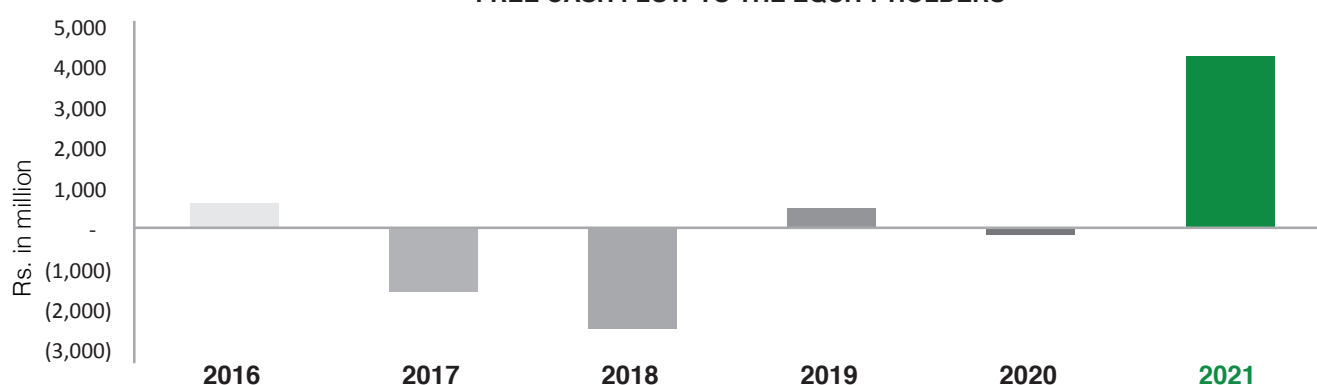
FREE CASH FLOW

	2021	2020	2019	2018	2017	2016
Free cash flow to the firm	(Rs. in Million)					
Profit before taxation	10,295	442	3,679	5,803	4,609	1,654
Finance cost	812	2,315	1,289	539	732	1,028
Operating Profit	11,107	2,757	4,968	6,342	5,340	2,682
Effective tax rate	27.47%	-11.91%	27.58%	24.79%	33.95%	28.74%
Net operating profit after tax	8,055	3,085	3,598	4,770	3,527	1,912
Depreciation and Amortization	1,538	1,403	1,078	858	769	711
Capital expenditure incurred	(515)	(2,210)	(2,280)	(5,492)	(1,812)	(492)
Changes in working capital	(2,831)	952	(390)	(5,444)	(3,844)	956
Free cash flow to the firm	6,247	3,230	2,006	(5,308)	(1,360)	3,087
Free cash flow to the Equity holders						
Free cash flow to the firm	6,247	3,230	2,006	(5,308)	(1,360)	3,087
Net borrowing - raised / (repaid)	(1,324)	(747)	(693)	3,152	74	(1,847)
Interest payment - net of tax	(677)	(2,671)	(826)	(340)	(284)	(641)
Free cash flow to the Equity holders	4,246	(188)	487	(2,496)	(1,570)	599

FREE CASH FLOW TO THE FIRM



FREE CASH FLOW TO THE EQUITY HOLDERS





FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the members of International Steels Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of International Steels Limited (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter**S. No. Key audit matter How the matter was addressed in our audit****How the matter was addressed in our audit****(i) Revenue from contracts with customers**
(Refer note 3.10 and note 24 to the financial statements)

The Company recognizes revenue from the sale of cold rolled, galvanized and colour coated steel coils and sheets to domestic as well as export customers when the performance obligation is satisfied by transferring control of a promised good to the customer. During the year, net sales to the domestic and export customers have increased significantly by 48.2% and 31.8%, respectively, which is substantially due to increase in international steel prices.

We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.

Our audit procedures amongst others included the following:

- evaluated management controls over revenue and checked their validation;
- performed verification of sales with underlying documentation including gate pass, delivery order and invoice;
- performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period;
- verified that sales prices are negotiated and approved by appropriate authority;
- recalculated the commission as per Company's policy and verified related distribution expenses; and
- ensured that presentation and disclosures related to revenue are being addressed appropriately.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

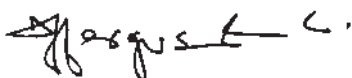
Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Company for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on September 06, 2020.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.



A.F. Ferguson & Co.

Chartered Accountants

Karachi.

Date: September 06, 2021



STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2021

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	4	19,179,617	20,638,354
Right-of-use assets	5.1	19,318	49,377
Intangible assets	6	885	1,197
Long term deposit with Central Depository Company of Pakistan Limited		100	100
		19,199,920	20,689,028

CURRENT ASSETS

Stores and spares	7	676,682	668,960
Stock-in-trade	8	17,081,369	15,132,206
Trade debts	9	939,845	1,015,744
Receivable from K-Electric Limited (KE)		26,920	39,393
Advances, trade deposits and prepayments	10	1,925,675	135,604
Staff retirement benefits	11	-	7,238
Sales tax receivable		1,576,621	4,033,659
Taxation - net	12	-	1,033,184
Cash and bank balances	13	292,511	106,196
		22,519,623	22,172,184
		41,719,543	42,861,212

TOTAL ASSETS

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Share capital			
Issued, subscribed and paid-up capital	14	4,350,000	4,350,000
Revenue reserve			
Unappropriated profit		13,317,354	7,121,607
Capital reserve			
Revaluation surplus on property, plant and equipment	15	1,220,286	1,254,208
		18,887,640	12,725,815

TOTAL SHAREHOLDERS' EQUITY

LIABILITIES

NON-CURRENT LIABILITIES

Long term financing - secured	16	3,730,861	5,023,812
Deferred income - Government grant	17	1,018	7,295
Gas Infrastructure Development Cess	18	708,956	-
Deferred taxation - net	19	2,031,997	1,499,446
Lease liabilities	5.2	1,929	38,098
		6,474,761	6,568,651

CURRENT LIABILITIES

Trade and other payables	20	6,587,651	8,932,354
Contract liabilities	21	1,277,439	1,377,396
Short term borrowings - secured	22	6,796,345	11,520,404
Unclaimed dividend		8,798	8,433
Current portion of long term financing - secured	16	1,462,435	1,487,634
Current portion of lease liabilities	5.2	20,734	16,755
Taxation - net	12	125,012	-
Accrued mark-up		78,728	223,770
		16,357,142	23,566,746
		22,831,903	30,135,397

TOTAL LIABILITIES

CONTINGENCY AND COMMITMENTS

TOTAL EQUITY AND LIABILITIES

Note	30 June	30 June
	2021	2020
	(Rupees in '000)	
	41,719,543	42,861,212
	41,719,543	42,861,212

The annexed notes from 1 to 45 form an integral part of these financial statements.

Nihal Cassim
Director & Chairman
Board Audit Committee

Mujtaba Hussain
Chief Financial
Officer

Yousuf H. Mirza
Chief Executive
Officer

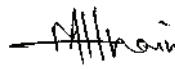


STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2021

Note	2021	2020
(Rupees in '000)		
Revenue from contracts with customers	24 69,796,240	48,081,937
Cost of sales	25 (56,304,367)	(43,869,080)
Gross profit	13,491,873	4,212,857
Selling and distribution expenses	26 (1,062,996)	(894,334)
Administrative expenses	27 (361,519)	(262,811)
	(1,424,515)	(1,157,145)
Operating profit	12,067,358	3,055,712
Finance cost	28 (811,931)	(2,314,807)
Other operating charges	29 (1,276,659)	(334,257)
	(2,088,590)	(2,649,064)
Other income	30 315,833	35,523
Profit before tax	10,294,601	442,171
Income tax (expense) / credit	31 (2,828,270)	52,680
Profit for the year	7,466,331	494,851
Earnings per share - basic and diluted		
	32 17.16	1.14

The annexed notes from 1 to 45 form an integral part of these financial statements.


Nihal Cassim
 Director & Chairman
 Board Audit Committee


Mujtaba Hussain
 Chief Financial
 Officer


Yousuf H. Mirza
 Chief Executive
 Officer



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

Profit for the year

Other comprehensive income for the year

Items that will not be subsequently reclassified to statement of profit or loss

Remeasurements of staff retirement benefits

Related deferred tax charge for the year

Other comprehensive income for the year - net of tax

Total comprehensive income for the year

Note	2021	2020
	(Rupees in '000)	
	7,466,331	494,851
11.2.10	696	7,316
	(202)	(2,122)
	494	5,194
	7,466,825	500,045

The annexed notes from 1 to 45 form an integral part of these financial statements.

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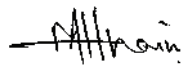


STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed & paid-up capital	Revenue reserve- unappropriat- ed profit	Capital reserve- Revaluation surplus on property, plant and equipment	Total
	(Rupees in '000)			
Balance as at July 01, 2019	4,350,000	7,240,140	1,288,130	12,878,270
Profit for the year	-	494,851	-	494,851
Other comprehensive income for the year	-	5,194	-	5,194
Total comprehensive income for the year	-	500,045	-	500,045
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	33,922	(33,922)	-
Transactions with owners recorded directly in equity - distributions				
Dividend:				
- Final dividend @ 15% (Re. 1.50 per share) for the year ended June 30, 2019	-	(652,500)	-	(652,500)
	-	(652,500)	-	(652,500)
Balance as at June 30, 2020	4,350,000	7,121,607	1,254,208	12,725,815
Profit for the year	-	7,466,331	-	7,466,331
Other comprehensive income for the year	-	494	-	494
Total comprehensive income for the year	-	7,466,825	-	7,466,825
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	33,922	(33,922)	-
Transactions with owners recorded directly in equity - distributions				
Dividend:				
- Interim dividend @ 30% (Rs. 3.00 per share) for the year ended June 30, 2021	-	(1,305,000)	-	(1,305,000)
	-	(1,305,000)	-	(1,305,000)
Balances as at June 30, 2021	4,350,000	13,317,354	1,220,286	18,887,640

The annexed notes from 1 to 45 form an integral part of these financial statements.


Nihal Cassim
 Director & Chairman
 Board Audit Committee


Mujtaba Hussain
 Chief Financial
 Officer


Yousuf H. Mirza
 Chief Executive
 Officer



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations

Finance cost paid		
Income on bank deposits received		
Staff retirement benefits paid		
Payment on account of compensated absences		
Income tax paid		

Net cash generated from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Payment for acquisition of property, plant and equipment		
Proceeds from disposal of property, plant and equipment		

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long term financing		
Repayment of long term financing		
Proceeds from / (repayment of) short term borrowings - net		
Lease rentals paid		
Dividend paid		

Net cash used in financing activities

Net increase / (decrease) in cash and cash equivalents

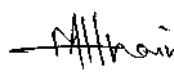
Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

Note	2021	2020
	(Rupees in '000)	
	10,111,359	5,197,915
33	(933,638)	(2,386,955)
	39,613	5,444
11	(25,158)	(23,617)
	(11,176)	(9,027)
12	(1,137,725)	(807,473)
	8,043,275	1,976,287
	(515,360)	(2,209,723)
4	31,847	28,791
	(483,513)	(2,180,932)
	187,738	713,876
	(1,512,165)	(1,461,144)
	1,374,373	(710,781)
	(20,326)	(21,083)
	(1,304,635)	(652,905)
	(1,275,015)	(2,132,037)
	6,284,747	(2,336,682)
	(8,568,724)	(6,232,042)
34	(2,283,977)	(8,568,724)

The annexed notes from 1 to 45 form an integral part of these financial statements.


Nihal Cassim
 Director & Chairman
 Board Audit Committee


Mujtaba Hussain
 Chief Financial
 Officer


Yousuf H. Mirza
 Chief Executive
 Officer



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

1. STATUS AND NATURE OF BUSINESS

International Steels Limited (the Company) was incorporated on September 03, 2007 as a public unlisted company limited by shares under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is domiciled in the province of Sindh. The Company was listed on the Pakistan Stock Exchange Limited on June 01, 2011. The Company is subsidiary of International Industries Limited (the Holding Company) which holds 245,055,543 (2020: 245,055,543) shares of the Company as at June 30, 2021 representing 56.3% (2020: 56.3%) of the shareholding of the Company.

The net assets of the Steel Project Undertaking of International Industries Limited (the Holding Company), amounting to Rs. 4,177.167 million determined as at August 23, 2010 (day immediately preceding the completion date) in accordance with the Scheme of Arrangement, were transferred to the Company on August 24, 2010. In consideration of transferring to and vesting the Steel Project Undertaking in the Company, 417,716,700 fully paid-up ordinary shares were issued at par value to the Holding Company.

The primary activity of the Company is the business of manufacturing of cold rolled, galvanized and colour coated steel coils and sheets. The Company commenced commercial operations on January 01, 2011. The registered office of the Company is situated at 101, Beaumont Plaza, 10 Beaumont Road, Civil Lines, Karachi - 75530.

The manufacturing facilities of the Company are situated at 399-405, Rehri Road, Landhi Industrial Area, and Plot No. LE-73-79,102-103, 112-118, 125-129, Survey No. NC.98, near Arabian Country Club, National Industrial Parks (NIP), Bin Qasim Industrial Park, Karachi.

The Company has sales offices at following locations:

- Chinoy House, 6-Bank Square, Lahore;
- Office No. 303-A 3rd Floor Evacuee Trust Complex Sector F-5/1 Agha Khan Road, Islamabad; and
- Office No. 708-A, United Mall, Abdali Road, Multan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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, freehold land and buildings thereon 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

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All



amounts have been rounded off to the nearest thousand, unless otherwise indicated.

2.4 Use of significant estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of assets and liabilities in future periods are described in the following notes:

- Property, plant and equipment (note 3.2)
- Trade debts, advances and other receivables (note 3.4.2.1)
- Stores and spares (note 3.5)
- Stock-in-trade (note 3.6)
- Taxation (note 3.7)
- Staff retirement benefits (note 3.8)
- Impairment (note 3.12)
- Provisions (note 3.13)
- Contingent liabilities (note 3.14)

2.5 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

b) Standards and amendments to approved accounting standards that are not yet effective

There is a standard and certain other amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these are considered either not to be relevant or to have any significant impact on the Company's financial statements and operations and, therefore, have not been disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies and methods of computations adopted in the preparation of these financial statements are same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2020.



3.1 Lease liability and Right-of-use assets

The Company, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments.

At inception of a contract, the Company assesses whether a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases properties for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The Company has various lease agreements for head office and sales offices which were previously classified by the Company based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for all the leases i.e. these leases are on statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the entity's incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Dismantling costs and Restoration costs.

The company has not elected to recognise right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.



3.2 Property, plant and equipment

3.2.1 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 property, plant and equipment ceases when the item 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 (except freehold land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land are stated at revalued amounts and buildings on freehold land are stated at revalued amounts less accumulated depreciation and accumulated impairment, if any. 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;
- (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; and
- (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 property, 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 statement of profit or loss 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 note 4.1 to the financial statements and is generally recognised in statement of profit or loss.

Depreciation on addition 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 reporting date.

Revaluation surplus

Revaluation of freehold land and buildings 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. Any revaluation increase in the carrying amount of freehold land and buildings on freehold land is recognized, net of tax, in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment" except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognised in the statement of profit or loss, in which case the increase is first recognized in the statement of profit or loss to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the



remaining surplus attributable to the asset, all other decreases are charged to statement of profit or loss. The revaluation reserve is not available for distribution to the Company's shareholders. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from revaluation surplus to retained earnings.

Gains and losses on disposal

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

3.2.2 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.

Advances paid to suppliers for acquisition of property, plant and equipment including land and building is also classified under capital work-in-progress.

3.3 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 one year, are recognised as an intangible asset.

Indefinite 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) These are amortised on straight line basis over its estimated useful life(s) of these assets (refer note 6).
- c) Amortisation on additions during the year is charged from month in which the asset is intended to use, whereas no amortisation is charged from the month the asset is disposed-off.

3.4 Financial instruments

3.4.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.



Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest / markup income, foreign exchange gains and losses and impairment, if any, are recognised in the statement of profit or loss.

3.4.2 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 include trade debts, deposits, 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 cash flows in a transaction in which substantially all of the risk 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.

3.4.2.1 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.4.2.2 Cash and cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents includes cash in hand, balances with banks and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

3.4.3 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, unclaimed / unpaid dividend, accrued mark-up and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. 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.

3.4.3.1 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, 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 statement of profit or loss over the period of the borrowings using the effective interest rate method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.



3.4.3.2 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.

3.4.3.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

3.4.4 Derivative financial instruments - other than hedging

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.4.5 Derivative financial instruments - cash flow hedges

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

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

3.4.6 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.

3.5 Stores and spares

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

Provision is made for obsolete and slow moving stores and spares and is recognised in the statement of profit or loss.

3.6 Stock-in-trade

These are valued at lower of cost and net realisable value. Cost is determined under the weighted average basis. Cost comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition. Raw material in transit comprises invoice value and other charges thereon. 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 and by-product is valued at estimated realisable value.

3.7 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of profit or loss, 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 or receivable in respect of previous years.

Provisions 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 or alternate corporate tax 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 reporting 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.

3.8 Staff retirement benefits

3.8.1 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 year (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 recognized 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 statement of profit or loss. The latest actuarial valuation was conducted at the reporting date by a qualified professional firm of actuaries.

The actual return on plan assets represent the difference between the fair value of plan assets at the beginning and end of the year and adjusted for contributions and benefits paid.

3.8.2 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 statement of profit or loss.

3.8.3 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.



3.9 Foreign currency transactions and 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 reporting date. Exchange differences are included in the statement of profit or loss.

3.10 Revenue recognition

- Domestic sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides with delivery, as this is the point in time that the consideration becomes unconditional, because only the passage of time is required before the payment is due.
- Export sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representative, based on terms of arrangement.
- Revenue from power generation plant on account of sales of surplus electricity is recognised on transmission of electricity to K-Electric Limited.
- Toll manufacturing / partial manufacturing income is recognised when related services are rendered.

No element of financing is deemed present as the sales are made with a credit term of up to 180 days, which is consistent with the market practice.

3.11 Income on bank deposits and finance cost

The Company's finance income and finance cost includes income on bank deposits and finance cost. Income or expense is recognised using the effective interest rate method.

3.12 Impairment

3.12.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

The expected loss rates are based on the payment profiles of sales over a period of 36 - 60 months before June 30, 2021 or July 1, 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product (GDP) and the unemployment rate of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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



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

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

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

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

A financial asset is considered irrecoverable (default event) when the counterparty fails to make contractual payments within one year of when they fall due.

3.12.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting 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 statement of profit or loss.

3.13 Provisions

A provision is recognised in the statement of financial position 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 reflecting current market assessment of the time value of money and the risk specific to the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.14 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.15 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.

The Company does not consider sale of electricity to K-Electric Limited (KE) as separate reportable segment as the power plant of the Company is installed primarily to supply power to its production facilities and currently any excess electricity is sold to KE.

3.16 Dividend and appropriations to / from reserves

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

3.17 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognises government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with Grants.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
(Rupees in '000)			
Operating assets	4.1	18,384,801	19,869,409
Capital work-in-progress	4.2	150,993	107,338
Stores and spares held for capital expenditure	4.3	643,823	661,607
		19,179,617	20,638,354



4.1 Operating assets

	(Rupees in '000)					
	Freehold land - revalued - notes 4.1.2, 4.1.3 and 4.1.4	Buildings on freehold land - revalued 4.1.2, 4.1.3 and 4.1.4	Plant and machinery	Furniture, fixtures and office equipment	Vehicles	Total
Balance as at July 1, 2020						
Cost / revalued amount	2,241,441	3,345,938	20,142,300	122,322	161,085	26,013,086
Accumulated depreciation	-	(152,659)	(5,853,796)	(69,426)	(67,796)	(6,143,677)
Net book value (NBV)	2,241,441	3,193,279	14,288,504	52,896	93,289	19,869,409
Additions / adjustments / transfers from CWIP - note 4.2	-	18,565	347,505	20,563	50,046	436,679
Disposals - note 4.1.6						
- Cost	-	(7,064)	-	(241)	(31,628)	(38,933)
- Accumulated depreciation	-	91	-	136	20,413	20,640
	-	(6,973)	-	(105)	(11,215)	(18,293)
Impairment charge - note 4.1.5	-	-	(383,369)	-	-	(383,369)
Depreciation charge - note 4.1.1	-	(197,981)	(1,275,949)	(15,030)	(30,665)	(1,519,625)
Balance as at June 30, 2021 (NBV)	2,241,441	3,006,890	12,976,691	58,324	101,455	18,384,801
Gross carrying value as at June 30, 2021						
Cost / revalued amount	2,241,441	3,357,439	20,489,805	142,644	179,503	26,410,832
Accumulated depreciation	-	(350,549)	(7,129,745)	(84,320)	(78,048)	(7,642,662)
Accumulated impairment	-	-	(383,369)	-	-	(383,369)
Net book value	2,241,441	3,006,890	12,976,691	58,324	101,455	18,384,801
Depreciation rates (% per annum)	-	3 - 10	3 - 50	5 - 50	20	
Balance as at July 1, 2019						
Cost / revalued amount	1,622,500	2,427,972	19,240,558	104,738	140,489	23,536,257
Accumulated depreciation	-	-	(4,703,148)	(55,771)	(48,978)	(4,807,897)
Net book value (NBV)	1,622,500	2,427,972	14,537,410	48,967	91,511	18,728,360
Additions / adjustments / transfers from CWIP	618,941	922,539	962,651	17,584	43,951	2,565,666
Disposals						
- Cost	-	(4,573)	(60,909)	-	(23,355)	(88,837)
- Accumulated depreciation	-	3,074	33,083	-	11,160	47,317
	-	(1,499)	(27,826)	-	(12,195)	(41,520)
Depreciation charge - note 4.1.1	-	(155,733)	(1,183,731)	(13,655)	(29,978)	(1,383,097)
Balance as at June 30, 2020 (NBV)	2,241,441	3,193,279	14,288,504	52,896	93,289	19,869,409
Gross carrying value as at June 30, 2020						
Cost / revalued amount	2,241,441	3,345,938	20,142,300	122,322	161,085	26,013,086
Accumulated depreciation	-	(152,659)	(5,853,796)	(69,426)	(67,796)	(6,143,677)
Net book value	2,241,441	3,193,279	14,288,504	52,896	93,289	19,869,409
Depreciation rates (% per annum)	-	3 - 10	3 - 50	5 - 50	20	



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

	Note	2021	2020
(Rupees in '000)			
Cost of sales	25	1,389,844	1,254,205
Selling and distribution expenses	26	9,860	9,383
Administrative expenses	27	8,454	9,397
Income from power generation	30.1	111,467	110,112
		1,519,625	1,383,097

4.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Total Area
Manufacturing plant	399-405, Rehri Road, Landhi Town, City District Government, Karachi.	157,058 Sq. Yd.
	Plot No. LE-73-79, 102-103, 112-118, 125-129 Survey No. NC. 98, near Arabian Country Club, NIP, Bin Qasim Industrial Park, Karachi.	653,400 Sq. Ft.
Office premises	Office No. 203, 2nd Floor, Beamound Plaza, 10 Beamound Road, Karachi.	1,794, Sq. Ft.
Multan Plot	Khewat No. (B) 38, 114, 302, Khatooni No. 127,475, 1114, Mouza Laar, Bahawalpur Road, Multan.	365,904 Sq. Ft.

4.1.3 The revaluation of freehold land and buildings thereon was carried out as of June 30, 2019 by MYK Associates (Private) Limited (an external valuer who is located in Karachi) on the basis of their professional assessment of present market values based on enquiries made about the cost of land of similar nature, size and location including consideration of current cost of acquisition or construction net of diminution owing to depreciation, keeping in view the current condition. The revaluation resulted in a surplus on revaluation amounting to Rs. 450 million which was incorporated in the books of the Company as at June 30, 2019. A Desktop Valuation of the revalued properties was also carried out by the same valuer as of June 30, 2021 resulting in no change in the forced sales value given in the last independent valuation report.

The Company commissioned independent valuation of freehold land and buildings thereon during the years / periods ended June 30, 2013, June 30, 2016 and June 30, 2019 along with a Desktop Valuation carried out as of June 30, 2021.

The carrying amount of the aforementioned assets as at June 30, 2021, if the said assets had been carried at historical cost, would have been as follows:

	Cost	Accumulated depreciation	Net book value
(Rupees in '000)			
Freehold land	1,455,541	-	1,455,541
Buildings on freehold land	3,094,512	(693,309)	2,401,203
As at 30 June 2021	4,550,053	(693,309)	3,856,744
As at June 2020	4,538,829	(543,472)	3,995,357

4.1.4 Forced Sales Value of assets held under revaluation model are as follows:

	2021	2020
(Rupees in '000)		
Freehold land	1,916,942	1,916,942
Buildings on freehold land	2,939,669	2,934,681
	4,856,611	4,851,623



4.1.5 The management of the Company has recorded impairment amounting to Rs. 388 million on the following units of plant and machinery which have been replaced by the Company and have been inoperative for the past few months:

- Push and pull pickling line having cost and net book value of Rs. 541.20 million and Rs. 296.53 million respectively, which has been replaced with a new Continuous pickling line.
- Hydrogen plant having cost and net book value of Rs. 140.06 million and Rs. 86.84 million respectively which has been replaced with a new Hydrogen and Nitrogen plant.
- Other capital stores and spares which are related to above units and are no longer useable for the Company.

The recoverable amount of the above units were determined by reference to the fair value less cost to sell model based on indirectly derived prices as prescribed under level 3 of IFRS-13 'Fair Value Measurement'.

The management estimates that the residual value of the above units of plant and machinery shall be the same as the cost to dismantle the plant resulting in an insignificant fair value less cost to sell. Hence, the management has written off the entire carrying amount of the above mentioned units of plant and machinery.

The impairment loss is included in other operating charges in the statement of profit or loss as disclosed in note 29.

4.1.6 Details of property, plant and equipment disposed off, having net book value in excess of five hundred thousand rupees or more each are as follows:

	Original cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer	Relationship with buyer
(Rupees in '000)								
Vehicles								
Toyota Corolla	3,546	827	2,719	2,800	81	Insurance Claim	Jubilee General Insurance	Third Party
Honda City	2,009	603	1,406	1,744	338	As per Policy	Syed Irshad Rizvi	Employee
Suzuki Alto	1,398	70	1,328	1,305	(23)	Negotiation	Yaseen Motors	Third Party
Honda City	1,869	561	1,308	2,000	692	Insurance Claim	Jubilee General Insurance	Third Party
Suzuki Cultus	1,745	553	1,192	1,675	483	Negotiation	M. Ahmed Ali Khan	Third Party
Honda Civic	2,513	1,759	754	2,325	1,571	As per Policy	Wasif Mahmood	Employee
Suzuki Alto	1,101	349	752	1,300	548	Negotiation	Syed Riaz Ahmed	Third Party
Suzuki Mehran	860	344	516	810	294	Negotiation	Farhat Khan	Third Party
	15,041	5,066	9,975	13,959	3,984			
Plant and Machinery								
Bus Bars	2,121	106	2,015	1,307	(708)	Insurance Claim	Jubilee General Insurance	Third Party
Total	17,162	5,172	11,990	15,266	3,276			

4.2 Capital work-in-progress

	2021				2020			
	Cost As at July 01, 2020	Additions	(Transfers) / Adjustments	As at June 30, 2021	Cost As at July 01, 2019	Additions	(Transfers) / Adjustments	As at June 30, 2020
(Rupees in '000)								
Freehold land	-	-	-	-	463,830	155,111	(618,941)	-
Buildings on freehold land	-	29,070	(18,565)	10,505	51,446	938,958	(990,404)	-
Plant and machinery	75,155	383,444	(347,505)	111,094	123,861	1,033,924	(1,082,630)	75,155
Furniture, fixtures, computer and office equipment	26,577	16,845	(20,563)	22,859	23,892	20,269	(17,584)	26,577
Vehicles	5,606	50,975	(50,046)	6,535	-	49,557	(43,951)	5,606
	107,338	480,334	(436,679)	150,993	663,029	2,197,819	(2,753,510)	107,338



4.3 Stores and spares held for capital expenditure

Note	2021	2020
	(Rupees in '000)	
	661,607	448,501
	120,738	199,748
	(85,712)	22,412
	(48,181)	(9,054)
4.1.5	(4,629)	-
	643,823	661,607

5. LEASES

5.1 Right-of-use assets

Note	2021	2020
	(Rupees in '000)	
	49,377	152,996
	(12,284)	(85,131)
5.1.1	(17,775)	(18,488)
	19,318	49,377

5.1.1 The depreciation charge on right-of-use assets for the year has been allocated as follows:

		2021	2020
		(Rupees in '000)	
Selling and distribution expenses	26	15,861	13,492
Administrative expenses	27	1,914	4,996
		17,775	18,488

5.2 Lease liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of Company and lessor. Wherever practicable, the Company seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

5.2.1 Following is the carrying amount of lease liabilities and the movement during the year:

		2021	2020
		(Rupees in '000)	
Balance at beginning of the year		54,853	152,996
Re-assessment / termination of leases		(14,658)	(85,131)
Interest expense	28	2,794	8,071
Payments		(20,326)	(21,083)
Balance at end of the year		22,663	54,853
Current portion		20,734	16,755
Non-current portion		1,929	38,098
		22,663	54,853



5.2.2 Lease liabilities payable are as follows:

Less than one year
Between one and five years

	2021		2020	
	Minimum lease payments	Interest	Present value of minimum lease payments	Present value of minimum lease payments
Less than one year	21,964	(1,230)	20,734	16,755
Between one and five years	1,972	(43)	1,929	38,098
	23,936	(1,273)	22,663	54,853

6. INTANGIBLE ASSETS

Operating intangible assets

Net book value at beginning of the year
Amortisation
Net book value at end of the year

Gross carrying value as at 30 June

Cost
Accumulated amortisation
Net book value

Amortisation rate (% per annum)

Note	2021	2020
	(Rupees in '000)	
	1,197	2,736
6.2	(312)	(1,539)
	885	1,197
	23,267	23,267
	(22,382)	(22,070)
	885	1,197
	20% - 33.33%	20% - 33.33%

6.1 Intangible assets comprise computer software.

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

7. STORES AND SPARES

Stores
Spares
Loose tools

Less: Provision for obsolescence
against stores and spares

	2021	2020
	(Rupees in '000)	
Stores	165,032	192,999
Spares	652,407	540,904
Loose tools	10,251	8,471
	827,690	742,374
Less: Provision for obsolescence against stores and spares	(151,008)	(73,414)
	676,682	668,960

8. STOCK-IN-TRADE

Raw material - in hand
- in transit

Work-in-process
Finished goods
Scrap material
By-products

	2021	2020
	(Rupees in '000)	
Raw material - in hand	3,041,826	6,655,805
- in transit	5,287,176	432,047
	8,329,002	7,087,852
Work-in-process	1,853,342	2,532,031
Finished goods	6,812,134	5,290,148
Scrap material	69,575	211,509
By-products	17,316	10,666
	17,081,369	15,132,206



9. TRADE DEBTS - considered good

	Note	2021	2020
		(Rupees in '000)	
- Secured	9.1 & 9.2	685,575	385,099
- Unsecured	9.2	254,270	630,645
		939,845	1,015,744

9.1 These include trade debts arising on account of export sales of Rs. 640.69 million (2020: Rs. 358.61 million) which are secured by way of Export Letters of Credit and Rs. 44.89 million (2020: Rs. 26.48 million) arising on account of domestic sales which are secured by way of Inland Letters of Credit.

9.2 These also include receivable from IIL Australia PTY Limited - a related party amounting to Rs. 17.09 million (2020: Rs. 29.64 million) and Sumitomo Corporation - an associated company amounting to Rs. 199.85 million (2020: Rs. 94.67 million) which is not past due as at year end.

9.2.1 The maximum aggregate amount due from the related parties at the end of any month during the year is Rs. 216.95 million (2020: Rs. 374.2 million).

9.3 The ageing of trade debts receivable from other than related parties as at the reporting date is as under:

	2021	2020
	(Rupees in '000)	
Not yet due	627,350	528,376
Past due 1-60 days	95,502	277,984
Past due 61 days	42	85,074
	722,894	891,434

10. ADVANCES, TRADE DEPOSITS AND PREPAYMENTS

	Note	2021	2020
		(Rupees in '000)	
Advances to suppliers - considered good	10.1 & 10.2	1,837,999	79,246
Trade deposits	10.1	76,773	15,036
Margin against shipping guarantee		-	6,807
Prepayments	10.3	10,903	34,515
		1,925,675	135,604

10.1 These advances and trade deposits are non-interest bearing.

10.2 This includes advance to suppliers amounting to USD 8.98 million (Rs. 1,385.19 million) [2020: USD Nil (Rs. Nil)] to Sumitomo Corporation, a related party of the Company, for the purpose of import of Hot Rolled Coils (HRC).

10.3 This includes prepayment of insurance premium to Jubilee General Insurance Company Limited, a related party, amounting to Rs. 7.82 million (2020: Rs. 8.41 million).



11. STAFF RETIREMENT BENEFITS

11.1 Defined contribution plan

Staff Provident Fund

All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

11.2 Defined benefit scheme

Staff Gratuity Fund

11.2.1 As stated in note 3.8 the Company operates approved funded defined benefit gratuity plan for all permanent employees meeting the specified criteria as per the respective trust deed. Actuarial valuation of the plan is carried out every year and the latest actuarial valuation was carried out as at June 30, 2021.

11.2.2 Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; the Companies Act, 2017; Income Tax Ordinance, 2001; Income Tax Rules, 2002 and the Rules under the respective trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The Company appoints the trustees among its employees.

11.2.3 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments of 6 months, 3, 5 or 10 years Regular Income Certificates, Defence Savings Certificates, Treasury Bills and Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to market yields on government bonds. A decrease in market yields on government bonds will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

11.2.4 Funding

The gratuity plan is fully funded by the Company. The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions used in determining defined benefit liability. Employees are not required to contribute to the plan.

11.2.5 The actuarial valuation of gratuity was carried out at June 30 by an independent actuary under projected unit credit method using the following assumptions:

**Financial assumptions**

Discount rate	
Expected rate of salary increase	

Demographic assumptions

Mortality rate	
Rates of employee turnover	
Retirement assumption	

2021	2020
(Rupees in '000)	
10.25%	9.25%
9.25%	8.25%
SLIC 2001-2005	SLIC 2001-2005
Moderate	Moderate
Age 60 years	Age 60 years

11.2.6 The amounts recognised in statement of financial position are as follows:

Present value of defined benefit obligation (DBO)	
Fair value of plan assets	
Asset as at 30 June	

2021	2020
(Rupees in '000)	
237,868	185,614
(237,868)	(192,852)
-	(7,238)

11.2.7 Movements in the present value of defined benefit obligation

Present value of defined benefit obligation - beginning of the year	
Current service cost	
Past service cost	
Interest cost	
Remeasurements: Actuarial losses on obligation	
Benefits paid	
Present value of defined benefit obligation	

2021	2020
(Rupees in '000)	
185,614	149,405
26,742	25,379
7,823	-
17,050	20,974
3,221	(5,702)
(2,582)	(4,442)
237,868	185,614

11.2.8 Movements in the fair value of plan assets

Fair value of plan assets - beginning of the year	
Interest income on plan assets	
Return on plan assets, excluding interest income	
Benefits paid	
Contribution to fund	
Fair value of plan assets - end of the year	

2021	2020
(Rupees in '000)	
192,852	149,405
18,523	22,657
3,917	1,614
(2,582)	(4,442)
25,158	23,618
237,868	192,852



11.2.9 Movement in net defined benefit liability

	2021	2020
	(Rupees in '000)	
Balance at beginning of the year	(7,238)	-
Re-measurements recognised in other comprehensive income during the year	(696)	(7,316)
Expense chargeable to statement of profit or loss	33,092	23,696
Contribution paid during the year	(25,158)	(23,618)
Balance at end of the year	-	(7,238)

11.2.10 Amount recognised in total comprehensive income

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

	2021	2020
	(Rupees in '000)	
<i>Component of defined benefit costs recognized in statement of profit or loss</i>		
Current service cost	26,742	25,379
Past service cost	7,823	-
Net interest cost		
- Interest cost on defined benefit obligation	17,050	20,974
- Return on plan assets	(18,523)	(22,657)
	33,092	23,696
<i>Component of defined benefit costs (re-measurement) recognised in other comprehensive income</i>		
Re-measurements: Actuarial (gain) / loss on obligation		
- Loss due to change in experience adjustments	3,221	(5,702)
- Return on plan assets	(3,917)	(1,614)
Net re-measurement recognised in other comprehensive income	(696)	(7,316)
Total defined benefit cost recognised in statement of profit or loss and other comprehensive income	32,396	16,380

11.2.11 Components of defined benefit cost for the next year

	2021	2020
	(Rupees in '000)	
Current service cost	31,195	26,664
Interest expense on defined benefit obligation	23,710	16,649
Return on plan assets	(24,601)	(18,411)
Net interest cost	(891)	(1,762)
Cost for the next year to be recognised in statement of profit or loss	30,304	24,902

The contribution in relation to gratuity benefit for the year ending June 30, 2022 is expected to be same as the expense.



11.2.12 Composition of fair value of plan assets

	2021		2020	
	Fair value (Rupees in '000)	Percentage	Fair value (Rupees in '000)	Percentage
Government securities	176,019	74.00%	163,342	84.70%
Shares - listed	46,663	19.62%	28,153	14.60%
Bank deposits	15,186	6.38%	1,357	0.70%
Fair value of plan assets	237,868	100.00%	192,852	100.00%

11.2.13 The Company ensures asset / liability matching by investing in government securities, bank deposits and equity securities and does not use derivatives to manage its risk.

11.2.14 Maturity profile of the defined benefit obligation

	2021	2020
	(Rupees in '000)	
Distribution of timing of benefit payments		
One year	13,094	11,239
Two years	14,690	11,874
Three years	16,594	13,247
Four years	22,139	14,871
Five years	14,944	19,857
Six years and onwards	4,016,909	2,906,922

11.2.15 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2021	2020
	(Rupees in '000)	
Actuarial liability		
Discount rate + 1%	213,184	165,510
Discount rate - 1%	267,161	209,618
Salary increase + 1%	267,577	209,973
Salary increase - 1%	212,399	164,854

(Number in years)

Weighted average duration of the Defined Benefit Obligation	11	12
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The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.



12. TAXATION - NET

	Note	2021	2020
		(Rupees in '000)	
Tax receivable at beginning of the year		1,033,184	906,326
Minimum tax adjustment	19	472,137	-
Tax payments / adjustments made during the year		1,137,725	807,473
		2,643,046	1,713,799
Less: Provision for tax - current	31	(2,768,058)	(680,615)
Tax (payable) / receivable at end of the year		(125,012)	1,033,184

13. CASH AND BANK BALANCES

	Note	2021	2020
		(Rupees in '000)	
Cash at bank			
Conventional			
In current accounts in local currency		73,231	90,555
In current accounts in foreign currency		219,072	14,286
Call deposit receipt	13.1	33	93
		292,336	104,934
Islamic			
In current account in local currency		65	993
Cash in hand		110	269
		292,511	106,196

13.1 Mark-up rate on call deposit receipt ranges from 5.50% to 7.99% (2020: 6.50% to 11.25%) per annum.

14. SHARE CAPITAL

Authorised share capital

2021	2020		2021	2020
(Number of shares)			(Rupees in '000)	
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000

Issued, subscribed and paid-up capital

2021	2020		2021	2020
(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

14.1 As at 30 June 2021, the Holding Company and Sumitomo Corporation (an associated company) held 245,055,543 (2020: 245,055,543) and 39,477,657 (2020: 39,477,657) ordinary shares respectively of Rs. 10 each.



15. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT	Note	2021	2020
		(Rupees in '000)	
Freehold land			
Revalued amount as at June 30		785,901	785,901
Buildings on freehold land			
Balance at beginning of the year		659,588	707,366
Transferred to retained earnings in respect of incremental depreciation charged during the year		(47,778)	(47,778)
Balance at end of the year		611,810	659,588
Related deferred tax liability	15.2	(177,425)	(191,281)
Balance at end of the year - net of deferred tax		1,220,286	1,254,208

15.1 The revaluation surplus on property, plant and equipment is a capital reserve and is not available for distribution to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.

15.2 Movement in related deferred tax liability	2021	2020
	(Rupees in '000)	
Balance at beginning of the year	191,281	205,137
Tax effect on incremental depreciation transferred to retained earnings	(13,856)	(13,856)
Balance at end of the year	177,425	191,281

16 LONG TERM FINANCING - Secured	Note	2021	2020
		(Rupees in '000)	
CONVENTIONAL			
Long Term Finance Facility (LTFF)	16.1	955,917	1,205,940
Temporary Economic Refinance Facility (TERF)	16.2	12,189	-
		968,106	1,205,940
ISLAMIC			
Islamic Long Term Finance Facility (ILTF)	16.3	508,059	545,908
Long Term Finance (LTF)		3,430,000	4,610,000
Payroll Refinance Scheme	16.4	300,580	167,968
		4,238,639	5,323,876
Less: Deferred Income - Government grant	17	(13,449)	(18,370)
Less: Current portion of long term loan:			
CONVENTIONAL			
Long Term Finance Facility (LTFF)		(250,020)	(250,024)
ISLAMIC			
Islamic Long Term Finance Facility (ILTF)		(60,655)	(36,614)
Long Term Finance (LTF)		(980,000)	(1,189,921)
Payroll Refinance Scheme		(171,760)	(11,075)
		(1,212,415)	(1,237,610)
		(1,462,435)	(1,487,634)
		3,730,861	5,023,812



- 16.1** This represents finance facility loan obtained from different banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects.
- 16.2** This represents finance facility loan obtained from different banks under the SBP's Temporary Economic Refinance Facility available to the Company at below-market interest rate for setting up of new industrial units.
- 16.3** This represents finance facility loan obtained from different banks under the SBP's Islamic Long Term Finance Facility for Plant and Machinery in respect of export-oriented projects.
- 16.4** This represents salaries and wages under SBP's Refinance Scheme for Payment of Wages and Salaries at concessionary rates, earmarked from running finance limit. The loan is obtained in six tranches starting from May 2020.
- 16.5 Long term finances utilised under mark-up arrangements**

	Sale price (Rupees in '000)	Purchase price (Rupees in '000)	Number of installments and commencement date	Date of maturity / repayment	Rate of mark-up per annum	Carrying amount		
						2021	2020	
							(Rupees in '000)	
<i>Conventional</i>								
i) LTFF								
Bank Al Habib Limited Assistance for plant and machinery	1,000,000	2,501,562	16 half yearly installments 12-Dec-16	30-May-26	1.00% over SBP Refinance rate	490,436	615,440	
United Bank Limited Assistance for plant and machinery	1,000,000	4,675,000	32 quarterly installments 16-Oct-16	15-July-26	1.00% over SBP Refinance rate	465,481	590,500	
ii) TERF								
National Bank of Pakistan Assistance for plant and machinery	500,000	13,904	16 half yearly installments 06-Apr-21	06-Oct-31	1.25% over SBP Refinance rate	12,189	-	
						968,106	1,205,940	
<i>Islamic</i>								
i) ILTFF								
Meezan Bank Limited Assistance for plant and machinery	700,000	792,312	32 quarterly installments 17-Oct-20	13-Mar-30	3.00% over SBP Refinance rate	508,059	545,908	
ii) Payroll Refinance Scheme								
Faysal Bank Limited's Payroll finance facility	343,521	348,263	8 quarterly installments 01-Apr-21	31-Dec-22	0.75% - 1.00% over SBP Refinance rate	300,580	167,968	
iii) LTF								
Habib Bank Limited Assistance for plant and machinery	5,000,000	5,625,000	10 half yearly installments 05-Jun-20	05-Dec-24	0.10% over 06 months KIBOR	3,430,000	4,410,000	
Bank Al-Habib Limited Assistance for plant and machinery	5,00,000	575,512	30 equal monthly installments 28-Dec-18	28-Jun-21	0.15% over 03 months KIBOR	-	200,000	
						4,238,639	5,323,876	
						5,206,745	6,529,816	

- 16.5.1** The above loans are secured against joint pari passu charge and ranking charge over fixed assets of the Company (such as land, building, plant and machinery etc.) with aggregate carrying amount of Rs. 12,802 million.



16.5.2 In relation to above borrowings, the Company needs to observe certain financial covenants (such as debt servicing ratio, current ratio, debt equity ratio etc.) and other non financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.

16.5.3 During the year, mark-up paid on conventional long term finance is Rs. 67.32 million (2020: Rs. 103.13 million) whereas mark-up paid on Islamic long term finance is Rs. 379.39 million (2020: Rs. 824.27 million).

17. DEFERRED INCOME - GOVERNMENT GRANT

Note	2021	2020
	(Rupees in '000)	
Balance at beginning of the year	18,370	-
Deferred grant recognised during the year	17.1 15,620	19,088
Government grant recognised in income	30 (20,541)	(718)
Balance at end of the year	13,449	18,370
Less: current portion of deferred income - Government grant	20 (12,431)	(11,075)
	1,018	7,295

17.1 This represents grant obtained in respect of SBP's Refinance Scheme for Payment of Wages and Salaries at concessionary rates. In accordance with the terms of the loan, the Company was not allowed to lay-off the employees atleast for three months from the date of loan.

18 GAS INFRASTRUCTURE DEVELOPMENT CESS

During the year, the Honorable Supreme Court of Pakistan (SCP) has decided the Appeal against consumers upholding the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act), through its judgement dated August 13, 2020. The Supreme court on November 02, 2020 ordered that their decision of August 13, 2020 has validated the GIDC Act in complete sense and the benefits allowed under Section 8(2) of the GIDC Act to the industrial sector is also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 installments instead of 24 installments.

The Company has also filed a civil suit before the Honourable High Court of Sindh (SHC) on the ground that the Company has not passed on the burden of Cess. Stay order was granted in the aforesaid suit, which has been operative till the next date of hearing.

The Company has recorded the present value of the Cess by discounting the future cash flows using three year PKRV rate and has booked income of Rs. 183.64 million (2020: Rs. Nil), which has been recorded as other income. The unwinding of the GIDC during the year amounts to Rs. 40.84 million (2020: Nil).

Despite the speaking order dated August 13, 2020 by the SCP, the Federal Government did not initiate the gas project within six months, therefore, during the year, the Company has filed a petition in the SHC challenging the decision of the SCP.

19. DEFERRED TAXATION

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



	Note	2021	2020
(Rupees in '000)			
Taxable temporary difference			
Accelerated tax depreciation		2,295,044	2,074,572
Revaluation surplus on buildings	15.2	177,425	191,281
		2,472,469	2,265,853
Deductible temporary differences			
Provision for compensated absences		(2,816)	(2,711)
Unrealised exchange losses		(9,329)	(17,070)
Provision for Infrastructure Cess and government levies		(346,500)	(244,213)
Provision for obsolescence against stores and spares		(39,045)	(17,329)
Provision for lease liabilities		(5,860)	(12,947)
Gas Infrastructure Development Cess		(36,922)	-
Difference of corporate tax and minimum tax		-	(472,137)
		(440,472)	(766,407)
		2,031,997	1,499,446

19.1 The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position.

19.2 Deferred tax liability is restricted to 89.16% (2020: 81.39%) of the total deferred tax liability based on the assumptions that export sales will continue to fall under Final Tax Regime and the current trend of export and local sales ratio will continue to be the same in the foreseeable future.

19.3 Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.

20. TRADE AND OTHER PAYABLES

	Note	2021	2020
(Rupees in '000)			
Trade creditors	20.1	1,905,134	5,183,883
Accrued expenses	20.2	2,048,316	2,231,861
Provision for Infrastructure Cess	20.3	1,625,091	1,320,075
Workers' Welfare Fund	20.4	361,961	149,278
Workers' Profit Participation Fund	20.5	553,765	1,290
Deferred income - Government grant	17	12,431	11,075
Provision for Government levies	20.6	2,531	2,047
Short term compensated absences		10,892	11,485
Others		67,530	21,360
		6,587,651	8,932,354

20.1 These include payable to Sumitomo Corporation, related party of the Company, amounting to Rs. 1,197.41 million (2020: Rs. 2,614 million).

20.2 These include current portion of provision for Gas Infrastructure Development Cess amounting to Rs. 403 million and provision against revision of gas tariff by Oil and Gas Regulation Authority amounting to Rs. 610.26 million (2020: Rs. 541.69 million).



20.3 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 Sindh High Court (SHC), passed an interim order directing that every company subsequent to December 27, 2006 is required to clear the goods on paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above mentioned interim order amount to Rs. 1,667.5 million (2020: Rs. 1,330.5 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Company on prudent basis. Subsequently through Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh Infrastructure Cess.

The case was decided on June 04, 2021 by the SHC. The SHC declared first four versions of the law unconstitutional and the release of bank guarantees were ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order will remain suspended till September 3, 2021. The Company is not satisfied with the above orders and has engaged legal consultant to file an appeal in the Supreme Court of Pakistan.

20.3.1 Provision for Infrastructure Cess

This represents provision against fifty percent amount guaranteed to Excise and Taxation Officer (refer 20.3 note).

	2021	2020
	(Rupees in '000)	
Balance at beginning of the year	1,320,075	1,058,166
Provided during the year	305,016	261,909
Balance at end of the year	1,625,091	1,320,075

20.4 The Company filed a constitutional petition in the SHC against notice to the Company for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014. Stay was obtained on the ground that the Company is a trans-provincial establishment operating industrial and commercial activities across Pakistan and is liable to pay Workers Welfare Fund under Federal Workers Welfare Fund Ordinance, 1971.

20.5 Workers' Profit Participation Fund

	2021	2020
	(Rupees in '000)	
Balance at beginning of the year	1,290	17,024
Allocation for the year	553,773	22,064
Interest on workers' profit participation fund	-	471
Payment during the year	(1,298)	(38,269)
Balance at end of the year	553,765	1,290

20.6 Provision for Government levies - stamp duty

	2021	2020
	(Rupees in '000)	
Balance at beginning of the year	2,047	329
Provided during the year	2,773	6,951
Payment during the year	(2,289)	(5,233)
Balance at end of the year	2,531	2,047



21. CONTRACT LIABILITIES

	2021	2020
	(Rupees in '000)	
Sales commission payable	8,485	5,865
Advances from customers - unsecured	1,268,954	1,371,531
	1,277,439	1,377,396

21.1 100% (2020: 100%) advances from customers included in the contract liabilities balance at the beginning of the year got converted into revenue during the year.

22. SHORT TERM BORROWINGS - SECURED

	Note	2021	2020
		(Rupees in '000)	
Conventional			
Short term finance under mark-up arrangement	22.1	359,255	164,222
Short-term borrowing under Money Market scheme	22.1		
Maturing after three months		-	750,000
Maturing within three months		1,850,000	6,100,000
		1,850,000	6,850,000
Short term finance under Export Refinance Scheme	22.2	2,800,000	1,175,628
Islamic			
Short term finance under Running Musharakah	22.3	367,233	2,410,698
Short term finance under Islamic Export Refinance Scheme	22.4	1,419,857	919,856
		6,796,345	11,520,404

22.1 The facilities for short term 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 7.37% to 8.28% (2020: 7.87% to 11.72%) per annum.

22.2 The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The rate of mark-up on this facility is 2.75 to 3.00% (2020: 3%) per annum. This facility matures within six months and is renewable.

22.3 The facility is for short term finance under Running Musharakah available from various Islamic Banks for the purpose of meeting working capital requirement. The rate of profit is 7.39% to 7.68% (2020: 8.46% to 11.84%) per annum.

22.4 The Company has availed this year short term running finance facility under Islamic Export Refinance Scheme of the State Bank of Pakistan from an Islamic bank. The rate of mark-up on this facility is 3% per annum. This facility matures within six months and is renewable.

22.5 The unavailed facilities as at June 30, 2021 from the above borrowings amounted to Rs. 16,714 million (2020: Rs. 7,879.59 million).

22.6 The above facilities are secured by way of joint pari passu charge and ranking charge over current and future moveable assets of the Company having aggregate charge amounting to Rs. 38,380 million.



23. CONTINGENCY AND COMMITMENTS

23.1 Contingency

Description of the factual basis of the proceedings and relief sought	Name of the Court	Principal parties	Date instituted
A petition was filed before the Sindh High Court seeking order for the issuance of quota for concessionary import under SRO 565; release of 85,000 tons of HRC arrived at the Port in November 2019 and for future shipments.	Sindh High Court	I.S.L vs Federation of Pakistan/Director IOCO/The Chief Collector (South)	4-Nov-19
SHC granted release of 85,000 tons of HRC against submission of bank guarantee for the differential amount of duty & taxes amounting to Rs. 1,651 million. In a separate order SHC instructed the authorities to allow provisional quota subject to submission of bank guarantee for the difference of duty & taxes. As ordered, the Input-Output Co-efficient Organisation (IOCO) is issuing quota equivalent to ordered/shipped quantity of raw material on case to case basis.			

23.2 Commitments

23.2.1 Capital expenditure commitments outstanding as at June 30, 2021 amounted to Rs. 696.21 million (2020: Rs.78.46 million).

23.2.2 Commitments under Letters of Credit for raw materials and spares as at June 30, 2021 amounted to Rs. 20,156.29 million (2020: Rs. 8,418.94 million).

23.2.3 The facilities for opening letters of credit and guarantees from banks as at June 30, 2021 amounted to Rs. 20,852 million (2020: Rs. 8,497.4 million) and Rs. 4,227.54 million (2020: Rs. 3,831.75 million) respectively of which unutilised balance at period end amounted to Rs. 8,431 million (2020: Rs. 17,052.60 million) and Rs. 304.96 million (2020: Rs. 229.14 million) respectively.

23.2.4 Post-dated cheques issued in favour of Collector of Customs for the concession availed on account of special rate of duties and taxes on import of Hot Rolled Coils under SRO 565 and manufacturing bond as at June 30, 2021 amounted to Rs. 4,591.72 million (2020: Rs. 1,951.01 million).

24. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021	2020
	(Rupees in '000)	
Sale of goods less returns:		
Local	68,857,175	46,634,706
Export	11,852,455	8,993,458
	80,709,630	55,628,164
Sales tax	(10,082,081)	(6,661,868)
Trade discounts	(98,539)	(391,963)
Sales commission	(732,770)	(492,396)
	(10,913,390)	(7,546,227)
	69,796,240	48,081,937



24.1 The domestic sales revenue includes Rs. 4,644.33 million (2020: Rs. 70.53 million) on account of sales from manufacturing facility located at National Industrial Parks, Bin Qasim Industrial Park, Karachi which is a Special Economic Zone.

24.2 DISAGGREGATION OF REVENUE

In the following table, revenue is disaggregated by primary geographical markets and major product lines:

	Note	2021	2020
		(Rupees in '000)	
Primary geographical markets			
Local		57,943,785	39,088,479
Asia		4,976,320	3,900,336
Europe		331,630	15,668
Australia		92,034	114,397
North and South America		5,164,798	3,631,696
Africa		1,287,673	1,331,361
		69,796,240	48,081,937
Major product lines			
Cold rolled		25,607,724	18,657,935
Galvanized product		41,352,641	27,642,405
By-product		2,835,875	1,781,597
		69,796,240	48,081,937
25. COST OF SALES			
Raw material consumed			
Opening stock of raw material		6,655,805	1,919,579
Purchases		49,216,066	44,749,219
		55,871,871	46,668,798
Closing stock of raw material	8	(3,041,826)	(6,655,805)
		52,830,045	40,012,993
Manufacturing overheads			
Salaries, wages and benefits	25.1	690,384	572,704
Electricity, gas and water		1,512,522	1,709,862
Insurance		31,430	28,505
Security and janitorial		31,142	31,773
Depreciation	4.1.1	1,389,844	1,254,205
Amortisation	6	312	1,539
Stores and spares consumed		152,153	139,676
Provision for obsolescence against stores and spares		77,594	38,583
Provision for obsolescence against capital spares		48,181	9,054
Repairs and maintenance		140,843	94,994
Postage, telephone and stationery		7,200	7,346
Vehicle, travel and conveyance		32,045	33,203
Internal material handling		8,489	12,580
Environment management expense		3,682	3,099
Computer stationery and software support fees		19,071	11,063
Partial manufacturing expense		200	6,286
Sundries		37,243	28,872
		4,182,335	3,983,344
		57,012,380	43,996,337



Note	2021	2020
	(Rupees in '000)	
Work-in-process		
Opening stock	2,532,031	1,942,101
Closing stock	(1,853,342)	(2,532,031)
	678,689	(589,930)
Cost of goods manufactured	57,691,069	43,406,407
Finished goods, scrap material and by-products:		
Opening stock	5,512,323	5,974,996
Closing stock	(6,899,025)	(5,512,323)
	(1,386,702)	462,673
	56,304,367	43,869,080

25.1 These include Rs. 13.41 million (2020: Rs. 12.46 million) in respect of contribution to provident fund, Rs. 25.94 million (2020: Rs. 18.22 million) in respect of gratuity fund and Rs. 7.90 million (2020: Rs. 4.86 million) in respect of compensated absences.

26. SELLING AND DISTRIBUTION EXPENSES

Note	2021	2020
	(Rupees in '000)	
Salaries, wages and benefits	116,993	88,483
Rent, rates and taxes	103,549	37,170
Electricity, gas and water	3,580	2,773
Insurance	4,221	2,107
Depreciation	9,860	9,383
Depreciation on right-of-use asset	15,861	13,492
Postage, telephone and stationery	4,344	4,660
Vehicle, travel and conveyance	12,306	19,363
Freight and forwarding	677,442	634,473
Sales promotion	102,172	69,616
Others	12,668	12,814
	1,062,996	894,334

26.1 These include Rs. 3.55 million (2020: Rs. 3.26 million) in respect of contribution to provident fund, Rs. 1.71 million (2020: Rs. 2.17 million) in respect of gratuity fund and Rs. 0.15 million (2020: Rs. 0.26 million) in respect of compensated absences.

27. ADMINISTRATIVE EXPENSES

Note	2021	2020
	(Rupees in '000)	
Salaries, wages and benefits	189,465	145,143
Rent, rates and taxes	965	347
Electricity, gas and water	2,012	2,477
Insurance	2,977	2,409
Depreciation	8,454	9,397
Depreciation on right-of-use asset	1,914	4,996
Security and janitorial services	3,499	669
Printing and stationery	1,153	2,601
Computer stationery and software support fees	42	365
Postage and communication	702	1,253
Vehicle, travel and conveyance	9,770	8,744
Legal and professional charges	106,147	60,683
Certification and registration charges	2,909	6,886
Directors' fee	9,500	7,525
Others	22,010	9,316
	361,519	262,811



- 27.1 These include Rs. 5.94 million (2020: Rs. 5.66 million) in respect of contribution to provident fund, Rs. 4.18 million (2020: Rs. 2.27 million) in respect of gratuity fund and Rs. Nil (2020: Rs. 0.16 million) in respect of compensated absences.

28. FINANCE COST

Note	2021	2020
(Rupees in '000)		
Conventional		
- Interest on long term financing	63,645	92,651
- Interest on short term borrowings	215,882	1,060,467
	279,527	1,153,118
Islamic		
- Mark-up on long term financing	374,660	689,513
- Mark-up on short term borrowings	51,753	307,514
	426,413	997,027
Bank charges	62,356	34,475
Unwinding of Gas Infrastructure Development Cess	40,841	-
Interest on Workers' Profit Participation Fund	-	471
Exchange Loss on FE-25	-	121,645
Interest on lease liabilities	2,794	8,071
5.2.1	811,931	2,314,807

29. OTHER OPERATING CHARGES

Note	2021	2020	
(Rupees in '000)			
Auditors' remuneration	29.1	2,647	2,547
Donations	29.2	105,160	19,200
Workers' Profit Participation Fund	20.5	553,773	22,064
Workers' Welfare Fund		227,081	(22,947)
Impairment loss on property, plant and equipment	4.1.5	387,998	-
Exchange loss - net		-	313,393
		1,276,659	334,257

29.1 Auditors' remuneration

	2021	2020
(Rupees in '000)		
Audit services		
Annual audit fee	1,629	1,629
Half yearly review	443	443
Out of pocket expenses	241	241
	2,313	2,313
Non-audit services		
Certifications for regulatory purposes	334	234
	2,647	2,547



29.2 Donations

29.2.1 Donation to the following organization exceeds 10% of total amount of donations made or Rs.1 million, whichever is higher.

	2021	2020
	(Rupees in '000)	
Amir Sultan Chinoy Foundation	47,100	-
SINA Health Education and Welfare Trust	12,000	-
Sindh Institute of Urology and Transplantation	10,000	-
Habib University Foundation	10,000	-
The Citizens Foundation	6,200	5,600
The Kidney Centre	5,000	-
NED University of Engineering and Technology	5,000	-
Habib Education Trust	2,500	-
Layton Rahmatulla Benevolent Trust	2,000	-
The Hunar Foundation	2,000	-
Karachi Relief Trust (for COVID-19)	-	10,000
	101,800	15,600

29.2.2 Donations to entities in which directors are interested are as follows:

Name of Director	Interest in Donee	Name and address of the Donee	Amount Donated	
			2021	2020
			(Rupees in '000)	
Mr. Samir Chinoy	Chairman	Amir Sultan Chinoy Foundation 101, Beaumont Plaza, 10 Beaumont Road, Karachi.	47,100	-
Mr. Towfiq H. Chinoy	Trustee	Habib University Foundation University Avenue, Off. Shahra-e-Faisal, Gulistan-e-Johar, Karachi.	10,000	-
Spouse of Mr. Samir M. Chinoy	Director	Karwan-e-Hayat 101, Al-Noor Arcade, Near Qamar-ul-Islam Mosque, Khayaban-e-Jami, Karachi	1,000	-
Mr. Zakaullah Khan	Trustee	Al-Rehmat Benevolent Trust Mohallah Kakzaiyan, Tehsil Pasrur, District Sialkot	-	1,000
Mr. Towfiq H. Chinoy	Chairman	Karachi Relief Trust (for COVID-19) 101, Beaumont Plaza, 10 Beaumont Road, Karachi	-	10,000
			58,100	11,000



30. OTHER INCOME

Note	2021	2020
	(Rupees in '000)	
	Income from non-financial assets	
	Income from power generation	20,515
30.1	Gain / (loss) on sale of property, plant and equipment	(12,729)
	Rental income	2,526
	Gain on remeasurement of Gas Infrastructure Development Cess	-
	Exchange gain - net	-
	Gain on termination of lease	-
	Others	19,049
	255,679	29,361
	Income from financial assets	
	Income on bank deposit - conventional	5,444
17	Government grant	718
	60,154	6,162
	315,833	35,523

30.1 Income from power generation

	2021	2020
	(Rupees in '000)	
Revenue	523,047	601,071
<i>Cost of electricity produced:</i>		
Salaries, wages and benefits	27,013	22,563
Electricity, gas and water	1,319,642	1,339,509
Depreciation	111,467	110,112
Stores and spares consumed	22,886	20,983
Repairs and maintenance	59,497	63,406
Sundries	1,553	1,393
	1,542,058	1,557,966
Less: Self consumption	(1,030,976)	(977,410)
	511,082	580,556
Income from power generation	11,965	20,515

30.1.1 These include Rs. 0.51 million (2020: Rs 0.48 million) in respect of contribution to provident fund, Rs. 1.29 million (2020: Rs. 1.03 million) in respect of gratuity fund.

30.1.2 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 period up to 20 years w.e.f. August 31, 2007.

31. INCOME TAX (EXPENSE) / CREDIT

Note	2021	2020
	(Rupees in '000)	
	Current - for the year	(680,615)
	Deferred	733,295
	(2,828,270)	52,680



31.1 Relationship between income tax pence and accounting profit

	2021	2020	2021	2020
	(Effective tax rate %)		(Rupees in '000)	
Profit before taxation			10,294,601	442,171
Tax at the enacted tax rate	(29.00)	(29.00)	(2,985,434)	(128,230)
Effect on income under final tax regime	2.18	39.65	224,188	175,342
Effect of income under minimum tax regime	1.36	-	140,198	-
Effect of tax credit	0.07	1.26	7,167	5,568
Change in normal tax regime ratio	(2.35)	-	(242,009)	-
Permanent differences	0.27	-	27,620	-
	(27.47)	11.91	(2,828,270)	52,680

32. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2021	2020
		(Rupees in '000)	
Profit for the year attributable to ordinary shareholders		7,466,331	494,851
		(Number)	
Weighted average number of ordinary shares outstanding during the year	14	435,000,000	435,000,000
		(Rupees)	
Earnings per share - basic and diluted		17.16	1.14

32.1 There were no convertible dilutive potential ordinary shares outstanding as at June 30, 2021 and 2020.



33. CASH GENERATED FROM OPERATIONS

Note	2021	2020
	(Rupees in '000)	
Profit before income tax	10,294,601	442,171
Adjustments for non cash charges & other income		
Depreciation of property, plant and equipment	4.1.1 1,519,625	1,383,097
Depreciation of right of use assets	5.1.1 17,775	18,488
Amortisation of intangible assets	6 312	1,539
Impairment of property, plant and equipment	29 387,998	-
Gain on remeasurement of Gas Infrastructure Development Cess	30 (183,637)	-
Unwinding of Gas Infrastructure Development Cess	28 40,841	-
Provision for obsolescence against stores and spares	25 77,594	38,583
Provision for obsolescence against capital spares	25 48,181	9,054
Provision for staff retirement benefits	11 33,092	23,696
Provision for compensated absences	10,583	8,275
Income on bank deposits-conventional	30 (39,613)	(5,444)
(Gain) / loss on disposal of property, plant and equipment	30 (13,554)	12,729
Government grant income	30 (20,541)	(718)
Gain on termination of lease	30 (2,374)	
Finance cost	28 771,090	2,314,807
	12,941,973	4,246,277
Changes in working capital	33.1 (2,830,614)	951,638
	10,111,359	5,197,915

33.1 Changes in working capital

	2021	2020
	(Rupees in '000)	
(Increase) / decrease in current assets		
Stores and spares	(85,316)	(96,569)
Stock-in-trade	(1,949,163)	(484,247)
Trade debts	75,899	(147,709)
Receivable from K-Electric Limited (KE)	12,473	(396)
Advances, trade deposits and prepayments	(1,790,071)	(26,616)
Sales tax receivable	2,457,038	(1,720,946)
	(1,279,140)	(2,476,483)
Increase / (decrease) in current liabilities		
Trade and other payables	(1,451,517)	3,309,736
Contract liabilities	(99,957)	118,385
	(2,830,614)	951,638



34. CASH AND CASH EQUIVALENTS

	Note	2021	2020
(Rupees in '000)			
Cash and bank balances	13	292,511	106,196
Running finance under mark-up arrangement from banks	22	(359,255)	(164,222)
Short-term borrowing under Money Market scheme	22	(1,850,000)	(6,100,000)
Short-term borrowing under Running Musharakah	22	(367,233)	(2,410,698)
		(2,283,977)	(8,568,724)

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	2021	2020	2021	2020
(Rupees in '000)						
Managerial remuneration	27,146	27,146	11,340	14,800	139,543	131,252
Bonus	9,048	9,048	3,780	3,600	43,380	36,919
Retirement benefits	3,392	3,392	1,440	1,350	16,590	13,888
Rent, utilities, leave encashment etc.	13,573	13,573	5,670	7,289	69,771	65,626
Directors' fees	-	-	9,500	7,525	-	-
	53,159	53,159	31,730	34,564	269,284	247,685
Number of persons	1	1	10	10	50	42

35.1 The Chief Executive Officer, Directors and certain Executives are provided with free use of Company maintained vehicles whereas, the Chief Executive Officer and Chief Operating Officer are also provided with security guards in accordance with the Company's policy.

35.2 Fee paid to 12 (2020: 15) non-executive directors is Rs. 9.5 million (2020: Rs. 7.52 million) on account of meetings attended by them.

35.3 Reimbursement of chairman's expenses was Rs. 3.6 million (2020: Rs. 2.46 million).

36. 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 Board 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.

36.1 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 there against.

36.1.1 Exposure to credit risk

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

	Note	2021	2020
(Rupees in '000)			
- Long term deposit with Central Depository Company of Pakistan Limited		100	100
- Trade debts	9	939,845	1,015,744
- Trade deposits and margin against shipping guarantee	10	76,773	21,843
- Receivable from K-Electric Limited		26,920	39,393
- Bank balances	13	292,511	106,196
		1,336,149	1,183,276

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

Long term deposit with Central Depository Company of Pakistan Limited (CDC)

This represents long term deposits with CDC. The Company does not foresee any credit exposure there against as the amounts are paid to counterparty as per agreement and is refundable on termination of the agreement with respective counterparty.

Trade debts

The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. Majority of the Company's sales are made against receipts in advance from customers. The Company has no major concentration of credit risk with any single customer. The majority of the trade customers have been transacting with the Company for several years. The Company establishes an allowance for impairment where it considers recoveries are not probable.



Trade deposits

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

Receivable from K-Electric Limited

The receivable from K-Electric Limited amounts to Rs. 26.92 million (2020: Rs. 39.39 million) on account of electricity provided to it under an agreement from the power plant located at the factory site. The Company does not expect to incur credit loss against this receivable.

Analysis of gross amounts receivable from local and foreign trade debtors and from K-Electric Limited are as follows:

	2021	2020
	(Rupees in '000)	
Domestic	106,477	98,061
Export	860,288	957,076
	966,765	1,055,137

36.1.2 Impairment losses

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

	2021		2020	
	Gross	Impairment	Gross	Impairment
	(Rupees in '000)			
Not past due	871,221	-	692,079	-
Past due 1-60 days	95,501	-	277,984	-
Past due 61 + days	43	-	85,074	-
Total	966,765	-	1,055,137	-

Management believes that the unimpaired balances that are past due are still collectible in full, based on historical payment behaviour and review of financial strength of respective customers. Further, certain trade debtors are secured by way of Export Letter of Credit and Inland Letter of Credit which can be called upon if the counter party is in default under the terms of the agreement.

Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks with which balances are held or credit lines available:



Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	VIS	A1+	AAA
United Bank Limited	VIS	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
Bank Al Habib Limited	PACRA	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
MCB Islamic Bank Limited	PACRA	A1	A
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Meezan Bank Limited	VIS	A1+	AAA
Bank Al Falah Limited	PACRA	A1+	AA+
Dubai Islamic Bank Limited	VIS	A1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Allied Bank Limited	PACRA	A1+	AAA
Samba Bank Limited	VIS	A1	AA
Industrial and Commercial Bank of China	Moody's	-	A1
National Bank of Pakistan	PACRA	A1+	AAA

36.1.3 Concentration of credit risk

Concentrations arise 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. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Management does not consider that it has any concentration of credit risk at the reporting date.

36.2 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 there is 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:



	2021					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
Financial liabilities						
Long term financing	5,193,296	(5,995,118)	(910,430)	(883,700)	(4,039,050)	(161,938)
Short-term borrowings	6,796,345	(6,796,345)	(6,796,345)	-	-	-
Accrued mark-up	78,728	(78,728)	(78,728)	-	-	-
Trade and other payables	1,972,664	(1,972,664)	(1,972,664)	-	-	-
Lease liabilities	22,663	(23,936)	(10,902)	(11,062)	(1,972)	-
Unclaimed dividend	8,798	(8,798)	(8,798)	-	-	-
	14,072,494	(14,875,589)	(9,777,867)	(894,762)	(4,041,022)	(161,938)

	2020					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	More than five years
	(Rupees in '000)					
Financial liabilities						
Long term financing	6,529,816	(7,786,656)	(956,214)	(981,121)	(5,527,538)	(321,783)
Short-term borrowings	11,520,404	(11,520,404)	(11,520,404)	-	-	-
Accrued mark-up	223,770	(223,770)	(223,770)	-	-	-
Trade and other payables	5,205,243	(5,205,243)	(5,205,243)	-	-	-
Lease liabilities	54,853	(68,477)	(11,383)	(11,596)	(45,498)	-
Unclaimed dividend	8,433	(8,433)	(8,433)	-	-	-
	23,542,519	(24,812,983)	(17,925,447)	(992,717)	(5,573,036)	(321,783)

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

36.2.2 Long term financing from various banks contains certain loan covenants. A breach of covenant, in future, may require the Company to repay the respective loans earlier than as directed in the above table.

36.3 Market risk

Market risk is the risk which arises due to changes in market prices, such as foreign exchange rates, interest rates and equity prices, that 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.

Management assessed that the fair values of cash and cash equivalents and short-term deposits, receivable from K-Electric Limited (KE), trade debts, trade payables, short term borrowings and other current liabilities approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit assets and long term liabilities, management considers that their carrying values approximate fair value owing to credit standing of counterparties and interest payable on borrowings is at market rate.



36.3.1 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, bank balances 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:

	2021		2020	
	Rupees	US Dollars	Rupees	US Dollars
(Amounts in '000)				
Financial assets				
Bank balance	219,072	1,394	14,286	85
Trade debts	860,288	5,475	957,076	5,698
Financial liabilities				
Trade creditors	(1,416,398)	(8,993)	(4,918,629)	(29,217)
Net exposure	(337,038)	(2,124)	(3,947,267)	(23,434)

The following significant exchange rates applied during the year

	Average rates		Reporting date rate	
	2021 Buying/Selling	2020 Buying/Selling	2021 Buying/Selling	2020 Buying/Selling
(Rupees)				
US Dollars to PKR	160.10 / 160.47	158.07 / 158.45	157.13 / 157.49	167.98 / 168.35

Sensitivity analysis

A 10 percent strengthening / (weakening) of the Pak Rupee against the US Dollar at June 30, 2021 would have (decreased) / increased the profit by Rs. 24.42 million (2020: Rs. 441.75 million). This analysis assumes that all other variables, in particular interest rates, remain constant and the analysis is performed on the same basis as done in prior year.

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or 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 banks.

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

	Carrying amount	
	2021	2020
(Rupees in '000)		
Fixed rate instruments		
Financial liabilities	5,996,602	4,015,300
Variable rate instruments		
Financial liabilities	6,006,488	14,034,920



a) Cash flow sensitivity analysis for variable rate instruments

The Company holds various variable rate financial instruments amounting to Rs. 6,006.49 million (2020: Rs. 14,034.92 million) exposing the Company to cash flow interest rate risk. A change of 100 basis points as at 30 June 2021 would have increased / (decreased) profit after tax and equity for the year by Rs. 42.65 million (2020: Rs. 99.65 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

b) Fair value sensitivity analysis for fixed rate instruments

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

36.4 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2021				
	Short term borrowings	Long term financing	Unappropriated profit	Lease liabilities	Total
	(Rupees in '000)				
Balance as at July 1, 2020	11,675,965	6,579,655	7,121,607	54,853	25,432,080
Changes from financing cash flows					
Repayment of long term loan	-	(1,512,165)	-	-	(1,512,165)
Proceeds from long term loan	-	187,738	-	-	187,738
Lease rentals paid	-	-	-	(20,326)	(20,326)
Re-assessment / termination of leases	-	-	-	(14,658)	(14,658)
Dividend paid	-	-	(1,304,635)	-	(1,304,635)
Total changes from financing activities	-	(1,324,427)	(1,304,635)	(34,984)	(2,664,046)
Other changes					
Interest expense	370,832	441,099	-	-	811,931
Interest paid	(487,035)	(449,397)	-	2,794	(933,638)
Deferred government grant recognised	-	(14,264)	-	-	(14,264)
Changes in short term borrowings	(4,724,059)	-	-	-	(4,724,059)
Total loan related other changes	(4,840,262)	(22,562)	-	2,794	(4,860,030)
Total equity related other changes	-	-	7,500,382	-	7,500,382
Balance as at June 30, 2021	6,835,703	5,232,666	13,317,354	22,663	25,408,386



	2020				
	Short term borrowings	Long term financing	Unappropriated profit	Lease liabilities	Total
	(Rupees in '000)				
Balance as at July 1, 2019	10,307,497	7,465,513	7,240,140	152,996	25,166,146
Changes from financing cash flows					
Repayment of long term loan	-	(1,461,144)	-	-	(1,461,144)
Proceeds from long term loan	-	713,876	-	-	713,876
Lease rentals paid	-	-	-	(21,083)	(21,083)
Termination of leases	-	-	-	(85,131)	(85,131)
Dividend paid	-	-	(652,905)	-	(652,905)
Total changes from financing activities	-	(747,268)	(652,905)	(106,214)	(1,506,387)
Other changes					
Interest expense	1,532,643	782,164	-	-	2,314,807
Interest paid	(1,493,360)	(901,666)	-	8,071	(2,386,955)
Deferred government grant recognised	-	(19,088)	-	-	(19,088)
Changes in short term borrowings	1,329,185	-	-	-	1,329,185
Total loan related other changes	1,368,468	(138,590)	-	8,071	1,237,949
Total equity related other changes	-	-	534,372	-	534,372
Balance as at June 30, 2020	11,675,965	6,579,655	7,121,607	54,853	25,432,080

36.5 Other price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company has no exposure to price risk.

36.6 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in the statement of financial position approximate their fair values.



36.7 Financial instruments by categories

	Note	2021	2020
(Rupees in '000)			
Financial assets			
Held at amortised cost			
- Long term deposit with Central Depository Company of Pakistan Limited		100	100
- Trade debts	9	939,845	1,015,744
- Trade deposits and margin against shipping guarantee	10	76,773	21,843
- Receivable from K-Electric Limited		26,920	39,393
- Cash and bank balances	13	292,511	106,196
		1,336,149	1,183,276
Financial liabilities			
Held at amortised cost			
- Long term financing	16	5,193,296	6,511,446
- Trade and other payables		3,953,450	7,415,744
- Accrued mark-up		78,728	223,770
- Short term borrowings	22	6,796,345	11,520,404
- Contract liabilities	21	1,277,439	1,377,396
- Unclaimed dividend		8,798	8,433
		17,308,056	27,057,193

37. 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 capital, as well as the level of dividends to ordinary shareholders. The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

38. MEASUREMENT OF FAIR VALUES

Management engages an independent external expert / valuer to carry out valuation of its non-financial assets (i.e. Land and Building) and obtains rate from financial institution to value derivative financial instruments. Involvement of external valuers is decided 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).

As at June 30, 2021, all financial assets and financial liabilities are carried at amortised cost which is approximate to their fair value. The Company measures the Land and Buildings at fair value and all of the resulting fair value estimates in relation to Land and Buildings of the Company are included in Level 3.

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



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

The following table provides the valuation approach, inputs used and inter-relationship between significant unobservable inputs and fair value measurement of the Company's Land and Buildings measured at fair value:

Assets measured at fair value	Date of Valuation	Valuation approach and inputs used	Inter-relationships between significant unobservable inputs and fair value measurement
Revalued property, plant and equipment			
- Land and Building	30 June 2019	The valuation model is based on price per square meter 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, 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 is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.	The fair values 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.

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:

	2021	2020
	(Rupees in '000)	
Opening net book value	5,434,720	4,050,472
Additions during the year	18,565	1,541,480
Depreciation for the year	(197,981)	(155,733)
Disposals during the year (at NBV)	(6,973)	(1,499)
Closing net book value	5,248,331	5,434,720

Management assessed that the fair values of cash & cash equivalents, other receivable, receivables from K-Electric, trade deposits, trade debts, short term borrowings, trade and other payables, accrued mark-up, contract liabilities and unclaimed dividends approximate their carrying amounts largely due to short-term maturities of these instruments. For long term deposit and long term financing, management considers that their carrying values approximate fair value owing to credit standing of counterparties and interest payable on borrowings at market rates.

39. 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 contribution to defined contribution plan (provident fund) are made as per the terms of employment and contribution to the defined benefit plan (gratuity fund) are made on the basis of latest actuarial advice. Remuneration of key management personnel are in accordance with their terms of contractual engagements.



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

39.1 Transactions with related parties

	Note	2021	2020
(Rupees in '000)			
Holding Company			
Sales		1,032	1,572,505
Purchases		7,123	210,249
Rent expense		114,183	47,265
Shared resources cost		56,834	65,178
Reimbursement of expenses		13,169	5,072
Partial manufacturing - Sales		-	6,431
Corporate, legal, marketing & IT services		16,184	20,165
Dividend paid		735,167	367,583
Other related parties			
Sales		1,366,520	953,922
Purchases		27,722,541	21,552,257
Dividend paid		118,433	59,216
Rental income	39.4	2,438	2,525
Reimbursement of expenses		1,170	3,913
Services		67,827	133,760
Key management personnel			
Remuneration		228,898	230,493
Staff retirement funds			
Contribution paid		56,211	50,222
Non-executive directors			
Directors' fee		9,500	7,525
Reimbursement of Chairman's expenses		3,605	2,459

39.2 The following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:



Name of the Related Party	Relationship and percentage of Shareholding
International Industrial Limited	Holding Company - 56.33% (2020: 56.33%) shareholding
Sumitomo Corporation (incorporated in Japan)	Associated Company - 9.08% (2020: 9.08%) shareholding
Pakistan Cables Limited	Associated Company due to common directorship
German Pakistan Chamber of Commerce and Industry	Associated Entity due to common directorship
Intermark (Private) Limited	Associated Company due to common directorship
Employers' Federation of Pakistan	Associated Company due to common directorship
Amir Sultan Chinoy Foundation	Associated Entity due to common directorship
Habib University Foundation	Associated Entity due to common directorship
Karwan-e-Hayat	Associated Entity due to common directorship
Landhi Association of Trade & Industry	Associated Entity due to common directorship
Jubilee Life Insurance Company Limited	Associated Company due to common directorship
Jubilee General Insurance Company Limited	Associated Company due to common directorship
Beaumont Plaza Owners / Occupants Welfare Association	Associated Entity due to common directorship
IIL Australia PTY Limited (incorporated in Australia)	Associated Company due to common directorship

39.3 Outstanding balances with related parties have been separately disclosed in trade debts, trade and other payables and advances, deposits and prepayments respectively. These are settled in ordinary course of business.

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

40. ANNUAL PRODUCTION CAPACITY

	2021	2020
	(Metric Tonnes)	
The production capacity at the year end was as follows:		
Galvanising	462,000	462,000
Cold rolled steel strip	1,000,000	1,000,000
Colour coated	84,000	84,000
The actual production for the year was:		
Galvanising	293,598	230,023
Cold rolled steel strip	498,037	424,355
Colour coated	17,789	21,166



- 40.1 The name-plate capacities of the plants are determined based on a certain product mix. The actual production mix is different. Actual production was as per market demand.

41. OPERATING SEGMENT

- 41.1 These financial statements have been prepared on the basis of a single reportable segment.
- 41.2 Revenue from sales of steel products represents 99.26% (2020: 98.77%) of total revenue whereas remaining represents 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.
- 41.3 All non-current assets of the Company as at June 30, 2021 are located in Pakistan.
- 41.4 85.31% (2020: 83.83%) of gross sales of steel are domestic sales whereas 14.69% (2020: 16.17%) of sales are export / foreign sales.

41.5 Geographic Information

The Company's net revenue from external customers by geographical location is disclosed in note 24.2.

	2021	2020
	(Rupees in '000)	
Domestic sales	57,943,785	39,088,479
Exports sales	11,852,455	8,993,458
	69,796,240	48,081,937

- 41.6 Management considers that revenue from its ordinary activities are shariah compliant.

42. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2021	2020
	Number of employees	
Total employees of the Company at the year end	693	692
Average employees of the Company during the year	686	702

43. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Company in their meeting held on August 24, 2021 has proposed a final cash dividend of Rs. 7 per share (2020: Nil) amounting to Rs. 3,045 million (2020: Nil) for the year ended June 30, 2021. The approval of the members of the Company for the dividend shall be obtained at the Annual General Meeting to be held on September 29, 2021. The financial statements for the year ended June 30, 2021 do not include the effect of the proposed final cash dividend which will be accounted for in the year ending June 30, 2022.

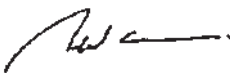
44. CORRESPONDING FIGURES

Comparative information has been reclassified and re-arranged in these financial statements, wherever necessary, to facilitate comparison and to confirm with presentation in the current period, having insignificant impact.

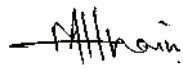


45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 24, 2021 by the Board of Directors of the Company.



Nihal Cassim
Director & Chairman
Board Audit Committee



Mujtaba Hussain
Chief Financial
Officer



Yousuf H. Mirza
Chief Executive
Officer



STAKEHOLDER INFORMATION



OWNERSHIP

On June 30, 2021 there were 5,767 members on the record of the Company's ordinary shares.

Dividend Payment

The Board of Directors of the company has recommended 70% final cash dividend in addition to 30% interim making a total of 100% for the year ended June 30, 2021 as per the Profit Appropriation Policy. The proposal shall be placed before the shareholders of the company in the Annual General Meeting for their consideration and approval on September 29, 2021. The dividend amounts, if approved by the shareholders, shall be directly credited to their designated banks to the shareholders listed in the company's share register at the close of business on September 20, 2021 and shall be subject to the Zakat and Tax deductions as per applicable law.

FINANCIAL CALENDAR

Results

Year ended June 30, 2021	Approved on Announced on	August 24, 2021 August 25, 2021
Third quarter ended March 31, 2021	Approved & Announced on	April 20, 2021
Half year ended December 31, 2020	Approved on Announced on	January 28, 2020 January 29, 2021
First quarter ended September 30, 2020	Approved on Announced on	October 19, 2020 October 20, 2020

Dividend

Interim - Cash (2021)	Approved on Entitlement date Statutory limit up to which payable Paid on	January 28, 2021 March 15, 2021 April 5, 2021 March 25, 2021
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Latest Annual Report Issued On	September 6, 2021
14th Annual General Meeting	September 29, 2021

Tentative Dates of Financial Results 2021-22

For the Period	To be Announced on
1st Quarter	26-10-2021
2nd Quarter	31-01-2022
3rd Quarter	21-04-2022
Annual Accounts	18-08-2022



PATTERN OF SHAREHOLDING AS OF JUNE 30, 2021

Number of Shareholders	Having shares		Shares held	Percentage
	From	To		
652	1	100	31,485	0.0072
1350	101	500	561,929	0.1292
1013	501	1,000	949,858	0.2184
1571	1,001	5,000	4,420,468	1.0162
430	5,001	10,000	3,442,097	0.7913
162	10,001	15,000	2,105,651	0.4841
101	15,001	20,000	1,874,088	0.4308
68	20,001	25,000	1,608,761	0.3698
39	25,001	30,000	1,131,645	0.2601
48	30,001	40,000	1,758,807	0.4043
61	40,001	50,000	2,923,319	0.6720
25	50,001	60,000	1,409,036	0.3239
38	60,001	80,000	2,660,209	0.6115
36	80,001	100,000	3,384,080	0.7779
13	100,001	120,000	1,447,648	0.3328
11	120,001	140,000	1,462,416	0.3362
15	140,001	160,000	2,292,016	0.5269
8	160,001	180,000	1,331,034	0.3060
16	180,001	200,000	3,144,600	0.7229
34	200,001	300,000	8,411,297	1.9336
10	300,001	400,000	3,433,363	0.7893
13	400,001	500,000	5,962,049	1.3706
5	500,001	600,000	2,792,538	0.6420
10	600,001	700,000	6,492,304	1.4925
1	700,001	800,000	790,000	0.1816
4	800,001	900,000	3,402,000	0.7821
7	900,001	1,000,000	6,684,417	1.5366
5	1,000,001	1,200,000	5,569,900	1.2804
1	1,200,001	1,400,000	1,397,199	0.3212
3	1,400,001	1,600,000	4,485,440	1.0311
1	1,600,001	1,800,000	1,775,500	0.4082
2	1,800,001	2,000,000	3,653,100	0.8398
1	2,000,001	2,200,000	2,180,454	0.5013
1	2,200,001	2,800,000	2,690,000	0.6184
2	2,800,001	3,000,000	5,739,596	1.3194
2	3,000,001	3,200,000	6,337,000	1.4568
1	3,200,001	3,400,000	3,308,107	0.7605
1	3,400,001	3,600,000	3,506,500	0.8061
2	3,600,001	4,500,000	8,690,389	1.9978
1	4,500,001	4,600,000	4,600,000	1.0575
1	4,600,001	21,000,000	20,626,500	4.7417
1	21,000,001	40,000,000	39,477,657	9.0753
1	40,000,001	250,000,000	245,055,543	56.3346
5,767		Company Total	435,000,000	100.0000



CATEGORIES OF SHAREHOLDERS AS OF JUNE 30, 2021

Particulars	No. of Shareholders	No. of Shares held	Percentage
Sponsor / Holding Company	1	245,055,543	56.335
Directors & Spouses and other Family members	17	11,308,500	2.600
Associated Company	1	39,477,657	9.075
NIT & NBP and Funds	14	7,098,218	1.632
Banks, DFI & NBF1	12	9,268,017	2.131
Insurance Companies	10	4,968,883	1.142
Mutual Funds	63	13,653,486	3.139
Public & Other Companies	108	13,403,953	3.081
Retirement Funds & Charitable Trusts	42	2,385,711	0.548
Strategic Investor	1	20,626,500	4.742
Foreign Companies	6	2,534,412	0.583
Modarabas & Others	1	25,000	0.006
General Public / Individuals - Local	5,028	58,002,078	13.334
General Public / Individuals - Foreign	463	7,192,042	1.653
TOTAL	5,767	435,000,000	100.0000

KEY SHAREHOLDING AS OF JUNE 30, 2021

Information on shareholding required under reporting framework is as follows:

	No. of Shareholders	No. of Shares	Percentage
Sponsor/Holding Company			
International Industries Ltd.	1	245,055,543	56.3346
Directors & Spouses	13	9,039,000	2.078
Associated Company			
Sumtomo Corporation	1	39,477,657	9.0753
Government Financial Institutions			
NIT & NBP and Funds	14	7,098,218	1.6318
Foreign Corporate Investors			
JFE Steel Corporation	1	20,626,500	4.7417
Others	5	2,534,412	0.5826
		23,160,912	5.3243
Executives	8	107,094	0.0246

MEMBERS HAVING 5% OR MORE OF VOTING RIGHTS

Particulars	No. of Shares	Percentage
International Industries Limited	245,055,543	56.3346
Sumitomo Corporation	39,477,657	9.0753

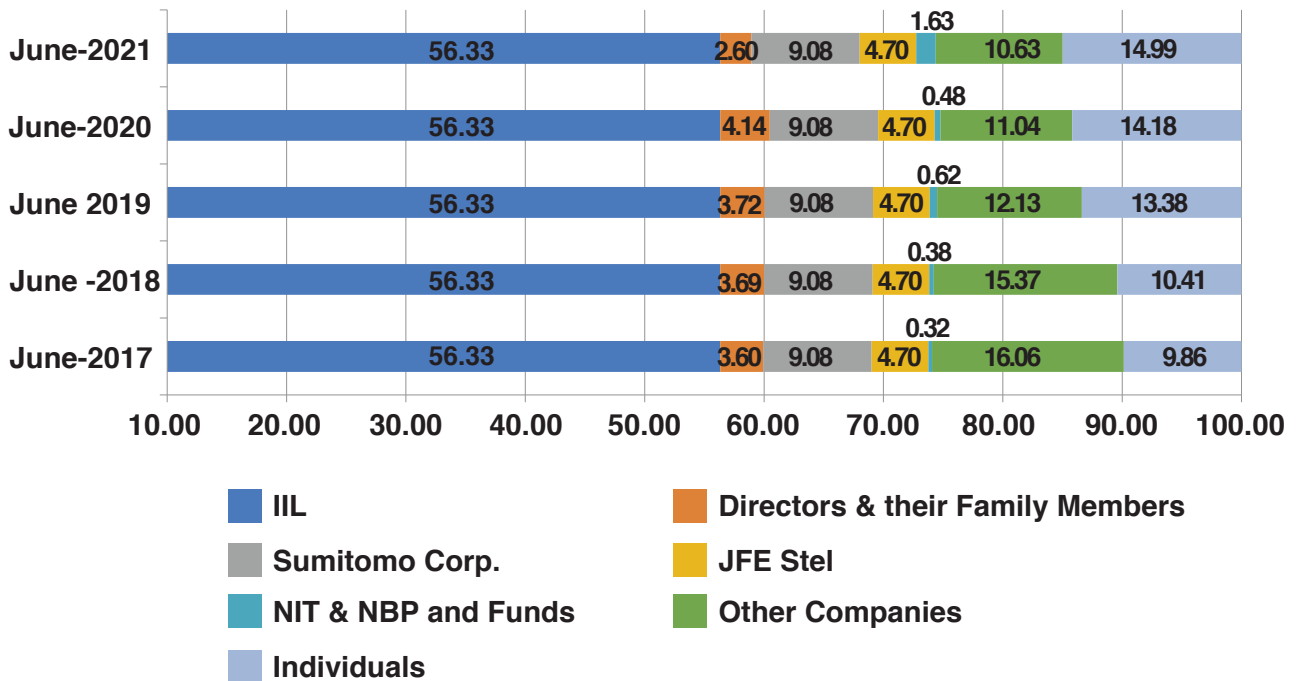


SHARES TRADING BY DIRECTORS/EXECUTIVES

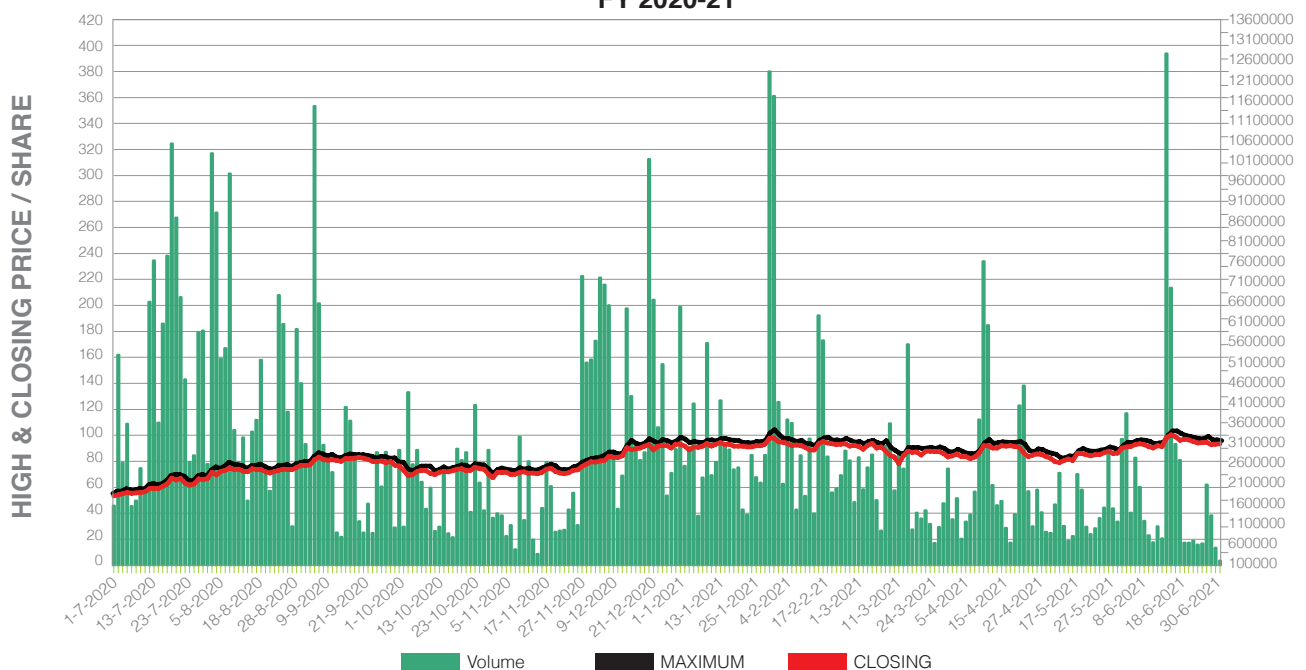
Following shares transactions were made by Directors, Executives and their family members or their private owned companies during the financial year July 1, 2020 to June 30, 2021.

Sold	Purchased/ Gift Received
682,000	2,958,000

SHAREHOLDERS COMPOSITION



ISL SHARE PRICES - TREND V/S VOLUME TRADED
FY 2020-21





NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED JUNE 30, 2021

Notice is hereby given to the members that the 14th Annual General Meeting of the Company will be held on September 29, 2021 at 11.00 a.m. at Karachi to transact the following business. Due to the need of required social distancing to avoid the spread of COVID19 pandemic, shareholders are requested to attend the meeting through video conferencing facility arranged by the Company as per the instructions given in the notes section.

Ordinary Business

Financial Statements

1. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2021 and the Directors' Report and Auditors' Report thereon.

As required under Section 223 (7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on website of the Company which can be downloaded from the "Reports and Filings" Section on the following link: <http://www.isl.com.pk/investors/>

Dividend

2. To Consider and approve payment of Rs. 7.00 (70%) per share as final cash dividend in addition to 30% interim cash dividend announced and already paid, making a total dividend of Rs. 10.00 (100%) per share for the financial year ended June 30, 2021 as recommended by the Board of Directors.

Auditors

3. To appoint statutory auditors of the Company for the year ending June 30, 2022 and fix their remuneration. The retiring Auditors, M/s A. F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment at a fee to be mutually agreed and reimbursements of out of pocket expenses at actuals.

Special Business

4. To approve transmission of annual reports including annual audited financial statements, auditor's report, Chairman's review, Directors report and notice of annual general meeting to the Company's shareholders electronically through Email/CD/DVD/USB at their registered emails or mailing addresses instead of transmitting the annual reports including annual audited accounts in printed form as allowed under Section 223(6) of the Companies Act, 2017.

RESOLVED THAT the International Steels Limited be and is hereby allowed to transmit its annual reports including annual audited financial statements, auditor's report, Chairman's review, Directors report and notice of annual general meeting to the Company's shareholders electronically through email/CD/DVD/USB at their registered emails or mailing addresses, as allowed under section 223(6) of the companies Act, 2017 instead of transmitting the annual reports including annual audited accounts in printed form.

5. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

A statement as required by Section 134(3) of the Companies Act, 2017 in respect of the special business to be considered at the meeting is being sent to the members, along with this notice.

By Order of the Board
International Steels Ltd.

M. Irfan Bhatti

Company Secretary & Head of Legal Affairs

Karachi: September 6, 2021



Notes

1. Participation in the AGM proceeds via video conferencing facility:

Due to current COVID19 situation and for the well being of the stakeholders the AGM proceedings shall be held via video conferencing facility only.

Shareholders interested to participate in the meeting are requested to email following information with subject "Registration for International Steels Limited AGM" along with valid copy of both sides of Computerized National Identity Card (CNIC) at investors@isl.com.pk. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 48 hours before the time of AGM.

Registration to Attend Annual General Meeting through Video Conferencing Facility

1. Folio No. / CDC Investors A/c No./ Sub-A/c No. _____
2. Name of Shareholder(s) : _____
3. Cell Phone Number _____
4. Email Address _____
5. No. of Shares held at the 1st day of the Book Closure to establish the right to attend AGM: _____

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address investors@isl.com.pk

Book Closure

2. The Share Transfer Books of the Company shall remain closed from September 21, 2021 to September 29, 2021 (both days inclusive) to establish the right to attend annual general meeting and to receive the dividend declared.
3. A Member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote on his/her behalf.
4. An instrument appointing proxy and the power of attorney or other authority under which it is signed or a notarized 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.
5. 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

- i. 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.
- ii. 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

- i. In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the CDC regulations shall submit the proxy form as per the above requirement.
- ii. 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.

Email, CNIC, IBAN and Zakat Declaration

6. Members are requested to provide their Email, International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records otherwise all dividends will be withheld in terms of Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017;

- For physical shares to M/s THK Associates (Pvt) Ltd.
- For shares in CDS to CDC Investors A/c Services or respective Participant



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

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

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the company to be held on September 29, 2021.

ITEM 4 OF THE AGENDA

The shareholders in their 10th Annual General Meeting on September 26, 2017 have already granted approval to transmit annual reports in the form of soft copies in CD/DVD/USB instead of transmitting the annual audited accounts in printed copy as per the Securities and Exchange Commission of Pakistan's SRO No.470(I)/2016 dated May 31, 2016.

Whereas, in addition to the above approval, the Section 223 (6) of the Companies Act, 2017 allows every company to send its audited financial statements together with the auditors' report, directors' report and in the case of a listed company the chairman's review report to every member of the company and every person who is entitled to receive notice of general meeting, either by post or electronically at least twenty-one days before the date of meeting at which it is to be laid before the members of the company, and shall keep a copy at the registered office of the company for the inspection of the members.

To proceed towards paperless environment and to fulfill the responsibility towards environment, the International Steels Limited has sought approval of shareholders to issue & dispatch its annual reports including annual audited financial statements, Auditor's report, Chairman's review, Directors report and notice of annual general meeting through Email/CD/DVD/USB at their registered emails or mailing addresses instead of transmitting the annual reports including annual audited accounts in printed form as allowed under Section 223(6) of the Companies Act, 2017. However, an option of hard copy of the same information is offered to any interested shareholder.

9. Unclaimed Dividends

Shareholders, who by any reason, could not claim their dividend are advised to contact our Shares Registrar M/s THK Associates (Pvt) Ltd. to collect / enquire about their unclaimed dividends, if any.

10. E-dividend Mandate

As per Section 242 of the Companies Act, 2017, in case of a Public listed company, any dividend payable in cash shall only be remitted through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account No. (IBAN) & details in the Central Depository System through respective participants. In case of physical shares, to provide bank account details to our Share Registrar, M/s THK Associates (Pvt) Ltd. Please ensure an early update of your particulars to avoid any inconvenience in future. E-Dividend mandate form is enclosed.

11. Conversion Of Physical Shares into Book Entry Form

As per Section 72 of the Companies Act, 2017 all existing companies are required to convert their physical shares into book-entry form within a period not exceeding four years from the date of commencement of the Companies Act, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

We hereby request all such member of International Steels Limited who are holding shares in physical form to convert their shares into book-entry form at the earliest. They are also suggested to contact the Central Depository Company of Pakistan Limited or any active member / stock broker of the Pakistan Stock Exchange to open an account in the Central Depository System and to facilitate conversion of physical shares into book-entry form.

Members are informed that holding shares in book-entry form has several benefits including but not limited to;

- Secure and convenient custody of shares
- Conveniently tradeable and transferable
- No risk of the loss, damage or theft
- No stamp duty on transfer of shares in book-entry form
- Hassle free credit of bonus or right shares



We once again strongly advise members of the Company, in their best interest, to convert their physical shares into book-entry form at earliest.

12. **Electronic voting:**

Members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

13. **Filer And Non-Filer Status**

i. The Government of Pakistan through Finance Act, 2021 in Section 150 of the Income Tax Ordinance, 2001 prescribed the following rates for withholding tax against dividend payments by the companies;

- a. For filers of income tax returns – 15%
- b. For non-filers of income tax returns – 30%

Members 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 to avoid higher tax deductions against any future dividend.

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

THK Associates (Pvt) Ltd., Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500
Phone: +9221-35890051 Mobile: +92334-2404222
Email: 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 Share Registrar i.e. THK Associates (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio number.

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اپنے سرکیولر نمبر CSD/ED/Misc./2016-639-640 بتاریخ 26 مارچ، 2021 کے تحت لسٹڈ کمپنیز کے ایسے ممبرز جن کے شیئرز فزیکل فارم میں ہیں، کو ہدایت کرتی ہے کہ وہ اپنے شیئرز کو بک - انٹری فارم میں تبدیل کر لیں۔

ہم انٹرنیشنل اسٹیل لمیٹڈ کے ایسے تمام ممبران جو فزیکل شیئرز کے مالک ہیں، سے درخواست کرتے ہیں کہ وہ اپنے شیئرز کو جلد از جلد بک - انٹری صورت میں تبدیل کر لیں۔ انہیں یہ بھی تجویز دی جاتی ہے کہ وہ سینٹرل ڈپازٹری سسٹم میں اکاؤنٹ کھولنے اور فزیکل شیئرز کی بک - انٹری میں منتقلی کیلئے سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ یا پاکستان اسٹاک ایکسچینج کے کسی ایکٹیو ممبر/اسٹاک بروکر سے رابطہ کریں۔

ممبران کو مطلع کیا جاتا ہے کہ بک - انٹری کی صورت میں شیئرز کی ملکیت درج ذیل متعدد سہولیات کے علاوہ دیگر فوائد بھی رکھتی ہے:

- شیئرز کی محفوظ اور باسہولت تحویل
 - کاروباری لین دین اور منتقلی میں آسانی
 - گم ہونے، نقصان یا چوری ہونے کے خطرے سے محفوظ
 - بک - انٹری کی صورت میں منتقلی پر کوئی اسٹیپ ڈیوٹی نہیں ہے
 - بونس یا رائٹ شیئرز کی باسہولت کریڈٹ
- ہم کمپنی کے ممبران کو ان کے بہتر مفاد کیلئے پُر زور تجویز دیتے ہیں کہ وہ اپنے شیئرز جلد از جلد بک - انٹری - فارم میں تبدیل کر لیں۔

12- ایکسٹرانک ووٹنگ

کمپنیز ایکٹ 2017 کے سیکشن 143-145 اور کمینیز (پوسٹل بیلٹ) ریگولیشنز، 2018 کی لاگو شدہ کی رو سے ممبرز اپنے ووٹ کا حق استعمال کر سکتے ہیں۔

13- فائلر اور نان فائلر کی حیثیت

(i) حکومت پاکستان نے فنانس ایکٹ 2021 کے ذریعہ آگم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے مطابق کمپنیز کی جانب سے ادا کئے جانے والے ڈیویڈنڈ کی رقم پر درج ذیل شرح سے ود ہولڈنگ ٹیکس کی کٹوتی کی جائے گی۔

(a) آگم ٹیکس ریٹرنز فائل کرنے والوں کیلئے 15% (ب) آگم ٹیکس ریٹرنز فائل نہ کرنے والوں کیلئے 30%

جن ممبرز کے نام ایف بی آر کی ویب سائٹ پر موجود ایکٹیو ٹیکس پیئرز کی لسٹ (ATL) میں شامل نہیں ہیں، باوجود اس کے کہ وہ فائلر ہیں، تو ان کو ہدایت کی جاتی ہے کہ وہ اس بات کو یقینی بنائیں کہ ان کے نام ATL میں شامل ہیں تاکہ وہ مستقبل میں ڈیویڈنڈ سے متعلق زیادہ ٹیکس کی کٹوتی سے بچ سکیں۔

(ii) کسی بھی استفسار/مسئلے/معلومات کیلئے انویسٹرز ہمارے شیئرز رجسٹرار سے درج ذیل فون نمبرز، ای میل ایڈریس پر رابطہ کر سکتے ہیں:

ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 32-C، جامی کمرشل اسٹریٹ نمبر 2، ڈی ایچ اے، فیئر 7، کراچی، 75500

فون نمبر 9221-35890051، موبائل نمبر 92334-2404222، ای میل: info@thk.com.pk

(iii) جن کارپوریٹ شیئرز ہولڈرز کے اکاؤنٹ CDC میں ہیں، ان سے درخواست ہے کہ وہ اپنا انٹرنیشنل ٹیکس نمبر (NTN) اپنے متعلقہ شرکاء کے ساتھ اپ ڈیٹ کر لیں، جبکہ کارپوریٹ فزیکل شیئرز ہولڈرز اپنے NTN سرٹیفکیٹ کی کاپی شیئرز رجسٹرار یعنی ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو ارسال کریں۔ شیئرز ہولڈرز اپنے NTN نمبر یا NTN سرٹیفکیٹ کی کاپی بھیجتے وقت کمپنی کا نام اور اپنا متعلقہ فون نمبر ضرور درج کریں۔

نوٹس:

- 1- سالانہ اجلاس عام کی کارروائی میں ویڈیو کانفرنس کی سہولت کے ذریعہ شرکت COVID-19 کی موجودہ صورتحال کی بناء پر سالانہ اجلاس عام کی کارروائی صرف ویڈیو کانفرنس کے ذریعہ ہوگی۔ اجلاس میں شرکت کے خواہشمند شیئرز ہولڈرز سے درخواست ہے کہ وہ درج ذیل معلومات بعنوان "رجسٹریشن برائے انٹرنیشنل اسٹیبلر لمیٹڈ اے جی ایم" مع کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کے دونوں طرف کی کاپی investors@isl.com.pk پر ای میل کر دیں۔ ویڈیو لنک اور لاگ ان کی تفصیلات صرف ان ممبرز کو بھجوائی جائیں گی جن کی ای میل تمام مطلوبہ وکوائف کے ساتھ اے جی ایم کے انعقاد کے وقت سے کم از کم 48 گھنٹے پہلے موصول ہو جائیں گی۔

ویڈیو کانفرنس کی سہولت کے ذریعے اجلاس عام میں شرکت کیلئے اندراج

- 1- فوئیو نمبر/سی ڈی سی انویسٹرز اکاؤنٹ نمبر/ذیلی اکاؤنٹ نمبر
- 2- شیئر ہولڈر کا نام
- 3- موبائل نمبر
- 4- ای میل ایڈریس
- 5- اے جی ایم میں شرکت کے استحقاق کے تعین کے لئے بکس کی بندش کے پہلے دن پر اپنے پاس موجود شیئرز کی تعداد

شیئرز ہولڈرز اے جی ایم کے ایجنڈا آؤٹ لائنز کے بارے میں اپنی رائے اور سوالات investors@isl.com.pk پر ای میل کر سکتے ہیں

کتب بندش

- 2- کمپنی کی شیئرز انسٹریٹ بکس مورخہ 21 ستمبر 2021 تا 29 ستمبر 2021 (بشمول دونوں ایام) سالانہ اجلاس عام میں شرکت کے استحقاق کے تعین کیلئے بند رہیں گی۔
- 3- کمپنی کا کوئی ممبر جو سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کا اہل ہے، وہ اپنی جگہ کسی دوسرے ممبر کو شرکت کرنے بولنے اور ووٹ دینے کیلئے اپنا نمائندہ مقرر کر سکتا/سکتی ہے۔
- 4- نمائندے کے تقرری دستاویز اور پاور آف اٹارنی یا کوئی اور اتھارٹی جو دستخط شدہ ہو یا پاور آف اتھارٹی کی نوٹری کی تصدیق شدہ نقل کمپنی کے رجسٹرڈ دفتر میں لازماً اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے جمع کرادی جائیں۔
- 5- سی ڈی سی اکاؤنٹ ہولڈرز کو مزید سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 1 مورخہ 26 جنوری 2000 میں درج رہنما ہدایات پر عمل کرنا ہوگا۔

(a) اجلاس میں شرکت کیلئے:

- (i) انفرادی حیثیت میں کوئی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جس کی سیکورٹیز اور ان کی رجسٹریشن کی تفصیلات ضابطہ کے مطابق اپ لوڈ ڈ ہیں، ان کو اجلاس میں شرکت کے وقت اپنی شناخت کے ثبوت کیلئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) دکھانا ہوگا۔
- (ii) کارپوریٹ اکائی ہونے کی صورت میں اجلاس عام میں شرکت کے وقت بورڈ آف ڈائریکٹرز کی قرارداد اور پاور آف اٹارنی مع نامزد کردہ فرد کے نمونہ کے دستخط (اگر پہلے سے فراہم نہ کئے گئے ہوں) اجلاس کے وقت فراہم کرنا ہوں گے۔

(b) نمائندے کے تقرر کیلئے:

- (i) انفرادی حیثیت میں کوئی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی تفصیلات CDC کے ضوابط کے مطابق اپ لوڈ ڈ ہیں، ان کو درج بالا شرائط کے مطابق پراسی فارم جمع کرانا ہوگا۔
- (ii) پراسی فارم کے ساتھ ہیفیشیل اوزر اور پراسی کے CNIC کی تصدیق شدہ کاپیاں منسلک ہونا چاہیے۔ پراسی کو اجلاس عام میں شرکت کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

اطلاع برائے سالانہ اجلاس عام

برائے سال تختہ 30 جون، 2021

بذریعہ ہذا ممبران کو مطلع کیا جاتا ہے کہ کمپنی کا 14 واں سالانہ اجلاس عام بتاریخ 29 ستمبر 2021 دن 11.00 بجے کراچی میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔ عالمی وبا COVID-19 کے پھیلاؤ کو روکنے کے سلسلے میں مطلوبہ سماجی فاصلے کی ضرورت کے تحت، شیئر ہولڈرز سے درخواست ہے کہ اجلاس میں ویڈیو کانفرنس کے ذریعہ شرکت کریں جس کا اہتمام کمپنی نے نوٹس سیکشن میں درج ہدایات کے مطابق کیا ہے۔

عمومی امور:

مالیاتی حسابات

- 1- کمپنی کے آڈٹ شدہ اکاؤنٹس برائے سال تختہ 30 جون 2021 اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی اور ان پر غور کرنا۔ کمپنیز ایکٹ 2017 کے سیکشن (7) 223 کے تحت کمپنی کے مالیاتی اسٹیٹمنٹس کمپنی کی ویب سائٹ پر اپ لوڈ کر دیئے گئے ہیں جو درج ذیل لنک پر موجود رپورٹس اینڈ فائلنگ سیکشن سے ڈاؤن لوڈ کئے جاسکتے ہیں: <http://www.isl.com.pk/investors/>

منافع منقسمہ

- 2- بورڈ آف ڈائریکٹرز کی جانب سے منظور کردہ فی شیئر 7.0 روپے (70 فیصد) حتمی کیش ڈیویڈنڈ کی ادائیگی اور 30 فیصد عبوری نقد منافع جس کی اطلاع اور ادائیگی پہلے ہی کی جا چکی ہے، پر غور کرنا اور اس کی منظوری دینا، یوں 30 جون 2021 کو ختم ہونے والے سال کیلئے فی شیئر مجموعی ڈیویڈنڈ 100 فیصد یعنی 10 روپے ہو جائے گا۔

آڈیٹرز

- 3- 30 جون 2022 کو ختم ہونے والے سال کیلئے کمپنی کے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔ ریٹائر ہونے والے موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہلیت رکھتے ہوئے دوبارہ تقرری کیلئے خود کو پیش کیا ہے، جن کے مشاہرے اور ان کے اصل جیب خرچ کی ادائیگی (re-imburement) باہمی رضامندی کے مطابق طے کی جائے گی۔

خصوصی امور

- 4- سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹس، آڈیٹرز کی رپورٹ، چیئر مین کا جائزہ، ڈائریکٹرز رپورٹ اور سالانہ اجلاس عام کی اطلاع کمپنی کے شیئر ہولڈرز کو سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ اکاؤنٹس طباعت کی بجائے الیکٹرانک طریقے سے بذریعہ ای میل/سی ڈی/وی ڈی/یو ایس بی، ان کے درج شدہ ای میل/ڈاک کے پتے پر ترسیل کئے جائیں، جیسا کہ کمپنیز ایکٹ، 2017 کے سیکشن (6) 223 کے تحت اجازت دی گئی ہے۔
- ”خصوصی قرارداد کے ذریعے قرار پایا کہ انٹرنیشنل اسٹیلو لمیٹڈ کو منظوری دی جاتی ہے کہ وہ اپنی سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ فنانشل اسٹیٹمنٹس، آڈیٹرز کی رپورٹ، چیئر مین کا جائزہ، ڈائریکٹرز رپورٹ اور سالانہ اجلاس عام کی اطلاع کمپنی کے شیئر ہولڈرز کو سالانہ رپورٹس بشمول سالانہ آڈٹ شدہ اکاؤنٹس طباعت کی بجائے الیکٹرانک طریقے سے بذریعہ ای میل/سی ڈی/وی ڈی/یو ایس بی، ان کے درج شدہ ای میل/ڈاک کے پتے پر ترسیل کرے، جیسا کہ کمپنیز ایکٹ، 2017 کے سیکشن (6) 223 کے تحت اجازت دی گئی ہے۔
- 5- چیئر مین کی اجازت سے کسی دیگر امور کی انجام دہی جو سالانہ اجلاس عام میں طے کیا جاسکتا ہے۔

حسب الحکم بورڈ

انٹرنیشنل اسٹیلو لمیٹڈ

ایم عرفان بھٹی

کمپنی سیکریٹری

کراچی: 6 ستمبر، 2021



Shaping Tomorrow



E-DIVIDEND MANDATE FORM



Shaping Tomorrow

To: _____

Date: _____

Subject: Bank Account Details For Payment Of Dividend Through Electronic Mode

Dear Sir,

I/We/Messrs., _____
Being a/the shareholder(s) of International Steels Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Shareholder's Address	
Contact Number (Landline & Cell Nos.)	
Email	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours sincerely

Signature of Shareholder

(Please affix company stamp in case of a corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account
2. This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.



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PROXY FORM



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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 falling 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 29, 2021 and at any adjournment thereof.

Signed this _____ day of _____ 2021

WITNESS:

1 Signature _____
 Name _____
 Address _____
 CNIC / Passport No. _____

Signature

Revenue
Stamp

2 Signature _____
 Name _____
 Address _____
 CNIC / Passport No. _____

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

Note: Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy must a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.



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تشکیل نیابت داری

میں/ہم

ساکن _____ بحیثیت انٹرنیشنل اسٹیلز لمیٹڈ کے _____

رکن و حامل _____ 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 بصورت دیگر محترم/محترمہ _____ ساکن _____

کو اپنی جگہ مورخہ 29 ستمبر 2021 کو منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا/کرتی ہوں/کرتے ہیں۔

گواہ:

1 دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

2 دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

ریونیٹنگ چپاں کریں

دستخط

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

نوٹ: پرائیکسز کے مؤثر ہونے کیلئے 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 پرائیکسز سے گزارش ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی کمپنی کو پیش کرنے سے قبل اس پرائیکسز فارم کے ساتھ منسلک کریں۔



GLOSSARY








AGM	Annual General Meeting	IFC	International Finance Corporation
API	American Petroleum Institute	IFRIC	International Financial Reporting Interpretation Committee
ATIR	Appellate Tribunal Inland Revenue	IFRS	International Financial Reporting Standards
ATL	Active Tax Payer List	IIL	International Industries Limited
BAC	Board Audit Committee	IPO	Initial Public Offering
BCP	Business Continuity Planning	ISL	International Steels Limited
Board/BOD	Board of Directors	ISO	International Standards Organization
CBA	Collective Bargaining Agreement	IT	Information Technology
CCG	Code of Corporate Governance	ITAT	Income Tax Appellate Tribunal
CDC	Central Depository Company	ITRA	Income Tax Reference Application
CEO	Chief Executive Officer	JV	Joint Ventures
CFO	Chief Financial Officer	KE	Karachi Electric
CIR	Commissioner Inland Revenue	KIBOR	Karachi Interbank Offer Rate
CIT	Commissioner Income Tax	KPMG	Klynveld Peat Marwick Goerdeler
COLA	Cost of Living Allowance	LIBOR	London Interbank Offered Rate
CPEC	China Pakistan Economic Corridor	LSM	Large Scale Manufacturing
CRC	Cold Rolled Coil	LTC	Lost Time Case
CSR	Corporate Social Responsibility	LTIFR	Lost Time Injury Frequency Rate
CTAC	Citizens Trust Against Crime	LTU	Large Taxpayers Unit
CWIP	Capital Work in Progress	M&A	Memorandum and Articles
DBN	Debottlenecking	MAP	Management Association of Pakistan
EBIT	Earnings before Interest and Taxation	MC	Management Committee
EBITDA	Earnings before Interest, Taxation Depreciation and Amortization	MFN	Most Favourable Nation
EC	Executive Committee	MoC	Ministry of Commerce
EFP	Employees Federation of Pakistan	MT	Metric Ton(s)
EPS	Earning Per Share	NBV	Net Book Value
ERW	Electric Resistance Weld	NEPRA	National Electric Power Regulatory Authority
ETP	Effluent Treatment Plant	NFEH	National Forum for Environment and Health
EY	Ernst Young	NOC	No Objection Certificate
FBR	Federal Board of Revenue	NRV	Net Realizable Value
FPAP	Fire Protection Association of Pakistan	NTC	National Tariff Commission
FTA	Free-Trade Agreement	OHSAS	Occupational Health and Safety Assessment Specification
FTO	Federal Tax Ombudsman	OPEC	Organization of the Petroleum Exporting Countries
FTR	Final Tax Regime	PACRA	Pakistan Credit Rating Agency
FY	Fiscal Year	PAT	Profit after tax
GDP	Gross Domestic Product	PCL	Pakistan Cables Limited
GIDC	Gas Infrastructure Development Cess	PICG	Pakistan Institute of Corporate Governance
GoP	Government of Pakistan	PKR	Pakistan Rupees
HoD	Head of Department	PSX	Pakistan Stock Exchange
HR	Human Resource	Rs.	Pakistani Rupees
HR&RC	Human Resources & Remuneration Committee	SECP	Securities and Exchange Commission of Pakistan
HRC	Hot Rolled Coil	SHC	Sindh High Court
HSE	Health, Safety and Environment	TCF	The Citizens Foundation
IAS	International Accounting Standards	US\$/USD	United States Dollar
IBA	Institute of Business Administration		
ICAP	Institute of Chartered Accountants of Pakistan		
ICMAP	Institute of Cost and Management Accountants of Pakistan		
IFAC	International Federation of Accountants		










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